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# Rights Issue Prospectus

## Saudi Cable Company

الكابلات السعودية  
Saudi Cable



Saudi Cable was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G) and is registered under Commercial Register No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G).

Offering fifty million (50,000,000) ordinary shares, at an offering price of ten (10) Saudi riyals per share, by issuing rights shares with a total value of five hundred million (500,000,000) Saudi riyals, which represents an increase in the company's capital by (190.61%), so the company's capital becomes seven hundred and sixty-two million, three hundred and eleven thousand and sixty (762,311,060) Saudi riyals.

Trading Period: Starts from 10:00 AM (corresponding to 10:00 AM) until 5:00 PM (corresponding to 5:00 PM).

Offering Period: Starts from 10:00 AM (corresponding to 10:00 AM) until 5:00 PM (corresponding to 5:00 PM).

the receipt of those offers shall commence at 10:00 AM on 10/05/1425H (corresponding to 10/05/2004G) and continue until 5:00 PM on 10/05/1425H (corresponding to 10/05/2004G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) for the eligible persons, as per their entitlement on a pro-rata basis no later than 10/05/1425H (corresponding to 10/05/2004G). Noting that investors who did not subscribe to or sell their rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period.

In the event that the Institutional Investors did not subscribe to all of the Rump Shares and fractional shares, then these shares shall be allocated to the Underwriters, who shall subscribe for such shares at the Offer Price (please refer to Section 13 - "Details on Shares and Subscription Terms and Conditions"). The final allocation will be announced no later than 10/05/1425H (corresponding to 10/05/2004G) ("Allocation Date") (Refer to Section 13 - "Details on Subscription Terms and Conditions").

After the subscription process is completed, the company's capital will be seven hundred sixty-two million three hundred eleven thousand six hundred and sixty (762,311,060) Saudi riyals, divided into seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares. The net proceeds from the subscription will be used mainly in restructuring the capital and injecting new funds to provide working capital so that the company can increase its operating capacity and support its future activity (Please refer to section (7) "Using the Proceeds of the Offering and Future Projects").

The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid in value and will be exactly equal to outstanding shares. Each share entitles its holder to one vote and each shareholder of the Company ("Shareholder") has the right to attend and vote at the Shareholders' General Assembly meetings ("General Assembly") (ordinary or extraordinary). The Shareholders holding the New Shares will be entitled to any dividends declared by the Company from the start of Subscription, if any.

All of Company's shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred (SAR 100) Saudi riyals per share, were listed on 22/01/1409H (corresponding to 03/09/1988G) after obtaining the approval of both Ministry of Commerce and the Saudi Arabian Monetary Agency (currently: Saudi Central Bank). On 27/12/1412H (corresponding to 28/05/1992G) the company increased its capital from two hundred and seventy million (SAR 270,000,000) Saudi riyals to three hundred million (SAR 300,000,000) Saudi riyals, through issuing three hundred thousand (300,000) ordinary shares as bonus shares. On 05/03/1418H (corresponding to 11/07/1997G) the Company increased its capital in two phases: 1) from three hundred million (300,000,000) Saudi riyals to four hundred million (400,000,000) Saudi riyals through issuing one million (1,000,000) rights shares with a nominal value of one hundred (SAR 100) Saudi riyals per share, and 2) from four hundred million (SAR 400,000,000) Saudi riyals to five hundred million (SAR 500,000,000) Saudi riyals through issuing one million (1,000,000) ordinary shares as bonus shares with a nominal value of one hundred (SAR 100) Saudi riyals per share, at the rate of one free share for every four shares owned by the shareholder. On 10/05/1425H (corresponding to 28/06/2004G), the company increased its capital from five hundred million (SAR 500,000,000) Saudi riyals to six hundred and forty million (SAR 640,000,000) Saudi riyals through issuing one million seven hundred and eighty thousand (1,780,000) rights shares, with a nominal value of fifty (SAR 50) Saudi riyals per share, and issuing new shares amounting to one million twenty thousand (1,020,000) ordinary shares in the name of Xenel Industries Ltd., with a nominal value of fifty (SAR 50) Saudi riyals per share, in fulfillment of Company's debt of fifty one million (SAR 51,000,000) Saudi riyals. On 21/12/1426H (corresponding to 21/01/2006G) the company increased its capital from six hundred and forty million (SAR 640,000,000) Saudi riyals to seven hundred and sixty million (SAR 760,000,000) Saudi riyals through issuing two million and four hundred thousand (2,400,000) rights shares with a nominal value of fifty (50) Saudi riyals per share. On 09/09/1438H (corresponding to 04/06/2017G) the company reduced its capital (to amortize the accumulated losses) from seven hundred and sixty million (SAR 760,000,000) Saudi riyals to four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals, with a reduction rate (46.83%) of the company's capital. On 22/12/1439H (corresponding to 02/09/2018G) the company reduced its capital (to amortize the accumulated losses) from four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals to one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals, at a reduction rate of (72.63%) of the company's capital. On 05/05/1441H (corresponding to 31/12/2019G), the Company increased its capital from one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals to three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals by issuing twenty-five million (25,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share.

The company's outstanding shares are currently traded on the Saudi Stock Exchange. The Company has filed an application with the Saudi Capital Market Authority ("CMA") for registering and offering the New Shares. Another application has been submitted by the Company with Tadawul to accept the listing of the New Shares. This Prospectus has been approved as all the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled. The trading of New Shares is expected to commence on Tadawul shortly after the final allocation of New Shares and refund of extra subscriptions (please refer to page (P) "Key Dates and Subscription Procedures" of the Prospectus). Upon registering and listing of the New Shares, Saudi nationals; non-Saudi nationals holding valid residence permits in Saudi Arabia; GCC nationals, Saudi and GCC companies and funds and Qualified Foreign Financial Investors and Approved QFI Clients will be permitted to trade in the Shares pursuant to the CMA's Rules for Qualified Foreign Financial Institutions Investment in Listed Shares will be permitted to trade the New Shares. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the New Shares by concluding swap agreements with persons authorized by CMA (the "Licensed Person"), noting that the Licensed Person shall in such case be the registered legal owner of the shares.

The "Important Notice", in page (A), and Section (2) "Risk Factors" of this Prospectus together with the entirety of the Prospectus should be read carefully prior to making a decision to invest in the New Shares offered hereunder.

Saudi Cable (hereinafter referred to as "the Company" or "the issuer" or "Saudi Cable") was initially established as a limited liability company, and registered under Commercial Register No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G); on 22/01/1409H (corresponding to 03/09/1988G) it was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G). All of Company's shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred (SAR 100) Saudi riyals per share, were listed in the main Saudi stock market. The Company's head office is located in Jeddah, Industrial Area, Plot No. 12F, PO Box 4403, Jeddah 21491, Kingdom of Saudi Arabia. The Company's current capital is two hundred and sixty-two million three hundred and eleven thousand and sixty (262,311,060) Saudi riyals, divided into twenty-six million two hundred and thirty-one thousand and one hundred and six (26,231,106) ordinary shares, at a nominal value of ten (10) Saudi riyals per share, fully paid up (referred to individually as "current share" and collectively as "current shares"). As at the date of this Prospectus, the company has no substantial shareholders who hold 5% or more of the Company's shares.

The Company's Board of Directors, in its meeting held on 19/11/1442H (corresponding to 29/06/2021G), recommended the following:

- 1) Reducing Company's capital by (27.26%), from three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals, to two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals, through canceling the number of nine million eight hundred and thirty thousand and three hundred (9,830,300) of company shares, i.e. a reduction of (1) share for every (3.6684) shares, in order to restructure the Company's capital to amortize the accumulated losses as at 31 March 2021, amounting to ninety-eight million three hundred and three thousand (98,303,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.
- 2) Increasing Company's capital by (190.61%) (after completing the capital reduction process as stated above), from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand six hundred and sixty (762,311,060) Saudi riyals, through Offering rights shares of fifty million (50,000,000) shares, with a value of five hundred million (SAR 500,000,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.

On 10/05/1425H (corresponding to 10/05/2004G), the company's EGM approved to increase the company's capital through issuing rights shares of fifty million (50,000,000) new ordinary shares (referred to as "Rights Shares" or "New Shares") at an offer price of ten (10) Saudi riyals per share (referred to as the "offer price"), and at a nominal value of ten (10) Saudi riyals per share, in order to increase the company's capital by (190.61%) from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand six hundred (762,311,060) Saudi riyals, and increase the number of shares from Twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares to seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares. The Company's shareholders, who are registered at the end of the trading period on the day of the EGM and who are registered in the Company's shareholders register at the Depository Center Company ("Depository Center" or "Edaa") as at the end of the second trading day following the EGM on 10/05/1425H (corresponding to 10/05/2004G), will have the right to subscribe to the New Shares on proportional basis on such date.

The Rights will be issued in the form of tradable securities (collectively "Rights" and individually "Right") to the Company's shareholders as at the close of trading on the date of the EGM to increase the capital ("Eligibility Date") and those who are registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the date of the EGM approving the capital increase on 10/05/1425H (corresponding to 10/05/2004G) (individually "Registered Shareholder" and collectively "Registered Shareholders"). Such Rights will be deposited into the Registered Shareholders' portfolios after the EGM meeting, noting that settlement procedures will be in the amount of (1.91) Rights for each (1) share of the Company. Each Right grants its holder the right to subscribe to one New Share at the Offer Price.

All Registered Shareholders and other investors ("New Investors"), who may trade the Rights and subscribed to the New Shares, will be able to trade and subscribe to the Rights in the Saudi Stock Exchange ("Tadawul" or "Market"). The trading period and subscription period will commence from 10/05/1425H (corresponding to 10/05/2004G), provided that the trading period ends on 10/05/1425H (corresponding to 10/05/2004G) ("Trading Period"), while the subscription period will continue until the end of 10/05/1425H (corresponding to 10/05/2004G) ("Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof or buying additional Rights through the Market. New investors will also be able, during the trading period, to buy rights through the market and sell the rights that are purchased or take no action regarding the rights they hold during the trading period.

The subscription to New Shares during the Subscription Period would be through one phase according to the following:

- 1) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
- 2) The Registered Shareholder will be entitled to subscribe directly to the whole or part of his/her shares during the Subscription Period. If the Registered Shareholder buys new Rights, he/she will be able to subscribe to such rights by the end of the settlement period (two working days).
- 3) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
- 4) Subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") (referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and

### Underwriters



### Financial Advisor and Lead Manager



This Prospectus includes information provided in the application for listing and off-ering of securities in accordance with Rules on the Offer of Securities and Continuing Obligations issued by Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority" or "CMA"), and the application for listing of securities in compliance with the listing rules of the Saudi Stock Exchange. The Directors, whose names appear on page (C) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.



الكابلات السعودية  
Saudi Cable







## Important Notice

This Prospectus (the "Prospectus") provides full details of information relating to Saudi Cable Company and the Rights Shares offered for subscription. In subscribing to the Rights Shares, investors shall be treated as applying on the basis of the information contained in this Prospectus, copies of which are available at the head office of the Company, the Lead Manager, or by visiting the company's website ([www.saudicable.com](http://www.saudicable.com)), Financial Advisor's website ([www.falcom.com.sa](http://www.falcom.com.sa)), or CMA's website ([www.cma.org.sa](http://www.cma.org.sa)).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Meeting for the capital increase. In the event that the Extraordinary General Meeting does not approve the capital increase within six months from the date of the Authority's approval on registering and Offering the Right Issue, such approval given by the Authority shall be deemed to be canceled.

The Company has appointed ("Falcom Financial Services Company") as a financial advisor ("Financial Advisor") and lead manager ("Lead Manager"), and has appointed both "Falcom Financial Services Company" and "Blominvest Saudi Arabia" as underwriters ("Underwriters"), regarding the offering of priority rights shares to increase the company's capital under this prospectus.

This Prospectus includes information given in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by CMA. The Directors, whose names appear on page (C) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. CMA or Tadawul will not take any responsibility for the contents of this Prospectus, and will not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has made all reasonable studies and enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, substantial portions of the market and industry information referenced herein are derived from external sources. While none of the Company, its directors, Financial Advisor, or the Company's advisors, whose names appear on Pages (D), (E) and (F) of this Prospectus, have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of its Advisors have independently verified such information. Accordingly, no representations or assurances are made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus, as of the date of its publication, is subject to change. In particular, the actual financial condition of the Company and the value of Offer Shares may be adversely affected by future developments such as inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (Please refer to Section (2) - ("Risk Factors" of this Prospectus). Neither this Prospectus nor any oral or written communication in relation to the Rights Shares is intended to be, nor should be construed as or relied upon in any way as a promise or representation as to future earnings, results or events. This Prospectus should not be regarded as a recommendation by the Company or any of its directors or its Advisors, to participate in the subscription process to the Right issue shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition, or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus shall obtain independent professional advice from a financial adviser licensed by CMA in relation to subscribing for the New Shares in order to assess the appropriateness of investment opportunity and information herein, with regard to the recipient's respective objectives, financial positions, and needs.

All the Registered Shareholders and other public investors ("New investors") who may trade in the Rights and subscribe for the New Shares, will be able to trade and subscribe to Right issue shares on the Saudi Stock Exchange ("Tadawul" or "Exchange"). The trading period and subscription period which both will commence on \*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G), where the trading period will end on \*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G) ("Trading Period"), and the subscription period will continue until the end of \*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G) ("Subscription Period"). It is important to note that the Trading Period and the Subscription Period will start on the same day while the Trading Period continues until the end of the sixth day of the period, and the Subscription Period continues until the end of the ninth day of the same period.

During the Trading Period, the Registered Shareholders will be able to trade the Rights by selling the acquired Rights or part thereof or buying additional Rights through the Market. In addition, New Investors will be able to buy and sell the Rights during trading period through the Market.

### **The subscription to New Shares during the Subscription Period would be through one phase according to the following:**

- 1) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
- 2) The Registered Shareholder will be entitled to subscribe directly to the number of his/her shares, or part thereof, during the Subscription Period. If the Registered Shareholder buys new Rights, he/she will be able to subscribe to them by the end of the settlement period (two working days).
- 3) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
- 4) Subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.



If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") (such offering will be referred to as "Rump Offering"). Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on \*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G) and continue until 5:00 PM on \*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) (exceeding the Offer Price) for the eligible persons, as per their entitlement on a pro-rata basis no later than \*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G). Noting that investors who did not subscribe to or sell their rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period.

In the event that the Institutional Investors did not subscribe to all of the Rump Shares and fractional shares, then these shares shall be allocated to the Underwriter, who shall subscribe for such shares at the Offer Price (please refer to Section 13 - "Details on Shares and Subscription Terms and Conditions"). The final allocation will be announced no later than \*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G) ("Allocation Date") (Please refer to Section (13) - "Details on Shares and Offering Terms and Condition" of this Prospectus).

The offering of Rights under this Prospectus is contingent on the shareholder's approval to increase the share capital in accordance with the board's recommendation and the Company's obtaining regulatory approvals. An invitation was sent to hold an Extraordinary General Assembly Meeting (EGM) to increase the capital through a Rights Issue on 14/06/1443H (corresponding to 17/01/2022G). The Shareholders should note that if the shareholders' approval is not obtained to increase the capital through a Rights Issue, the Rights Issue will automatically stop. In such case, this Prospectus shall be considered void and shareholders will be notified accordingly.

## Financial Information

The Company's audited financial statements for the fiscal years ending December 31, 2018G, 2019G, 2020G, and notes thereof, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia, and other standards and publications approved by Saudi Organization for Certified Public Accountants (SOCPA).

The Company's audited financial statements for the fiscal years ending December 31, 2018G and 2019G have been audited by Al Azem, Al Sudairy, Al Shaikh & Partners (Certified Public Accountants and Consultants), and for the fiscal year ending December 31, 2020G by Ernst & Young & Co., Chartered Accountants. The company issues its financial statements in Saudi riyals.

Some financial and statistical information contained in this Prospectus is rounded to the nearest decimal point. Therefore, in case of summing up the amounts presented in tables, it may not be exactly equivalent to the corresponding percentages as stated in the Prospectus.

## Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain assumptions that have been identified and declared in relevant topics. The Company's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements contained in this Prospectus represent statements on future prospects. Such statements can be identified by their use of forward-looking words such as "will", "may", "plans", "intends", "estimates", "believes", "expects", "anticipates", "should", "would be", or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its management with respect to future events and are not a guarantee or confirmation of the Company's future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The most important risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (Refer to Section 2 – "Risk Factors"). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the Prospectus has been approved by the CMA and before listing its shares on Tadawul, the Company becomes aware that: (1) There has been a significant change in material matters contained in this Prospectus or, (2) additional important matters that should have been included in this Prospectus. Except for both aforementioned circumstances, the Company does not intend to update or otherwise revise any information contained in this Prospectus, whether as a result of new information, future events, or other information related to the company, sector, or risk factors.



## Company's Directory

### Board Members

The Company's Board of Directors appointed on 05/29/1442H (13/01/2021G) \*

Name	Position**	Membership status	Nationality	Age	Shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Abdul Rahman Ibrahim Abdul Rahman Al Khayal	Chairman of Board of Directors	Independent Non-executive	Saudi	58	-	-	-	-
Noha Abdel Ghani Hamza Solimani	Deputy Chairman and Managing Director	Independent Executive	Saudi	44	-	-	-	-
Azhar Mido Mohieddin Kanji	Board Member	Independent Non-executive	Saudi	57	-	-	-	-
Abd al-Hadi Abd al-Rahman Yahya Abu al-Khair	Board Member and CEO	Non-independent Executive	Saudi	51	7	0.0000277%	-	-
Saleh Abdullah Abdulaziz Al-Shathri	Board Member	Independent Non-executive	Saudi	60	73	%0.0002773	-	-
Moiaser Anwar Muslim Noilati	Board Member	Non-Independent Non-executive	Saudi	50	7	0.0000277%	-	-
Ali Mohamed Hussein Al-Attas	Board Member	Independent Non-executive	Saudi	48	364	%0.0013865	-	-
Nael Samir Mohamed Kamel Fayez	Board Member	Independent Non-executive	Saudi	48	-	-	-	-
Vacant ***	Board Member	-	-	-	-	-	-	-

Source: The Company

\* The EGM, in its meeting held on 29/05/1442H (corresponding to 13/01/2021G), agreed to elect the members of the Board of Directors mentioned above for the current session, which started on 01/06/1442H (corresponding to 14/01/2021G) for a period of three years ending on 01/07/1445H (corresponding to 13/01/2024G).

\*\* The Board of Directors decided, in its meeting held on 07/06/1442H (corresponding to 20/01/2021G) to appoint Mr. Moiaser Anwar Muslim Noilati as the Chairman and appoint Mr. Mahmoud Mansour Mahmoud Abdulghafar as Vice Chairman. On 14/10/1442H (corresponding to 26/05/2021G), the Board of Directors decided to dismiss Mr. Moiaser Anwar Muslim Noilati from his position as Chairman of the Board of Directors, and Mr. Mahmoud Mansour Mahmoud Abdul Ghaffar from his position as Vice Chairman, while keeping their positions as Board members. Mr. Abdul Rahman Ibrahim Abdul Rahman Al Khayyal was appointed as Chairman of the Board of Directors, and Mrs. Noha Abdul Ghani Hamza Soleimani was appointed as Vice Chairman; on 24/01/1443H (corresponding to 01/09/2021G) the Board of Directors decided to appoint Mrs. Noha Abdul Ghani Hamza Soleimani as a managing director and amend her membership status to be an executive member, starting from 25/01/1443H (corresponding to 02/09/2021G) until the end of the current session on 01/07/1445H (corresponding to 13/01/2024G).

\*\*\*\* On 19/12/1442H (corresponding to 29/07/2021G), the Company announced the resignation of its Director Mr. Mahmoud Mansour Mahmoud Abdulghafar who resigned from office as a Board member on 18/12/1442H (corresponding to 28/07/2021G) and his position is still vacant as of the date of this Prospectus.



## Company's Address and Representatives

### Saudi Cable

Jeddah, Industrial Area, Plot No. 12 F

P.O. Box 4403 Jeddah 21491

Kingdom of Saudi Arabia

Tel: +966 12 6087500

Fax: +966 12 6352220

Email: Investor.Relations@saudicable.com

Website: www.saudicable.com



## Company's Representatives

Statement	First Authorized Company Representative	Second Authorized Company Representative
Name	Abdul Rahman Ibrahim Abdul Rahman Al Khayal	Noha Abdel Ghani Hamza Solimani
Capacity	Chairman of Board of Directors	Deputy Chairman and Managing Director
Address	Jeddah, Industrial Area, Plot No. 12 F P.O. Box 4403, Jeddah 21491, Kingdom of Saudi Arabia	Jeddah, Industrial Area, Plot No. 12 F P.O. Box 4403, Jeddah 21491, Kingdom of Saudi Arabia
Tel:	+966 12 6087500 Ext. 7603	+966 12 6087575
Fax:	+966 12 6352220	+966 12 6352220
E-mail:	aalkayal.scc@saudicable.com	nsulaimanii@saudicable.com

Source: The Company

## Stock market

### Saudi Tadawul Company (Tadawul)

King Fahad Road, Al Ulaya 6897, Unit No.: 15

Riyadh 12211 – 3388

Kingdom of Saudi Arabia

Tel: +966 920001919

Fax: +966 11 2189133

Email: csc@saudiexchange.sa

Website: www.saudiexchange.sa



### Advisor and Auditors

## Financial Advisor and Lead Manager

### FALCOM Financial Services

Riyadh - Al-Wurud District - Olaya General Street - the intersection of Olaya Road with King Abdullah Road

P.O Box 884 Riyadh 11421

Kingdom of Saudi Arabia

Tel: +966 8004298888

Fax: +966 11 2054827

E-mail: Info@falcom.com.sa

Website: www.falcom.com.sa







## Underwriters

### FALCOM Financial Services

Riyadh - Al-Wurud District - Olaya General Street - the intersection of Olaya Road with King Abdullah Road

P.O Box 884 Riyadh 11421

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### Blominvest Saudi Arabia

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P.O Box 8151, Riyadh 11482,

Kingdom of Saudi Arabia

Tel: +966 11 4949555

Fax: +966 11 4949551

Email: info@blom.sa

Website: www.blom.sa



## Legal advisor

### Mohammed Aldhabaan Law Firm

Office 11, Home Offices Complex, Urubah Road

P.O Box 245555 Riyadh 11312

Kingdom of Saudi Arabia

Tel: +966 11 4844448

Fax: +966 11 2816611

Email: aldehais@aldhabaan-es.com

Website: www.aldhabaan.eversheds.com

الضبعان وشركاه

## Auditor

(for financial years ending on December 31, 2018G, and 2019G)

### Al Azem, Al Sudairy, Al Shaikh & Partners (Certified Public Accountants and Consultants)

Riyadh - Prince Muhammad bin Abdulaziz Road - Unit No. 11

P.O Box 10504 Riyadh 11443

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## Auditor

For financial year ending on December 31, 2020G

### Ernst & Young & Co. Chartered Accountants

King Road Tower, 13th Floor, King Abdulaziz Road (King Road)

P.O Box 1994, Jeddah 21441

Kingdom of Saudi Arabia

Tel: +966 12 2218400

Fax: +966 12 2218575

Email: ey.ksa@sa.ey.com

Website: ey.com/mena



### Note:

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The above advisors and auditors have provided their written consent to the publication of their names, addresses and logos in the Prospectus, and none of them has withdrawn such consent as at the date of this Prospectus. None the abovementioned advisors, auditors, their employees, or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus.

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## Summary of the Offer

Investors, who wish to subscribe to the offering shares, should read the entire Prospectus before making an investment decision as to whether to trade or subscribe to the Rights Issue. In particular, they should take into account the "Important Notice" Section in page (A) and Section 2 - "Risk Factors" of this Prospectus. Whereas the summary of offering stated below is insufficient to make an investment decision. Below is the summary of the Offering:

<p>Issuer's Name, Description, and Information on its Incorporation</p>	<p>Saudi Cable (hereinafter referred to as "the Company" or "the issuer" or "Saudi Cable") was initially established as a limited liability company, and registered under Commercial Register No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G); on 22/01/1409H (corresponding to 03/09/1988G) it was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G). All of Company's shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred ( SAR 100) Saudi riyals per share, were listed in the main Saudi stock market.</p> <p>The Company's head office is located in Jeddah, Industrial Area, Plot No. 12F, P.O Box 4403, Jeddah 21491, Kingdom of Saudi Arabia.</p> <p>The Company's current capital is two hundred and sixty-two million three hundred and eleven thousand and sixty (262,311,060) Saudi riyals, divided into twenty-six million two hundred and thirty-one thousand and one hundred and six (26,231,106) ordinary shares, at a nominal value of ten (10) Saudi riyals per share, fully paid up.</p>
<p>Issuer's activities</p>	<p>The Company operates under Commercial Registration No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G), and National Industrial License issued by the Ministry of Industry and Mineral Resources No. (1280) dated 20/04/1394H (corresponding to 12/05/1974G) amended by License No. (1259) dated 06/04/1438H (corresponding to 04/01/2017G).</p> <ul style="list-style-type: none"> <li>▪ The Company's activities, according to the commercial register, are as follows: <ul style="list-style-type: none"> <li>- Manufacture of wooden cable reels.</li> <li>- Manufacture of primary form of plastics.</li> <li>- Manufacture of Fiber optic cables.</li> <li>- Manufacture of insulated steel wires and cables.</li> <li>- Manufacture of insulated copper wires and cables.</li> <li>- Manufacture of insulated aluminum wires and cables.</li> <li>- Manufacture of electrical connections and conduits for extending plastic wires.</li> </ul> </li> <li>▪ Pursuant to the Company's articles of associations, the main activities are exercising and implementing the following: <ol style="list-style-type: none"> <li>1) Manufacture of rods, conductors, cables, electrical wires and communications of copper, aluminum, optical fibers and others with all its voltages (electrical/technical) and their sizes and grounding conductors for electrical and communication uses, machines and compounds of plastic plastics, pulleys and wooden pallets and accessories for the extension of telephone cables and their electronic equipment, business systems, electrical and electronic appliances, communications, information, marketing and distribution.</li> <li>2) Contracting electrical, mechanical, electronic, and plastic works, communications and information systems, management, operation, installation, construction, maintenance and repair of the aforementioned works, owning and leasing them for the benefit of others and performing industrial</li> </ol> </li> </ul>



	<p>services. Establishing various industrial projects after obtaining the necessary licenses from the competent authorities.</p> <ol style="list-style-type: none"> <li>3) Installation, operation, maintenance and management of local, extended and dedicated computer networks, messaging and communications integration systems, linking them through messaging integration systems, importing and marketing devices for connecting, protecting, distributing networks, and audio, video and information integration devices.</li> <li>4) Acquisition of lands, real estate, buildings, warehouses and exhibitions necessary to serve the purposes of the company and disposing them.</li> <li>5) Establishing and managing a training center for the company's workforce to develop industrial skills in the company's business field and acquiring industrial technology related to the company's purposes or cooperation with its owners or developers.</li> <li>6) Manufacturing raw materials related to the company's activities, on its own or in cooperation with the various productive sectors.</li> <li>7) Manufacturing circuit breakers, switches, transformers and their ancillary components, terminals, and internal and external connections for power cables.</li> <li>8) Commercial agencies, wholesale and retail trade in materials, tools, machinery, equipment and raw materials related to the company's activity and marketing.</li> </ol> <p>The company exercises its activities in accordance with applicable laws and after obtaining the necessary licenses from the competent authorities, if any. (For more information on Company's activities, please refer to Subsection (4.3)"Company's main activities" of Section (3)"Overview of the Company and Nature of its Business" of this Prospectus).</p>									
<p>Substantial Shareholders in the Issuer, their number of shares and percentages prior to the offering.</p>	<p>As at the date of this Prospectus, the company has no substantial shareholders who hold 5% or more of the Company's shares.</p>									
<p>Nature of the Offering</p>	<p>Increasing the Company's capital by issuing Rights Shares.</p>									
<p>Purpose of the offering</p>	<p>Saudi Cable aims, through increasing its capital through offering rights shares, to restructure the capital and inject new funds to provide working capital so that the company can increase its operating capacity and support its future activity. (Please refer to section (7) "Using the Proceeds of the Offering and Future Projects" of this Prospectus).</p>									
<p>Total Estimated Proceeds, Breakdown Analysis and Description of its Potential Use.</p>	<p>The total Offering proceeds of the Rights Issue are expected to reach five hundred million (SAR 500,000,000) Saudi Riyals.</p> <p>The net proceeds from the subscription, after deducting all offering expenses, will be used mainly in restructuring the capital and injecting new funds to provide working capital so that the company can increase its operating capacity and support its future activity. The table below sets out the suggested usage of proceeds:</p> <table border="1" data-bbox="490 1621 1463 1827"> <thead> <tr> <th>Use</th> <th>Value (SAR)</th> <th>Percentage of total %</th> </tr> </thead> <tbody> <tr> <td>General Requirements</td> <td>1,612,000</td> <td>0.32%</td> </tr> <tr> <td>Optimizing the control system and energy consumption</td> <td>2,180,000</td> <td>0.44%</td> </tr> </tbody> </table>	Use	Value (SAR)	Percentage of total %	General Requirements	1,612,000	0.32%	Optimizing the control system and energy consumption	2,180,000	0.44%
Use	Value (SAR)	Percentage of total %								
General Requirements	1,612,000	0.32%								
Optimizing the control system and energy consumption	2,180,000	0.44%								



	Spare parts of equipment and machinery to cope with volume of targeted production	7,515,000	1.50%
	Purchase of equipment for internal transport of inventory	1,000,000	0.20%
	Spare parts for maintenance and production	5,644,000	1.13%
	Development of system for electrical loads	2,349,000	0.47%
	Existing obligations	75,232,312	15.05%
	Working capital	1395,735,10	79.15%
	Offering Costs	8,732,587	1.75%
	<b>Total</b>	<b>500,000,000</b>	<b>100.00%</b>
	Source: The Company		
	(For an analysis and description of the uses shown in the above table, please refer to section (7) "Using the Proceeds of the Offering and Future Projects" of this Prospectus).		
Offering Costs	Offering costs are expected to reach eight million seven hundred and thirty-two thousand five hundred and eighty-seven (8,732,587) Saudi riyals, including fees of: the Financial Advisor, Lead Manager, Underwriters, Legal Advisor, Auditor, marketing, printing, distribution, and trading expenses, as well as other related expenses. (Please refer to section (7) "Using the Proceeds of the Offering and Future Projects" of this Prospectus).		
Net Proceeds	The net proceeds are expected to reach about four hundred and ninety-one million two hundred and sixty-seven thousand four hundred and thirteen (491,267,413) Saudi riyals. (Please refer to section (7) "Using the Proceeds of the Offering and Future Projects" of this Prospectus).		
Company's Capital Prior to the Offering	Two hundred and sixty-two million three hundred and eleven thousand and sixty (262,311,060) Saudi riyals.		
Company's Capital Post the offering	Seven hundred and sixty-two million three hundred and eleven thousand and sixty (762,311,060) Saudi riyals.		
Total Number of Issuer's Shares Prior to the Offering	Twenty six million two hundred and thirty one thousand one hundred and six (26,231,106) ordinary shares.		
Total number of Issuer's Shares Post to the Offering	Seventy six million two hundred and thirty one thousand one hundred and six (76,231,106) ordinary shares.		
Nominal Value Per Share	Ten (10) Saudi riyals per share.		
Total offered shares	Fifty million (50,000,000) ordinary shares.		
Percentage of offered shares to Issuer's capital	190.1% of Issuer's capital prior to the offering.		
Offering price	Ten (10) Saudi riyals per share.		
Total Offering Value	Five hundred million (500,000,000) Saudi riyals.		
Number of Underwritten Shares	Fifty million (50,000,000) ordinary shares.		
Total Value of Underwritten Shares	Five hundred million (500,000,000) Saudi riyals.		
Categories of Targeted Investors	Registered Shareholders and New Investors		



Registered Shareholders	Shareholders who own shares at the end of the trading day of the EGM on capital increase and are registered in the Company's Shareholders Register held with the Depository Center at the end of the second trading day following the EGM on capital increase dated **/**/****H (corresponding to **/**/****G)
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the Trading Period.
The Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholders. The Rights may be traded during the Trading period. Each Right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited in registered shareholders' portfolio after the Extraordinary General Assembly for the capital increase has convened. These rights will appear in the Registered Shareholders' portfolios under a new right-related symbol.
Number of Rights Issued	Fifty million (50,000,000) right.
Eligibility factor	Each registered shareholder shall be entitled to approximately (1.91) rights per each (1) share owned by the Registered Shareholders. This factor is the result of dividing the number of New Shares by the number of the current shares of the Company.
Eligibility Date	Shareholders who own shares at the end of the trading day of the EGM on capital increase and are registered in the Company's Shareholders Register at the end of the second trading day following the EGM on capital increase dated **/**/****H (corresponding to **/**/****G).
Trading Period	The Trading Period will start on **/**/****H (corresponding to **/**/****G), and it will continue until the end of day on **/**/****H (corresponding to **/**/****G). During this period, all Rights holders, whether registered investors or new investors, may trade or subscribe to the Rights.
Subscription Period	The subscription period begins on **/**/****H (corresponding to **/**/****G) and continues until the end of **/**/****H (corresponding to **/**/****G). During this period all rights holders - whether registered or new investors - may exercise their right to subscribe to the new shares.
How to apply	Subscription applications are submitted electronically via financial brokers' websites and platforms that provide such services for subscribers or by any other means provided by the brokers
Exercising Subscription to the Rights	<p>Eligible Persons may subscribe for the New Rights Shares through electronic subscription via financial brokers' websites and platforms that provide such services for subscribers or by any other means provided by the brokers. Eligible Persons may exercise their Rights as follows:</p> <ol style="list-style-type: none"> <li>1) During the Subscription Period, Registered Shareholders may exercise the Rights granted to them and any additional Rights purchased thereby during the Trading Period. They will also be entitled to take no action in respect of the Rights they hold.</li> <li>2) During the Subscription Period, new shareholders may exercise the Rights purchased thereby during the Trading Period through subscription to new shares. They will also be entitled to take no action in respect of the Rights they hold.</li> </ol> <p>In the event that new shares are not subscribed by registered shareholders or new investors during the subscription period, the Rump Shares resulting from the unexercised Rights will be offered in the Rump Offering Period.</p>



Indicative Value of a Right	The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. Tadawul will continuously calculate and publish the indicative value of a Right during the Trading Period on its website with a 5-minute delay. The market information providers will also publish this information, which will allow investors to be informed of the indicative value of a Right when entering orders.
Trading Price of the Right	The trading price of a Right as determined by the supply and demand mechanism in the market. Therefore, it may differ from the indicative value of a right.
Rump Offering	If any shares remain unsubscribed after the end of the Subscription Period ("Rump Shares"), they will be offered to a number of institutional investors ("Institutional Investors") Such Institutional Investors shall submit their offers for purchasing the Rump Shares and the receipt of those offers shall commence at 10:00 AM on **/**/****H (corresponding to **/**/****G) and continue until 5:00 PM on **/**/****H (corresponding to **/**/****G) ("Rump Offering Period"). The Rump Shares shall be allocated to Institutional Investors in order of the offered price starting with the highest offer until all of the Rump Shares have been allocated (provided that the price shall not be less than the Offer Price). The Rump Shares shall be allocated on a pro-rata basis among Institutional Investors that provided offers at the same price. The fractional shares shall be added to the Rump Shares and treated in the same manner.
Method of Allocation and Refund	Shares will be allocated to each investor as per the number of rights exercised fully and correctly. The fractional shares shall be added to the Rump Shares and then be offered to Institutional Investors during the Rump Offering Period. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offer Price) shall be distributed to eligible persons, who did not subscribe totally or partially in new shares, and holders of fractional shares, noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. (Please refer to Section (13) - "Details on Shares and Offering Terms and Condition" of this Prospectus).  Oversubscribed amounts, if any, will be refunded to the subscribers without any charge or deductions by the Lead Manager.
Allocation Date	Allocation of shares will be announced no later than **/**/****H (corresponding to **/**/****G).
Date of refunding Oversubscribed amounts	Oversubscribed amounts, if any, will be refunded to the subscribers without any charge or deductions by the Lead Manager no later than **/**/****H (corresponding to **/**/****G).
Payment of Compensation Amounts (if any)	Cash compensation amounts will be paid to Eligible Persons who did not subscribe, wholly or partially, for the New Shares, as well as to the holders of fractional shares, without deductions, no later than **/**/****H (corresponding to **/**/****G), noting that the compensation amounts represent the remaining proceeds from the sale of Rump Shares and fractional shares, in excess of Offer Price.
Adjusted price	The Company's share price in the Saudi Stock Exchange (Tadawul) has been adjusted to (**) Saudi Riyals per share, i.e. a decrease in the Share Price by (**) Saudi Riyals per share. (For more information, please refer to section (14) "Change in share price due to capital increase" of this Prospectus).
Trading of New Shares	Trading of New Shares is expected to commence on "Tadawul" after completion of all relevant regulatory procedures related to allocation and listing of shares.



<p>Listing and trading of the Rights</p>	<p>Rights will be listed on Tadawul and shall be traded during the Trading Period. A separate symbol will be given to the Company's Rights Issue, independent from the symbol of the Company's Shares on the Tadawul screen. During the Trading Period, the Registered Shareholders shall have several options including selling the Rights, or a part thereof, on Tadawul, purchasing additional Rights through Tadawul or refraining from taking any action in respect of the Rights whether by selling or purchasing additional Rights. During the Trading Period, New Investors will be entitled to purchase Rights through Tadawul, sell them or a part thereof or take no action in respect of the Rights purchased. The Tadawul system will cancel the Company's Rights Issue symbol on the Tadawul screen following the end of the Trading Period. Accordingly, the trading of Rights will end by the end of the Trading Period.</p>
<p>Entitlement to Dividends</p>	<p>The Shareholders holding the New Shares will be entitled to any dividends declared by the Company from the start of Subscription.</p>
<p>Voting Rights</p>	<p>The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid in value and will be exactly equal to outstanding shares. Each share entitles its holder to one vote and each shareholder of the Company ("Shareholder") has the right to attend and vote at the Shareholders' General Assembly meetings ("General Assembly") (ordinary or extraordinary). The shareholder may authorize another shareholder, other than board members, to attend ordinary general assembly meetings on his/her behalf.</p>
<p>Restrictions on Shares</p>	<p>There are no restrictions on the trading of the Company's shares except for the regulatory restrictions imposed on the shares listed in general.</p>
<p>Restrictions on Rights</p>	<p>There are no restrictions on the trading of rights.</p>
<p>Previously Listed Shares</p>	<p>All of Company's shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred (SAR 100) Saudi riyals per share, were listed on 22/01/1409H (corresponding to 03/09/1988G) after obtaining the approval of both Ministry of Commerce and the Saudi Arabian Monetary Agency (currently: Saudi Central Bank). On 27/22/1412H (corresponding to 28/05/1992G) the company increased its capital from two hundred and seventy million (SAR 270,000,000) Saudi riyals to three hundred million (SAR 300,000,000) Saudi riyals, through issuing three hundred thousand (300,000) ordinary shares as bonus shares. On 05/03/1418H (corresponding to 11/07/1997G) the Company increased its capital in in two phases: 1) from three hundred million (300,000,000) Saudi riyals to four hundred million (400,000,000) Saudi riyals through issuing one million (1,000,000) rights shares with a nominal value of one hundred (SAR 100) Saudi riyals per share, and 2) from four hundred million (SAR 400,000,000) Saudi riyals to five hundred million (SAR 500,000,000) Saudi riyals rheough issuing one million (1,000,000) ordinary shares as bonus shares with a nominal value One hundred (SAR 100) Saudi riyals per share, at the rate of one free share For every four shares owned by the shareholder. On 10/05/1425H (corresponding to 28/06/2004G), the company increased its capital from five hundred million (SAR 500,000,000) Saudi riyals to six hundred and forty million (SAR 640,000,000) Saudi riyals through issuing One million seven hundred and eighty thousand (1,780,000) rights shares, with a nominal value of fifty (SAR 50) Saudi riyals per share, and issuing new shares amounting to one million twenty thousand (1,020,000) ordinary shares in the name of Xenel Industries Ltd., with a nominal value of fifty (SAR 50) Saudi riyals per share, in fulfillment of Company's debt of fifty one million (SAR 51,000,000) Saudi riyals. On 21/12/1426H (corresponding to 21/01/2006G) the company increased its capital from six hundred and forty million (SAR 640,000,000) Saudi riyals to seven hundred and sixty million (SAR</p>





	<p>760,000,000) Saudi riyals through issuing two million and four hundred thousand (2,400,000) rights shares with a nominal value of fifty (50) Saudi riyals per share. On 09/09/1438H (corresponding to 04/06/2017G) the company reduced its capital (to amortize the accumulated losses) from seven hundred and sixty million (SAR 760,000,000) Saudi riyals to four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals, with a reduction rate (46.83%) of the company's capital. On 22/12/1439H (corresponding to 02/09/2018G) the company reduced its capital (to amortize the accumulated losses) from four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals to one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals, at a reduction rate of (72.63%) of the company's capital. On 05/05/1441H (corresponding to 31/12/2019G), the Company increased its capital from one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals to three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals by issuing twenty-five million (25,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share.</p>
<p>Terms of Subscription for the Rights Shares</p>	<p>Eligible persons wishing to subscribe to the New Shares must fulfill the relevant subscription conditions. To view the terms, conditions, and instructions for the subscription (please refer to Section (13) "Details on Shares and Offering Terms and Conditions" of this Prospectus.</p>
<p>The Public</p>	<p>According to the CMA rules and regulations, the Public means any person other than the following:</p> <ol style="list-style-type: none"> <li>1) Affiliates of the Issuer.</li> <li>2) Substantial shareholders in the Issuer.</li> <li>3) Directors and senior executives of the Issuer.</li> <li>4) Directors and senior executives of the affiliates of the Issuer.</li> <li>5) Directors and senior executives of the substantial shareholders of the Issuer.</li> <li>6) Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above.</li> <li>7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above.</li> <li>8) Persons who act together in agreement and jointly own (5%) or more of the share class that will be listed.</li> </ol>
<p>New Shares</p>	<p>Fifty million (50,000,000) ordinary shares, which will be issued to increase the company's capital.</p>
<p>Risk factors</p>	<p>There are certain risks associated with investing in this Offering, which can be generally categorized into: (1) Risks of Company business, (2) Risks of market and sector, and (3) Risks of Shares. Such shares risks are discussed in Section (2) "Risk Factors" of this Prospectus, which should be carefully studied prior to making a decision to invest in the Rights Shares.</p>
<p>Total proceeds obtained in the last rights issue, related analysis and description</p>	<p>The total proceeds obtained by the company in the last rights issue amounted to two hundred and fifty million (250,000,000) Saudi riyals.</p> <p>On 05/05/1441H (corresponding to 31/12/2019G), Shareholders' EGM agreed to increase the Company's capital from one hundred and ten million six hundred and fourteen thousand sixty (110,614,060) Saudi riyals to three hundred and sixty million six hundred and fourteen thousand sixty (360,614,060) Saudi riyals by issuing twenty-five million (25,000,000) rights issue shares with a nominal value of ten (10) Saudi riyals per share, and with a total value of two hundred and fifty million (250,000,000) Saudi riyals, in order to</p>



restructure the capital and inject new funds to provide working capital so that the company can increase its operating capacity and support its future activity.

As disclosed in the relevant Prospectus, the Company intended to use these proceeds as follows:

Use	Value (SAR)
Increasing the productivity of aluminum cables project	1,000,000
Increasing the productivity of power cables project	7,000,000
Production line improvement project	16,000,000
Accessories manufacturing project	10,000,000
Working capital	211,000,000
Offering Costs	5,000,000
<b>Total</b>	<b>250,000,000</b>

Source: The Company

Those proceeds were actually used as follows:

Use	Value (SAR)
Increasing the productivity of aluminum cables project	665,072
Increasing the productivity of power cables project	1,244,239
Production line improvement project	4,185,162
Accessories manufacturing project	0
Working capital	238,543,027
Offering Costs	5,362,500
<b>Total</b>	<b>250,000,000</b>

Source: The Company

The reason for the difference in the actual use of the offering proceeds from what is mentioned in the latest prospectus is due to the following reasons:

**1. Increasing the productivity of aluminum cables project:**

This is due to the delay in delivering machine parts from suppliers as a result of Covid-19 consequences, which led to failure to use the sum as planned.

**2. Increasing the productivity of power cables project:**

The increase in production capacity from 800 to 1,600 metric tons was affected due to Covid-19, which led to a reduction in the production capacity of power cables.

**3. Production line improvement project:**

The required equipment and tools planned for the year 2020G have been affected due to the reduced load resulting from Covid-19.

**4. Accessories manufacturing project:**

The company sought for a strategic technical partnership to establish a production line for manufacturing accessories (breakers, switches, transformers, associated components, terminals, and internal and external connections for power cables), but due to Covid-19 the project was postponed.



	<p>For more information on the above projects, due to Covid-19 consequences on several business sectors and lack of clarity regarding when Covid-19 will end, this has resulted in postponement of projects in several sectors, which led to uncertainty of obtaining such projects within this period according to the work plans developed before Covid-19; in addition, the demand is no longer available by most customers. In addition to the obstacles that occurred all over the world due to the pandemic, which led to the difficulty of anticipating the business, in whole or in part, in some countries, which affected the business capacity and providing the company with machinery, equipment and parts needed for such projects, as a result of difficulties and obstacles in supplying from manufacturers abroad, including shipping.</p> <p><b>5. Working capital:</b></p> <p>Additional amounts were injected into raw materials (copper, aluminum, lead, and others) and other production inputs in addition to other operating expenses (including: wages, maintenance costs, electricity expenses, gas expenses, spare parts costs, rental expenses, insurance expenses, freight and transportation expenses, and administrative and legal consultancy fees).</p> <p><b>6. Offering Costs:</b></p> <p>The offering costs were higher than expected due to the governmental and regulatory costs in addition to advisors and auditor's fees.</p>
<p>Major adjustments made to the information disclosed in this Prospectus.</p>	<p>The publication of last Prospectus issued by the company dated 05/04/1441H (corresponding to 02/12/2010G) was approved by CMA. Below is a summary of the most important information that has changed since CMA approval:</p> <ul style="list-style-type: none"> <li>• Updating the Company's articles of association in line with the capital adjustments.</li> <li>• Reducing and then increasing the capital through offering rights shares.</li> <li>• Amendments to the Board of Directors, the company's committees, and the executive management.</li> <li>• Amendments to the use of proceeds disclosed in the relevant prospectus.</li> </ul> <p>(Please refer to subsection (16.10) "Material information that has changed since the CMA's approval of the last share issue Prospectus" of Section (10) "Legal Information" of this Prospectus).</p>

**Note:** The Section "Important Notice" in Page (A) as well as Section 2 – "Risk Factors" of this Prospectus should be read carefully prior to making a decision to invest in the Rights Shares under this Prospectus.



## Key Dates and Subscription Procedures

Event	Date
The convening of the extraordinary general assembly that includes the approval of the capital increase and the determination of the eligibility date and the eligible shareholders, noting that the eligible shareholders are the shareholders registered in the company's register, and they will not be registered until two days after the date of the meeting.	Day ** **/**/****H (corresponding to ** **/**/****G)
Trading Period	The Trading Period will start on ** **/**/****H (corresponding to ** **/**/****G), and it will continue until the end of day on ** ** **/**/****H (corresponding to ** ** **/**/****G). During this period, all Rights holders, whether registered investors or new investors, may trade or subscribe to the Rights.
Subscription Period	The Trading Period will start on ** ** **/**/****H (corresponding to ** ** **/**/****G), and it will continue until the end of day on ** ** **/**/****H (corresponding to ** ** **/**/****G). During this period, all rights holders, whether they are registered investors or new investors, may exercise their right to subscribe to the New Shares.
End of Subscription Period	Subscription period will expire and applications will be received until the end of ** ** **/**/****H (corresponding to ** ** **/**/****G)
Rump Offering Period	Offering Period will start at 10:00 AM on ** ** **/**/****H (corresponding to ** ** **/**/****G) until the 5:00 PM on ** ** **/**/****H (corresponding to ** ** **/**/****G).
Notification of Final Allocation	Day ** ** **/**/****H (corresponding to ** ** **/**/****G)
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering, totally or partially, and those entitled to Shares fractions.	Day ** ** **/**/****H (corresponding to ** ** **/**/****G)
Expected date of commencement of trading in new shares	Trading in new shares shall be announced on Tadawul upon the completion of all related regulatory procedures.

**Note:** All of the above-mentioned dates are approximate. Actual dates will be communicated on the website of Tadawul ([www.saudiexchange.sa](http://www.saudiexchange.sa)).



## Key Announcement Dates

Announcement	Announcement by	Announcement Date
Announcement regarding the EGM on capital increase	The Company	On Monday 14/06/1443H (corresponding to 17/01/2022G)
Announcement regarding the results of the EGM on capital Increase	The Company	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement regarding adding rights to Saudi Cable	Edaa	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement regarding the change in the Company's Share Price, deposit of Rights, and indicative value of the Rights	Tadawul	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement on Subscription Period and Trading Period in new shares	The Company	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement on the start of the Subscription Period and Trading Period	Tadawul	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Reminder announcement regarding the commencement of Trading Period and Subscription Period	The Company	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Reminder announcement regarding the last day for trading Rights and noting the importance of selling and last day for subscription	The Company	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement regarding: <ul style="list-style-type: none"> <li>• Subscription results</li> <li>• Details of the sale of Unsubscribed Shares (if any) and commencement of the Rump Offering</li> </ul>	The Company	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement regarding the results of the Rump Offering and allocation of rights	The Company	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement regarding the deposit of New Shares in investors' portfolios	Edaa	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)
Announcement regarding the distribution of compensation amounts (if any)	The Company	On ** ** / ** / **** H (corresponding to ** ** / ** ** / **** G)

**Note:** All of the above-mentioned dates are approximate. Actual dates will be communicated on the website of Tadawul ([www.saudiexchange.sa](http://www.saudiexchange.sa)). In addition, the date of depositing the New Shares in the investors' portfolios will be determined in coordination with the Securities Depository Center Company (Edaa).

It should also be noted that in the event that an announcement related to the offering is published in a local newspaper after the Prospectus has been published, the announcement will include:

- 1) The issuer's name and its commercial registration number.
- 2) The securities, their value, type, and class covered by the securities registration and offering application.
- 3) Addresses and places where the public can obtain the Prospectus.
- 4) The date of publication of the Prospectus.
- 5) A statement that the announcement is for information purposes only and does not constitute an invitation or an offer to own the securities by purchasing or subscribing thereto.
- 6) Name of the Lead Manager, Underwriter (if any), Financial Advisors and Legal Advisor.

- 7) A disclaimer as follows: "Neither CMA nor Tadawul assumes no responsibility on the contents of this announcement, nor do they give any representations regarding its accuracy or completeness, and they expressly disclaim any responsibility for any loss suffered as a result of what is contained in this announcement or from reliance on any part thereof"

## How to apply

Subscribing for the New Shares is limited to Eligible Persons, whether Registered Shareholders or New Investors. In the event that Eligible Persons do not subscribe for the Rights, the Unsubscribed Shares shall be offered to Institutional Investors during the Rump Offering Period. Eligible Persons wishing to subscribe for the New Shares should submit the subscription application forms via the means and services provided by the broker to investors, on condition that Eligible Persons should have a bank account with the brokers offering such services.

Subscription Applications are submitted through portfolios in trading platforms and applications, through which sale and purchase orders are entered. In addition, it is possible to subscribe through any other means provided by the broker and the custodian of shares. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the subscription terms or conditions. Upon submission, the Subscription Application Form may not be amended or withdrawn. Instead, it shall represent a legally binding contract between the Company and the eligible shareholder. (For more information, please refer to Section (13) - "Details on Shares and Offering Terms and Condition" of this Prospectus).

## Q&A related to Rights

### What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the EGM for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

### Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM to increase the capital.

### When are the Rights deposited?

Following the EGM and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. The New Rights appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

### How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

### How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

### What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is, therefore, (1.91) shares for each (1) share held by registered shareholders on eligibility date; for example, if a registered shareholder owns (1,000) shares on eligibility date, then (1.910) shares will be allocated to him/her in consideration of his/her shareholding.

### Will these Rights be tradable under a different name/ symbol of the Company's shares?

The Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Priority Rights", they will be deposited in a new symbol for these rights.

### What is the value of the Right upon commencement of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is twenty-five (25) Saudi Riyals (SAR 25) and the Offer Price is ten (10) Saudi Riyals (SAR 10), the opening price of the Rights upon the commencement of trading will be fifteen (15) Saudi Riyals (SAR 15), the difference between the two mentioned prices.

### Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the EGM.

### Can Registered Shareholders subscribe for additional shares?

Yes. Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

### Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the EGM and vote on raising the capital through a rights issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he sells his/her shares on the day of the Extraordinary General Meeting or one working day before it.

### How does the Subscription take place?

Subscription Applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

### Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

### If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

The rights will be deposited in the same portfolio in which the shares of the Company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to one thousand (1,046) rights, as each share is eligible for a right) will be deposited. Therefore, eight hundred (851) rights will be deposited in portfolio (a) and two hundred (213) rights will be deposited in portfolio (b).

### **Are share certificate holders allowed to subscribe and trade?**

Yes, they are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company (Edaa) and introducing the necessary documents.

### **Are additional Rights purchasers entitled to trade them once again?**

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

### **Is it possible to sell a part of these Rights?**

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

### **When can a Shareholder subscribe for the Rights he/she purchased during the Trading Period?**

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

### **Can the Eligible Person sell or assign the Right after the expiry of Trading Period?**

No. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

### **What happens to the Rights that are unsold or unsubscribed for during the Trading and Subscription Periods?**

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value and any other expenses according to the criteria defined by this Prospectus. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

### **Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?**

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the EGM, shall have the right to attend the EGM and vote on increasing the Issuer's share capital through Rights Issue.

### **When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?**

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

### **If an investor buys securities on the date of the EGM, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?**

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

### **If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?**

The investor's shares will be distributed to their portfolios according to the percentage of shareholding in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.





### **What are the Trading and Offering Periods?**

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

### **Is it possible to subscribe during the weekend?**

No.

### **Can investors, who are not Registered Shareholders, subscribe for the Rights Shares?**

Yes. Investors can subscribe to the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

### **Additional assistance:**

In case of any inquiries, please contact the Company at the e-mail ([scc@saudicable.com](mailto:scc@saudicable.com)). For legal reasons, the company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal, or investment advice.

For more information on the terms, conditions and instructions for the subscription, please refer to Section (13) "Details on Shares and Offering Terms and Conditions" and other information contained herein.

## Summary of Key Information

### Notice to investors

This summary provides a brief overview of the basic information contained in this prospectus. Since it is a summary, it does not include all information that may be of interest to shareholders and other general institutional and individual investors. Recipients of this prospectus should read it in full, particularly Section “Important Notice” in Page (A) as well as Section 2 – “Risk Factors” of this Prospectus, before making any investment decision regarding new rights or shares. All terms and abbreviations contained in this Prospectus have been defined in Section (1) “Terms and Definitions” of this Prospectus.

### Company Overview

Saudi Cable (hereinafter referred to as “the Company” or “the issuer” or “Saudi Cable”) was initially established as a limited liability company, and registered under Commercial Register No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G); on 22/01/1409H (corresponding to 03/09/1988G) it was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G). All of Company’s shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred ( SAR 100) Saudi riyals per share, were listed in the main Saudi stock market.

The Company’s head office is located in Jeddah, Industrial Area, Plot No. 12F, P.O Box 4403, Jeddah 21491, Kingdom of Saudi Arabia.

The Company’s current capital is two hundred and sixty-two million three hundred and eleven thousand and sixty (262,311,060) Saudi riyals, divided into twenty-six million two hundred and thirty-one thousand and one hundred and six (26,231,106) ordinary shares, at a nominal value of ten (10) Saudi riyals per share, fully paid up.

As at the date of this Prospectus, the company has no substantial shareholders who hold 5% or more of the Company’s shares.

### The history of the company and the most important developments in its capital structure

- The Company was initially incorporated as a limited liability company and was registered in the Commercial Register under No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G), with a capital of three million five hundred thousand (3,500,000) Saudi riyals, divided into thirty-five thousand (35,000) share, at a value of one hundred (100) Saudi riyals per share.
- On 13/12/1396H (corresponding to 04/12/1976G), partners agreed to increase the Company’s capital from three million and five hundred thousand (SAR 3,500,000) Saudi riyals to ten million and five hundred thousand (SAR 10,500,000) Saudi riyals, the value of each share is one hundred (SAR 100) Saudi riyals, by transferring a debt of seven million (SAR 7,000,000) Saudi riyals from Partners to seventy thousand new shares of Company’s Partners.
- On 12/05/1402H (corresponding to 07/03/1982G), partners agreed to increase the Company’s capital from ten million and five hundred thousand (SAR 10,500,000) Saudi riyals to seventy million (SAR 70,000,000) Saudi riyals, the value of each share is one hundred (SAR 100) Saudi riyals. The increase amount was paid in cash by Partners, on a proportion basis.
- On 16/06/1404H (corresponding to 18/03/1984G), partners agreed to increase the Company’s capital from seventy million (SAR 70,000,000) Saudi riyals to two hundred million (SAR 200,000,000) Saudi riyals divided into two million (2,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, and the increase was made through transferring undistributed profits to new shares.
- On 20/03/1407H (corresponding to 23/11/1986G), partners agreed to increase the Company’s capital from two hundred million (SAR 200,000,000) Saudi riyals to two hundred fifty million (SAR 250,000,000) Saudi riyals, divided into two million and five hundred thousand (2,500,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, and the increase was made through a private offering.
- On 11/05/1408H (corresponding to 01/01/1988G), partners agreed to increase the company’s capital from two hundred and fifty million (250,000,000) Saudi riyals to two hundred and seventy million (270,000,000) riyals divided into two million seven hundred thousand (2,700,000) shares, at a value of one hundred (100) Saudi riyals per share, all of which are ordinary shares.



- The company was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G); all of Company's shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred (SAR 100) Saudi riyals per share, were listed on 22/01/1440H (corresponding to 03/09/1988G) after obtaining the approval of both Ministry of Commerce and the Saudi Arabian Monetary Agency (currently: Saudi Central Bank).
- On 27/11/1412H (corresponding to 28/05/1992G), the Shareholders EGM approved to authorize the Board of Directors to increase the Company's capital from two hundred and seventy million (SAR 270,000,000) Saudi riyals to three hundred million (SAR 300,000,000) Saudi riyals, divided into three million (SAR 3,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, all of which are ordinary shares, through issuing three hundred thousand (300,000) ordinary shares, by transferring twenty-seven million (SAR 27,000,000) Saudi riyals from the retained earnings to be distributed to existing shareholders, representing two hundred and seventy thousand (270,000) ordinary shares, in addition to issuing thirty thousand (30,000) ordinary shares at a value of three million (SAR 3,000,000) Saudi riyals, and these shares are offered for subscription of Company's employees through paying their value in cash.
- On 06/03/1418H (corresponding to 11/07/1997G), the Shareholders EGM approved to increase the Company's capital from three hundred million (SAR 300,000,000) Saudi riyals to five hundred million (SAR 500,000,000) Saudi riyals, divided into five million (5,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, all of which are cash ordinary shares. The increase took place in two phases: 1) the issuance of one million (1,000,000) rights shares, the value of each is one hundred (SAR 100) Saudi riyals, with a total of one hundred million (SAR 100,000,000) Saudi riyals distributed to shareholders wishing to subscribe, at the rate of one share for every three shares; Then 2) the issuance of one million (1,000,000) additional free shares, the value of each is one hundred (SAR 100) Saudi riyals, with a total of one hundred million (SAR 100,000,000) Saudi riyals distributed to shareholders, where every one free share is granted for every four shares owned by the shareholder.
- On 10/05/1425H (corresponding to 28/06/2004G), the Shareholders EGM approved the increase of the Company's capital from five hundred million (SAR 500,000,000) Saudi riyals to six hundred and forty million (SAR 640,000,000) Saudi riyals, divided into twelve million and eight hundred thousand (12,800,000) shares, the value of each share is fifty (SAR 50) Saudi riyals. Previously in 1998G, the General Assembly agreed to divide the Company's shares so that the nominal value of one share would become fifty (SAR 50) Saudi riyals instead of one hundred (SAR 100) Saudi riyals, all shares are ordinary, and the increase was made by: 1) the issuance of rights shares of one million seven hundred and eighty (1,780,000) shares; 2) the issuance of new shares of one million and twenty thousand (1,020,000) ordinary shares in the name of Xenel Industries Limited, with a nominal value of fifty (SAR 50) Saudi riyals per share, in fulfillment of a debt owed by the company with a value of fifty-one million (SAR 51,000,000) Saudi riyals.
- On 21/12/1426H (corresponding to 21/01/2006G), the Shareholders EGM approved to increase the Company's capital from six hundred and forty million (SAR 640,000,000) Saudi riyals to seven hundred and sixty million (SAR 760,000,000) Saudi riyals paid in full, divided into fifteen million and two hundred thousand (15,200,000) ordinary shares with a nominal value of fifty (50) Saudi riyals per share, and the increase was made by issuing two million and four hundred thousand (2,400,000) rights shares with a nominal value of fifty (50) Saudi riyals per share.
- On 09/09/1438H (corresponding to 04/06/2017), the Shareholders EGM approved to reduce the Company's capital (to amortize accumulated losses) by a reduction rate of (46.83%) of the Company's capital, from seven hundred and sixty million (SAR 760,000,000) Saudi riyals to four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals, divided into forty million four hundred and eleven thousand and four hundred (40,411,400) shares, the value of each is ten (10) Saudi riyals, all of which are ordinary shares. Previously in 2006, the General Assembly approved to divide the company's shares so that the nominal value of one share became ten (10) Saudi riyals instead of fifty (SAR 50) Saudi riyals, in compliance with the Cabinet's Resolution issued on 27/02/1427H, requiring the unification of the nominal value of the shares to become ten (10) riyals per share.
- On 22/12/1439H (corresponding to 02/09/2018G), the Shareholders' EGM approved to reduce the Company's capital (to amortize accumulated losses) by a reduction rate of (72.63%) of the Company's capital, from four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals to one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals divided



into eleven million sixty-one thousand four hundred and six (11,061,406) shares, the value of each share is ten (10) Saudi riyals, all of which are ordinary shares.

- On 05/05/1441H (corresponding to 31/12/2019G), the Shareholders EGM approved to increase the company's capital from one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals to three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals by issuing twenty-five million (25,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share.
- On 19/11/1442H (corresponding to 29/06/2021G), the Board of Directors recommended the following:
  - 3) Reducing Company's capital by (27.26%), from three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals, to two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals. Thus, the number of shares shall be reduced from thirty-six million sixty-one thousand four hundred and six (36,061,406) ordinary shares, to twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through canceling the number of nine million eight hundred and thirty thousand and three hundred (9,830,300) of company shares, i.e. a reduction of (1) share for every (3.6684) shares, in order to restructure the Company's capital to amortize the accumulated losses as at 31 March 2021, amounting to ninety-eight million three hundred and three thousand (98,303,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.
  - 4) Increasing Company's capital by (190.61%) (after completing the capital reduction process as stated above), from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand sixty (762,311,060) Saudi riyals. Accordingly, the number of shares is increased from twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares to seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through Offering rights shares of fifty million (50,000,000) shares, with a value of five hundred million (SAR 500,000,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.
- On \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G), the shareholders' EGM approved the following:
  - 1) Reducing Company's capital by (27.26%), from three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals, to two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals. Thus, the number of shares shall be reduced from thirty-six million sixty-one thousand four hundred and six (36,061,406) ordinary shares, to twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through canceling the number of nine million eight hundred and thirty thousand and three hundred (9,830,300) of company shares, i.e. a reduction of (1) share for every (3.6684) shares, in order to restructure the Company's capital to amortize the accumulated losses as at 31 March 2021, amounting to ninety-eight million three hundred and three thousand (98,303,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.
  - 2) Increasing Company's capital by (190.61%) (after completing the capital reduction process as stated above), from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand sixty (762,311,060) Saudi riyals. Accordingly, the number of shares is increased from twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares to seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through Offering rights shares of fifty million (50,000,000) shares, with a value of five hundred million (SAR 500,000,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.



### Summary of Company's activities

The Company operates under Commercial Registration No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G), and National Industrial License issued by the Ministry of Industry and Mineral Resources No. (1280) dated 20/04/1394H (corresponding to 12/05/1974G) amended by License No. (1259) dated 06/04/1438H (corresponding to 04/01/2017G).

▪ The Company's activities, according to the commercial register, are as follows:

- Manufacture of wooden cable reels.
- Manufacture of primary form of plastics.
- Manufacture of Fiber optic cables.
- Manufacture of insulated steel wires and cables.
- Manufacture of insulated copper wires and cables.
- Manufacture of insulated aluminum wires and cables.
- Manufacture of electrical connections and conduits for extending plastic wires.

▪ Pursuant to the Company's articles of associations, the main activities are exercising and implementing the following:

- 1) Manufacture of rods, conductors, cables, electrical wires and communications of copper, aluminum, optical fibers and others with all its voltages (electrical/technical) and their sizes and grounding conductors for electrical and communication uses, machines and compounds of plastic plastics, pulleys and wooden pallets and accessories for the extension of telephone cables and their electronic equipment, business systems, electrical and electronic appliances, communications, information, marketing and distribution.
- 2) Contracting electrical, mechanical, electronic, and plastic works, communications and information systems, management, operation, installation, construction, maintenance and repair of the aforementioned works, owning and leasing them for the benefit of others and performing industrial services. Establishing various industrial projects after obtaining the necessary licenses from the competent authorities.
- 3) Installation, operation, maintenance and management of local, extended and dedicated computer networks, messaging and communications integration systems, linking them through messaging integration systems, importing and marketing devices for connecting, protecting, distributing networks, and audio, video and information integration devices.
- 4) Acquisition of lands, real estate, buildings, warehouses and exhibitions necessary to serve the purposes of the company and disposing them.
- 5) Establishing and managing a training center for the company's workforce to develop industrial skills in the company's business field and acquiring industrial technology related to the company's purposes or cooperation with its owners or developers.
- 6) Manufacturing raw materials related to the company's activities, on its own or in cooperation with the various productive sectors.
- 7) Manufacturing circuit breakers, switches, transformers and their ancillary components, terminals, and internal and external connections for power cables.
- 8) Commercial agencies, wholesale and retail trade in materials, tools, machinery, equipment and raw materials related to the company's activity and marketing.

The company exercises its activities in accordance with applicable laws and after obtaining the necessary licenses from the competent authorities, if any.

The Company exercises its activities in the Kingdom of Saudi Arabia through (3) subsidiaries, and outside the Kingdom, through (9) subsidiaries, and all of subsidiaries are wholly owned by the company (100%), except for Al-Masan Salt Sihazlay Company, Electremecanica San and Tech AS with a percentage of (94%). (Please refer to subsection (3.9) "Subsidiaries" in this Prospectus).

The Company and its subsidiaries operate in the field of manufacturing, supplying, installing, testing, operating and maintaining electrical cables, ranging from ultra-high, medium and low voltage cables, building wires, communication cables, instrumentation cables, specialized petrochemical cables, control cables, electrical substations, switchgear, electrical supplies and transformers.

In addition, the Company has quick access to move and transfer all types of cables and related electrical products from its warehouses to its customers, and it also provides its customers with integrated solutions for supplying, installation, testing, operation and maintenance of electrical systems with the latest digital systems and information technology.

### Company vision

The Company's vision is to play a global distinguished leadership role in providing integrated solutions for cables and equipment through providing products and services that are trusted by all customers. To support this vision, the Company upholds deep-rooted traditions and blends such traditions with constructive thinking, utilizing the group's creative capabilities to go beyond clients' future aspirations.

### Company Mission

Investing in and establishing manufacturing facilities and related services allow us to produce high quality cable technologies and related materials and products.

### Company Strategy

Commitment to meet the immediate needs and demands of power and communication systems is the main objective that guides and drives Saudi Cable Company.

### Company's strengths and competitive advantages

- Exporting products and services to more than 60 countries around the world, with a network of customers and partners located in the United States, the Americas, Europe, Australia, Japan, the Philippines and other countries in the Pacific region.
- Experience that includes many specialized sectors, as well as extensive experience in each of the overhead connections for power transmission, the extension of underground networks of up to 500 kV, and the provision of emergency and reconstruction services.
- The Company has a wide client base as it provides its services to some of the world's leading organizations, authorities and bodies, particularly in the Middle East, including but not limited to (Saudi Aramco, Dubai Electricity and Water Authority, Sharjah Electricity and Water Authority, Saudi Electricity Company, Electricity Authority and Water - Kingdom of Bahrain, Ministry of Electricity and Water - State of Kuwait).
- Providing high quality products in compliance with international standards, and distinguished services to its customers around the world, such as after-sales services, maintenance, installation and commissioning, design, and technical support.
- The Company obtained the ISO certificate No. 9001 in 2000, No. 18001 in 2007, and No. 9001 in 2015, as the best company in cable manufacturing industry in the Middle East.



## Summary of Financial Information

The summary of the financial information presented below is based on the Company's audited consolidated financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G and the accompanying notes.

Statement of Financial Position (SAR in 000's)	Fiscal year ended December 31		
	2018G (Audited)	2019G (Audited)	2020G (Audited)
Total Current Assets	631,484	521,638	489,357
Total Non-Current Assets	765,106	725,898	746,142
<b>Total assets</b>	<b>1,396,590</b>	<b>1,247,536</b>	<b>1,235,499</b>
Total Current Liabilities	1,001,384	708,733	524,002
Total Non-Current Liabilities	233,409	447,038	426,075
<b>Total Liabilities</b>	<b>1,234,793</b>	<b>1,155,771</b>	<b>950,077</b>
Total shareholders' equity	161,797	91,765	285,422
<b>Total liabilities and equities</b>	<b>1,396,590</b>	<b>1,247,536</b>	<b>1,235,499</b>

Source: Company's audited consolidated financial statements for fiscal years ending December 31, 2018G, 2019G and 2020G.

Statement of income (SAR in 000's)	Fiscal year ended December 31		
	2018G (Audited)	2019G (Audited)	2020G (Audited)
<b>Revenues</b>	<b>865,023</b>	<b>381,274</b>	<b>368,779</b>
Cost of revenue	(960,889)	(416,451)	(426,441)
<b>Total loss</b>	<b>(95,866)</b>	<b>(35,177)</b>	<b>(57,662)</b>
Operating loss for the year	(208,126)	(109,333)	(169,811)
Loss before zakat and income tax	(63,218)	(51,920)	(48,001)
<b>Net loss for the year</b>	<b>(68,627)</b>	<b>(63,560)</b>	<b>(55,731)</b>

Source: Company's audited consolidated financial statements for fiscal years ending December 31, 2018G, 2019G and 2020G.



Statement of Cash Flows (SAR in 000's)	Fiscal year ended December 31		
	2018G (Audited)	2019G (Audited)	2020G (Audited)
Net cash used in operating activities	(12,011)	(14,525)	(165,601)
Net cash resulting from / (used in) investment activities	168,127	(2,450)	2,188
Net cash (used in)/ from financing activities	(223,892)	8,551	175,142
Net increase / (decrease) in cash and cash equivalents	(67,776)	(8,424)	11,729
cash and cash equivalents at the beginning of year	83,264	15,488	7,064
cash and cash equivalents at the end of year	15,488	7,064	18,793

Source: Company's audited consolidated financial statements for fiscal years ending December 31, 2018G, 2019G and 2020G.

Key performance indicators	Indicator Unit	Fiscal year ended December 31		
		2018G	2019G	2020G
Revenue growth rate *	%	(35.57%)	(55.92%)	(3.28%)
Growth rate of Net (Loss) for the year **	%	(14.56%)	(7.38%)	(12.32%)
Margin gross loss	%	(11.08%)	(9.23%)	(15.64%)
General and administrative expenses as a percentage of revenue	%	8.88%	13.47%	17.00%
Margin operating loss	%	24.06%	28.68%	46.05%
Margin Net (Loss) for the year	%	(7.93%)	(16.67%)	(15.11%)
Return on total assets	%	(4.91%)	(5.09%)	(4.51%)
Return on total equity	%	(42.42%)	(69.26%)	(19.53%)
Debt to total equity	Once	2.62	6.53	1.78
Total current assets / Total current liabilities	Once	0.63	0.74	0.93
Total assets / Total liabilities	Once	1.13	1.08	1.30

Source: Management information.

\* Growth rate in revenues for fiscal year 2018G, against revenues for fiscal year 2017G.

\*\* Growth rate in net profits for fiscal year 2018G, against net profits for fiscal year 2017G.





## Market Overview

KSA economy is one of the world's leading economies, as it is characterized by diverse resources and richness in active and influential elements (e.g. oil and gas) that enable it to enhance the Kingdom's competitive position in all sectors.

"Vision 2030" will contribute to strengthening and doubling this competitive position, and making the Kingdom's economy more secure and stable. The wise leadership of KSA focused on reviving the economy away from dependence on oil revenues as a main resource, which helped improve the growth of other sectors.

The industry of electrical cables and wires is one of the most important strategic industries in the field of energy, which constitutes a mainstay in the national economy. The Kingdom of Saudi Arabia is classified as one of the leading countries in the field of manufacturing electrical cables, and its products and expertise in energy and strategic projects are an example to follow for countries in the region and the world.

Saudi Cable Company is one of the leading companies in manufacturing electrical cables and wires products as the oldest cable manufacturer in the Kingdom. The company provides products for most types of electrical cables in high, medium and low voltages, in addition to cables specialized in oil and gas, cables for instrumentation and control systems and building wires according to the latest international specifications. In addition, the Company's commitment to quality towards its customers made the company one of the largest cable manufacturers in the Middle East, where the company obtained ISO certification No. 9001 in 2000, No. 18001 in 2007, and No. 9001 in 2015, as the best company in the cable industry in the Middle East.

(Source: The Company)

## Summary of Risk Factors

Investors, who wish to subscribe to the offering shares, should read and study the entire Prospectus before making an investment decision as to whether to trade or subscribe to the Rights Issue, particularly Risk Factors shown in detail in Section (2) "Risk Factors" of this Prospectus.

- **Risks of Company's Activity and Operations**
- **Risks of Market and Industry**
- **Risks of offered securities.**





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## 1 Terms and Definitions

The following table shows a list of the terms and definitions used throughout this Prospectus:

Term or Abbreviation	Definition
Company or Issuer	Saudi Cable Company, a Saudi joint stock company.
Parent Company/ Group	Saudi Cables Company and its subsidiaries.
Management	Company's Executive Management
Kingdom	Kingdom of Saudi Arabia
Articles of Association	Company's Bylaws
Ministry of Commerce	Ministry of Commerce (formerly Trade and Investment) in the Kingdom of Saudi Arabia.
Rules on the Offer of Securities and Continuing Obligations	Rules on the Offer of Securities and Continuing Obligations issued by CMA board pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G). In accordance with the Capital Market Law passed by Royal Decree No. (M/30) dated 02/6/1424H, and amended by CMA Board Resolution No. 1-07-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Board or Board of Directors and Board Members	Company's Board of Directors, whose names are stated in Page (C), (33) and (117).
Advisors	Advisors to the Company whose names appear on Pages (D), (E) and (F).
CMA or Authority	The Capital Market Authority of the Kingdom of Saudi Arabia.
Capital Market Law (CML)	Capital Market Law issued under Royal Decree No. (M/30) dated 02/6/1424H (corresponding to 31/07/2003G), as amended.
Saudi Exchange (Tadawul)	Saudi Tadawul Company (formerly the Saudi Stock Exchange Company) one of the Saudi Tadawul Group companies, established in accordance with Cabinet's Resolution dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law. It is a Saudi closed joint stock company, and the only entity it is authorized to operate as a stock exchange in the Kingdom of Saudi Arabia, where it lists and trades securities.
Saudi Stock Exchange, Stock Exchange, Stock Market, Exchange, or Tadawul	Saudi Exchange for trading of securities
Tadawul	Automated system for trading securities.
Companies Law	Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H (corresponding to 10/11/2015G), enter in force on 25/07/1437H (corresponding to 02/05/2016G) as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
Ministry of Municipal and Rural Affairs and Housing (MOMRA)	Ministry of Municipal and Rural Affairs in Kingdom of Saudi Arabia.
Saudi Central Bank (SAMA)	Central Bank in the Kingdom of Saudi Arabia.
Saudi Authority for Intellectual Property	Saudi Authority for Intellectual Property in the Kingdom of Saudi Arabia
Subsidiaries	Company's subsidiaries (Please refer to subsection (3.9) "Subsidiaries" in this Prospectus). Subsidiaries of the company. (Please refer to subsection (3.9) "Subsidiaries" of this Prospectus). Subsidiaries mean companies controlled by the company through its ability to influence the actions or decisions of another person through any of the following, whether directly or indirectly, and whether done by the controlling party alone or jointly with a relative or an affiliated party: (1) holding 30% or more of the voting rights in a company, or (2) holding the right to appoint 30% or more of management of a company.
Substantial Subsidiaries	A substantial subsidiary is considered material if it constitutes 5% or more of the issuer's total assets, liabilities, revenue, profits, or potential obligations. (Please refer to Subsection (3.9) "Subsidiaries" of this Prospectus).



Mass Company	Mass Projects for Power and Telecommunications Limited, a Saudi limited liability company, is a wholly owned subsidiary of Saudi Cable Company.
Elimsan Company	Elimsan Salt Cihazlari Ve Elektromekanik A.S., a Turkish joint stock company, where Saudi Cable holds 94% of its shares.
Mass Kablo Company	Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (Previously Mass Holding Anonim Sirketi), a Turkish joint stock holding company and is a wholly owned subsidiary of Saudi Cable Company.
Demirer Kablo Company	Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi, a Turkish subsidiary where Saudi Cable sold its entire shares in July 2018.
General Assembly	Shareholders General Assembly Meeting
Ordinary General Assembly Meeting	Shareholders Ordinary General Assembly Meeting
Extraordinary General Assembly (EGM)	The Company's Shareholders' Extraordinary General Assembly
Government	Government of the Kingdom of Saudi Arabia.
Corporate Governance Regulations	Saudi Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. (8-16-2017) dated 16/5/1438H (corresponding to 13/2/2017G). in accordance with the Companies Law promulgated by Royal Decree No. (M/3) dated 28/1/1437H. and amended by CMA Board Resolution No. 1-07-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Related Parties	Means, under the Rules on the Offer of Securities and Continuing Obligations and the Glossary of terms used in the regulations of the Capital Market Authority as issued by the CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) as amended by CMA Board Resolution No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G). <ol style="list-style-type: none"> <li>1) Affiliates of the Issuer.</li> <li>2) Substantial shareholders in the Issuer.</li> <li>3) Directors and senior executives of the Issuer.</li> <li>4) Directors and senior executives of the affiliates of the Issuer.</li> <li>5) Directors and senior executives of the substantial shareholders of the Issuer.</li> <li>6) Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above.</li> <li>7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above.</li> </ol>
Listing rules	Listing rules approved by CMA Board's Resolution No. (3- 123 - 2017) dated 09/04/1439H (corresponding to 27/12/2017G) and amended by its Resolution No. (1-104-2019) on 1/2/1441H (corresponding to 30 /09/2019G) and amended by Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G).
International Financial Reporting Standards (IFRS)	A set of accounting standards and interpretations thereof issued by the International Financial Reporting Standards Board. (International Financial Reporting Standards Board). International Financial Reporting Standards (IFRS) approved by Saudi Organization for Certified Public Accountants (SOCPA), including international standards in addition to the additional requirements and disclosures required by SOCPA and other standards and statements approved by SOCPA, including technical standards and publications related to issues not covered by international standards, such as Zakat issue.
Financial Year/Years	The period during which the result of facility's activity is presented, where the beginning and end of this period are specified in the Company's articles of association or bylaws. The Company's fiscal year ended on December 31.
Localization / Saudization	Replacement of expatriate workers by Saudi citizens in private sector jobs.
Saudi Riyal or Riyal	The official currency of the Kingdom of Saudi Arabia.
American Dollar	The official currency of the United States of America.
Turkish lira	The official currency of Turkey.



Saudi Organization for Certified Public Accountants (SOCPA)	Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia
General Organization for Social Insurance	General Organization for Social Insurance in the Kingdom of Saudi Arabia
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development (formerly Ministry of Labour and Social Development) in the Kingdom of Saudi Arabia.
Working day	Any business day except for Fridays and Saturdays, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banks are closed in accordance with applicable laws and other government procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 08/26/2020G), and related amendments.
H	Hijri calendar.
G	Gregorian calendar.
Securities Depository Center Company / Depository Center/Edaa	a closed joint stock company wholly owned by the Saudi Exchange Company (Tadawul). It was established in 2016 under the Saudi Companies Law as issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G).
Vision 2030	The national strategic economic program that aims at reducing dependence on oil and petrochemicals, diversifying the Saudi economy, and developing public services.
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Cabinet decided to approve the unified VAT agreement for Gulf Cooperation Council (GCC) countries, which came into force on 01 January 2018G, as a new tax added to the system of taxes and other fees to be implemented by Specific industries in the Kingdom, and in the GCC countries. The amount of this tax is 5%, where a number of products have been excluded therefrom (e.g. basic foods, services related to health care and education). The Kingdom's government decided to increase the value-added tax rate from 5% to 15% starting from 01 July 2020G.
Rights or Pre-emptive Rights	Tradable securities that entitle its holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholder and each right entitles its holder to subscribe to one share of the New Shares at the Offer Price. Rights will be deposited after the extraordinary general assembly on capital increase has convened on **/**/****H (corresponding to **/**/****G). These rights will appear in the Registered Shareholders' portfolios under a new right-related symbol. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios, through announcement on Tadawul and by Tadawulati services as provided by Depository Center and by SMS sent by corporate brokers.
Indicative Value of a Right	The difference between the market value of a company's share during the trading period and the offering price.
Trading Price of the Right	The trading price of a Right as determined by the supply and demand mechanism in the market. Therefore, it may differ from the indicative value of a right.
Underwriters	FALCOM Financial Services Company and Bloom Investment Company KSA.
Lead Manager	FALCOM Financial Services
Offering Period	Offering Period: Starts from **/**/****H (corresponding to **/**/****G) until **/**/****H (corresponding to **/**/****G).



Offer/Subscription Price	Ten (10) Saudi riyals per share.
Rump Shares	Remaining Shares which were not subscribed for during the Offering Period.
Rump Offering	Rump Shares Unsubscribed by Eligible Persons shall be offered to Institutional Investors by offering them during Rump Offering Period.
Rump Offering Period	The period starts from 10:00 AM on **/**/****H (corresponding to **/**/****G) until 05:00 PM of the next day on **/**/****H (corresponding to **/**/****G).
New Shares	fifty million (50,000,000) ordinary shares, which will be issued to increase the company's capital.
Eligibility factor	The result of dividing the number of new shares by the number of existing shares of the company
Eligible persons	All Rights holders, whether Registered Shareholders or those who have purchased the Rights during the Trading Period.
Substantial Shareholders	Shareholders who hold 5% or more of the company's shares, and the company's shareholders include no substantial shareholders as on the date of this prospectus.
The Public	According to the CMA rules and regulations, the Public means any person other than the following: <ol style="list-style-type: none"> <li>1) Affiliates of the Issuer.</li> <li>2) Substantial shareholders in the Issuer.</li> <li>3) Directors and senior executives of the Issuer.</li> <li>4) Directors and senior executives of the affiliates of the Issuer.</li> <li>5) Directors and senior executives of the substantial shareholders of the Issuer.</li> <li>6) Any relatives of the persons referred to in (1, 2, 3, 4, or 5) above.</li> <li>7) Any company controlled by any person referred to in (1, 2, 3, 4, 5, or 6) above.</li> </ol> Persons working together and, collectively, holding 5% or more of the share class to be listed.
Net Proceeds	Net Proceeds of Offering after deduction of offering expenses.
Person	Natural person.
Prospectus	This document prepared by the Company in relation to the underwriting of rights shares.
Listing	Listing securities on the primary market or - where the context allows - submitting a listing application to Tadawul.
Registered Shareholders	Shareholders who own shares at the end of the trading day of the EGM on capital increase and are registered in the Company's Shareholders Register held with the Depository Center at the end of the second trading day following the EGM on capital increase dated **/**/****H (corresponding to **/**/****G)
New Investors	General Individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the Trading Period.
Shares	The company's ordinary shares amounting to Twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares, with a nominal value of ten (10) Saudi riyals per share.
Brokers	Capital market institutions licensed by the Capital Market Authority to conduct the activity of dealing in securities in the capacity of an agent.



Institutional Investors	<p>Includes a number of institutions, as follows:</p> <ol style="list-style-type: none"> <li>1. Government entities and Government owned companies, whether investing directly or through a portfolio manager, or any international entity recognized by the CMA, the Exchange or any other stock exchange recognized by CMA or the Depository Center.</li> <li>2. Mutual funds established in the Kingdom and publicly offered besides private funds which invest in the securities listed in the Saudi Stock Exchange, if such is permitted by the fund's terms and conditions and subject to the provisions and restrictions provided in the Investment Fund Regulations.</li> <li>3. Persons authorized to deal in securities as principals, provided that the financial adequacy requirements are observed.</li> <li>4. Customers of a capital market institution to conduct management activities, provided that such capital market institution has been appointed on terms upon which it may make decisions regarding the acceptance of the Offering subscription and investment in Tadawul on behalf of the customer without obtaining prior approval.</li> <li>5. Any legal persons that may open an investment account in the Kingdom and an account with the Depository Center, taking into consideration the rules and regulations that apply on investments by listed companies in securities provided that the participation by such company shall not cause any conflict of interest.</li> <li>6. GCC Investors with Legal Personality, including companies and funds established in the GCC countries.</li> <li>7. Qualified foreign investors. and</li> </ol> <p>A final legal beneficiary in a swap agreement concluded with capital market institution, in accordance with the terms and regulations of the swap agreements.</p>
Subscriber	Anyone who subscribes to the offered shares.
Shareholder	Owner or holder of shares as of any specified time.
GCC	The Gulf Cooperation Council.
Compound Annual Growth Rate (CAGR)	A method used to calculate the growth rate of a particular item over a specified period of time.
Domestic Product	The gross domestic product of the Kingdom of Saudi Arabia It is the market value of all final goods and services recognized locally and have been produced within a specific period of time.
Pandemic or Corona Virus "Covid-19" Covid-19.	It is a contagious viral disease known as the Coronavirus and abbreviated "Covid-19", as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, at the beginning of the year 2020G, and as a result, the World Health Organization classified it as a pandemic.
General Authority of Zakat and Tax (GAZT)	General Authority of Zakat and Tax (formerly the Department of Zakat and Income Tax), a government agency organizationally affiliated to the Minister of Finance, which is the body entrusted with levying zakat and tax collection.
Underwriting Agreement	The underwriting agreement between the Company and underwriters.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules that regulate the investment in securities by non-Saudi institutions based outside the Kingdom as issued by the Board of the Capital Market Authority pursuant to its Resolution No. 1-42-2015 dated 15/07/1436H (corresponding to 04/05/2015G) as amended by Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/06/2019G).



NITAQAT Scheme	A program of the Ministry of Human Resources and Social Development. It is a program to motivate enterprises to employ Saudis. It was approved by Resolution No. (4040) dated 28/01/1432H (corresponding to 09/10/2011G) based on Cabinet Resolution No. (50) dated 13 /05/1415H (corresponding to 27/10/1994G), and the program evaluates the performance of the facility on specific ranges basis (Platinum, green, yellow and red) according to the activity and industry under which the company falls. Such NITAQAT Scheme was amended by Resolution NO. (63717) dated 29/03/1441H (corresponding to 26/11/2019G), where the yellow range was canceled from NITAQAT and all facilities in the yellow band were transferred to the red band and the red band standards contained in the NITAQAT Scheme guide were applied to these facilities.
Ton	A measure of mass equal to one thousand kilograms.
ISO	It is an international organization that sets global commercial and industrial standards and defines the best practices and procedures to be followed by companies, bodies and industrial establishments, and it grants certificates confirming their compliance with such standards.
Saudi Industrial Development Fund	Saudi Industrial Development Fund is a government agency, affiliated to the Ministry of Finance, responsible for developing industry in the Kingdom of Saudi Arabia and assisting in the establishment, development and expansion of factories in the Kingdom through granting long-term loans at low costs that are compliant with the provisions of Islamic law.
General Authority of Meteorology and Environmental Protection	Government agency responsible for the environment in the kingdom of Saudi Arabia, along with its role in the field of Meteorology.
Procedures and Instructions related to Listed Companies, with Accumulated Losses Reaching 20% or more of their Capital.	Rules on accumulated-losses of listed companies as issued by CMA Board pursuant to its Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) as amended by the CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G).
Poly vinyl Chloride (PVC)	A commonly used plastic material and is considered one of the most widely used plastic products in many fields, as it is used in insulating cables produced by the company.
High density polyethylene (HDPE)	A plastic material used in insulation, packaging and manufacturing various products such as detergent bottles and food cans, and is used in insulating and sheathing cables produced by the company.
Medium density polyethylene (MDPE)	A plastic material used in insulation and packaging with good resistance to shocks and cracks. It is especially used in gas pipelines, packaging, and professional equipment.
Cross-linked polyethylene (XLPE)	A kind of insulation material used to improve mechanical properties at elevated temperature, mainly used in building service piping systems, heating and cooling systems, domestic water pipes, and insulation of high tension electric cables.
Fire Retardant (FR)	Flame retardants and chemicals that are added to flammable materials such as wood, plastic, paper, rubber or fibers to make them less likely to catch fire or to prevent the spread of fire.
Polypropylene (PP)	A material that is used in a variety of applications, including insulation and packaging of consumer products, plastic parts for various industries, including the automotive industry, and textiles.
Poly Vinyl Chloride (PVC)	A tough plastic that is characterized by its ductility, high flexibility, and its ability to be formed into many shapes to suit many uses such as pipes and cables.

## 2 Risk factors

In addition to other information herein, all prospective investors should carefully consider all information contained in this Prospectus, including the risk factors described below, before deciding whether to subscribe for the Rights Shares, noting that risk factors described below may not include all the risks that the Company may encounter, as there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations. The Company's business, financial position, results of operations, cash flows, and prospects could be adversely materially affected if any of the following risks materialize.

The Board Members further declare that, to the best of their knowledge and belief, there are no material risks the omission of which would affect decisions taken by Shareholders as of the date of this Prospectus, except as disclosed in this Section. An investment in the Rights Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors who have doubts about subscription in the Right Shares should consult a financial adviser licensed by CMA for advice on such investments.

In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company fails to identify or does not currently consider to be material do occur, the market value of the Shares could decrease and prospective investors could lose all or part of their investment.

The risks described below are presented in an order that does not reflect their importance. Additional unknown risks or those currently deemed immaterial may have the impacts described in this Prospectus.

### 1.2 Risks of Company's Activity and Operations

#### 1.1.2 Risks of Inability to Implement the Strategy

The Company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans and successful implementation of its strategy including but not limited to, improvement of the current production lines, or expansion through entering new production lines. The Company's ability to expand its business in the future depends on its ability to continue implementing and improving its operational, financial and administrative information systems in an efficient and timely manner, as well as on its ability to increase, train, motivate and maintain its workforce. Moreover, any business expansion plans that the Company intends to undertake in the future will be subject to the estimated costs and the set schedule; the Company may need additional funding to complete any expansion plans. If the Company fails to implement the expansion plans according to the set schedule with the estimated costs of the project or in the event that the necessary licenses are not obtained, or the desired profitability of these projects is not achieved, due to various reasons, including a change in the market situation at the time of implementation of these projects or a defect in the feasibility study, or in case the Company fails to implement any part of its strategy, due to any reason, the Company's competitive position and consequently its financial position as well as its results of operations, profitability and prospects will be adversely affected.

#### 2.1.2 Risks of failure to obtain and renew required licenses, permits and certificates

The Company is required to obtain and maintain the various regulatory permits, licenses and approvals regarding its activities. These licenses include, but not limited to, the National Industrial License by Ministry of Industry and Mineral Resources, environmental licenses issued by the General Authority of Meteorology and Environmental Protection, Company registration certificates issued by the Ministry of Commerce, Chamber of Commerce membership certificates, Trademark registration certificate, Saudization certificates, Zakat certificates, and VAT registration certificate.

It should be noted that there are four (4) expired licenses and certificates for the Group as at the date of this Prospectus; as well as two (2) Municipality licenses are being issued as at the date of this Prospectus (please refer to subsection (10.10) "Governmental Approvals and Licenses for the Company and its Subsidiaries" of Section (10) "Legal Information" of this Prospectus).

The Company's failure to renew its current licenses, permits and certificates, or to obtain any licenses necessary for its business, or if any of its licenses are suspended or expired, or if any of those licenses were renewed on conditions that are not appropriate for the Company and its subsidiaries, or in the



event that the Company and its subsidiaries are unable to obtain the additional licenses, permits and certificates that may be required of them in the future, this may expose the Company and its subsidiaries to stoppage and inability to carry out its business such as closing the Company or any of its subsidiaries or freezing all services provided by the supervisory authorities to them (such as renewing licenses and certificates, issuing visas, residence permits, and transferring sponsorships... etc). This will result in disruption of the Company's operations and incurring additional costs and financial penalties according to the relevant regulations, and consequently, will adversely affect the Company's business, results of operations, financial condition and prospects.

### 3.1.2 Risks of Liquidity and Working Capital

Liquidity risk arises when the company is unable to meet its obligations related to current financial liabilities as they become due. The Company's current financial liabilities of the Company consist of loans, account payables and other payables, accrued expenses, other current liabilities, and lease liabilities. The percentage of liability of the Company reached 0,63 times as on 31 December 2018G; 0,73 times as on 31 December 2019G, and 0,93 times as on 31 December 2020G. Liquidity risks can also result from the inability to sell current financial assets quickly and at an amount close to their fair value. The Company's deficit in the working capital amounted SAR (369.9) million as on 31 December 2018G, SAR (187.1) million as on 31 December 2019G, and SAR (34.6) million as on 31 December 2020G. The Company finances the working capital through banking facilities, loans, or cash generation from the Company's operations. The reason for the working capital deficit is that the current liabilities' balance exceeds the current assets' balance affected by certain points mainly represented in the raw material cost, buying on credit from suppliers, Company's ability to settle its debts, as well as, supporting the Parent Company to its subsidiaries. The Company's fulfillment of its obligations on the due dates can't be guaranteed. The Company may not also guarantee to avoid emergencies or sudden events that would require immediate liquidity. This event could adversely impact the Company's business, and consequently the results of the operational and financial operations. (for more information, please refer to subsection (1.2.6.6.) "Total Working Capital"; subsection (6.6) "Statement of Financial Position" of Section (6) "Financial Information and Management's Discussion of the Analysis" of this Prospectus).

### 4.1.2 Risks of Credit

Credit risk arises when one party is unable to fulfill a specific financial obligation to the other party. The Company may face credit risk in several temporary or permanent cases, including the existence of debit balances from clients, and failure of other creditors to fulfill their obligations towards the Company, in addition to other cases when the Company is exposed to credit risks.

The balance of account receivables of the Company amounted SAR (225.7) million as on 31 December 2018G, SAR (138.9) million as on 31 December 2019G, and SAR (145.2) million as on 31 December 2020G. While the balance of the expected credit losses (doubtful debts) of the Company amounted SAR (147.6) million as on 31 December 2018G, SAR (149.6) million as on 31 December 2019G, and SAR (161.1) million as on 31 December 2020G. In the event that the Company's clients fail to settle their debts, the probability of impairment of receivables will increase. In these cases, the Company shall resort to litigation, or will increase the value of the provisions that should be established for covering the impairment of receivables; therefore, the Company's profitability, financial position as well as its results of operations, and prospects will be adversely affected.

The company cannot guarantee that the parties it deals with will not fail to fulfill their obligations, nor can it accurately predict their future ability to fulfill such obligations. In the event that creditors fail to pay the company's dues, or the collection of due receivables is delayed from them, this will have a material adverse impact on the availability of liquidity required to cover the Company's needs as well as its expenses and cash flows. In turn, this will have a material adverse impact on the Company's business, financial operation, and results of its operations and prospects. (for more information, please refer to subsection (3.2.6.6.) "Receivables and Due Restricted Amounts Receivables"; subsection (6.6) "Statement of Financial Position" of Section (6) "Financial Information and Management's Discussion of the Analysis" of this Prospectus).

### 5.1.2 Risks of Accounts Payable

The Company's balance of the accounts payable amounted SAR (276.6) million, SAR (116.5) million, and SAR (104.4) million as on 31 December 2018G, 2019G and 2020G consequently. While the percentage of the accounts payable and total liabilities records (22.4%), (10.1%), and (11,0%) as on 31



December 2018G, 2019G and 2020G consequently. The Company may not be able to reimburse all its accounts payable or may not reimburse them within the period of time agreed upon with the suppliers. In this event, the Company may conduct buying on credit agreements against terms commensurate with the Company in the future; that would have adverse material impact on the Company's working capital, operational activities, financial results, and prospects.

#### 6.1.2 Risks of Increase in the Company's Indebtedness

The Company's indebtedness amounted SAR (422.5) million as on 31 December 2018G, SAR (599.0) million as on 31 December 2019G, and SAR (510.3) million as on 31 December 2020G. An amount of SAR (114.8) million of the total Company's indebtedness will be paid by the end of the year 2021G; and an amount of SAR (143.2) million shall be paid during the year 2022G. The Company's indebtedness represented 2.6 times of the shareholders equity as on 31 December 2018G, 6.5 times as on 31 December 2019G, and 1.8 times as on 31 December 2020G. The Company is seeking to finance its business to generate the required liquidity that would support revenue realization, while the Company is repaying its indebtedness continuously. Nevertheless, in the event that the indebtedness increased, and the Company was unable to decrease it, that will have a negative impact on the Company's financial performance, operational activities, and future plans. (For more information, please refer to subsection (6.6) "Statement of Financial Position" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus). In case the Company could not fulfill the repayment obligations thereon as aforementioned stated, banks will call for immediate repayment of the debt, and collect the guarantees provided by the Company, that will have material adverse impact on the Company's business, financial position, and prospects.

#### 7.1.2 Risks of Increase in the Company's Liabilities

The increase in the Company's liabilities may pose a risk to the general financial position of the Company and its financial solvency, as the total liabilities percentage reached (88.4%) of total assets as at 31 December 2018G, (92.6%) as at 31 December 2019G, (76.9%) as at 31 December 2020G. Accordingly, the increase the Company's liabilities will adversely affect its financial position and increase financing costs. If that occurs, it will be difficult for the Company to fulfill its obligations, and will have a negative impact on the Company's business, financial position, results of operations and prospects. (For more information, please refer to subsection (6.6) "Statement of Financial Position" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus).

#### 8.1.2 Risks of Availability of Funding in the Future

The Company may need to obtain loans and bank facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial position, cash flows, guarantees provided, and credit record. The Company does not give any assurance or guarantee that it will obtain the appropriate financing if the need arises. Therefore, the inability of the Company to obtain funding for its needs from financing sources, or to get financing at acceptable preferential terms commensurate with the Company, will have a negative impact on the Company's performance, operational activities and future plans.

#### 9.1.2 Risks of Contingent Liabilities

Some contingent liabilities may arise on the Company and its subsidiaries, such as costs related to Zakat and taxes, or lawsuits; in addition to any other obligations or costs such as the end of service benefits. In case these liabilities are realized, they will adversely and substantially affect the Company's financial condition, financial position, results of operations and prospects.

#### 10.1.2 Risks of reliance on key personnel and Executive management

The Company and its future plans for success depend on the expertise and competencies of its executive management and key employees. The Company aims to attract and employ qualified individuals to ensure the efficiency and quality of business through effective management and proper operation. There is no assurance that the Company can retain the services of its employees. The Company may also need to increase the salaries to ensure retention of employees or attract new staff with appropriate qualifications and expertise. Accordingly, if the Company loses any of the senior executives or qualified employees and is unable to recruit replacements with the same level of experience and qualifications at appropriate cost, this would have a material adverse impact on the Company's business, results of operations and prospects.

#### 11.1.2 Risks of Employees Mistakes and Misconduct

The Company and its subsidiaries cannot ensure that it can deter employee's misconduct or mistakes, such as embezzlement, deliberate mistakes, misappropriation, fraud, theft, forgery, misuse of its properties and act on its behalf without obtaining the required administrative authorizations. Consequently, these actions may entail consequences and responsibilities for the Company, or statutory penalties, or financial liability, which will negatively affect the reputation of the Company and its subsidiaries. Therefore, the Company cannot guarantee that employees' misconduct or mistakes will not materially and negatively affect its financial condition, results of its operations and prospects.

#### 12.1.2 Risks of Operating Systems and Information Technology

The Company and its subsidiaries relies on IT systems to manage its business and facilities (such as the main information system (ERP System)), which exposes the Company or any of its subsidiaries to the risks of failure of such systems, e.g.system collapse, failure of antivirus systems, hacking Company's systems, electronic viruses, natural disasters, fires, communication errors, or lack of skilled labors necessary to operate and manage these systems. If the Company and its subsidiaries fails to maintain and develop IT systems or in the event of any malfunctions in their functions, occurrence of major defect or frequent failure, this will adversely and materially affect the Company's business, its financial position, operational results, and prospects. Failure to maintain effective operational systems and information technology strategy, or to select appropriate systems for the Company's operations will lead to a set back in the Company's competitiveness that would negatively and materially affect the Company's business, financial position, results of operations, and prospects.

#### 13.1.2 Risks of Changes in Important Accounting Standards or Application of New Standards

The Company's audited consolidated financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G, and the notes attached thereto, have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Certified Public Accountants (SOCPA). The Company is obligated in this case to apply amendments or changes to these standards from time to time. Therefore, any changes in these standards or the mandatory application of some new standards could adversely affect the financial statements and, consequently, the Company's financial results and financial condition.

#### 14.1.2 Risks of Saudization requirements

Compliance with the Saudization requirements is a legal requirement issued by the Ministry of Human Resources and Social Development in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are obligated to employ a certain percentage of Saudi employees among their total employees and to maintain that percentage. According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Saudization rate as at the date of this Prospectus is about (34.39%) and the Company is classified within the "High Green" range. Although it is currently committed to the required Saudization rates, the Company, in the event that it does not continue to maintain these rates or in the event that the Ministry of Human Resources and Social Development decides to impose more stringent Saudization policies in the future, and it is unable to comply with the requirements of the Ministry of Human Resources and Social Development, it will be subject to penalties imposed by government agencies, such as suspension of applications for work visas and sponsorship transfer for non- Saudi workers, which will have negative and significant impact on the Company's business, financial position, results of operations and prospects. (For more information, please refer to subsection (12.3) "Employees and Saudization" of Section (3) "Background on the Company and the Nature of its Business" of this Prospectus).

#### 15.1.2 Risks of Occurrence of Natural Disasters

Damages caused to facilities of the Company or any of its subsidiaries as a result of natural disasters, such as floods, earthquakes, and other nature accidents, may cause the Company and its subsidiaries to incur large and huge costs, and severely affects the ability of the Company and its subsidiaries to perform its operations. Natural disasters, occurring and damaging facilities of the Company or any of its subsidiaries, will have a negative material impact on the Company's business, results of operations, financial condition and prospects.



### 16.1.2 Risks of Non-compliance with the Quality Standards and Specifications required by Customers

The Company seeks to maintain the satisfaction of its customers by continuing to provide the same level of quality of its products. However, in the event that the Company is unable to continue providing its products with the same level of quality, this will adversely affect its reputation, and thus make customers reluctant to deal with it. This will negatively and significantly affect the Company's revenue and accordingly its operational and financial operations, as well as its prospects.

### 17.1.2 Risks of Lawsuits

As of the date of this Prospectus, the Company, in conducting its business, was subject to legal cases and claims as the plaintiff with total amount of SAR (29,964,560); and as the defendant with total amount of SAR (25,875,261) (please refer to subsection (10,13) of section (10) "Lawsuits and claims" of this Prospectus). The Group may also be subject to legal cases and claims as the plaintiff or the defendant. Any adverse outcome related to the judicial procedures and organisational procedures would negatively effect the Group's business, financial position, results of operations and prospects. The Group cannot accurately anticipate the size of cost of such claims or judicial procedures that may be filed by or against the Group in the future, or the final results of such claims or judgments, including damages and penalties. These legal cases may include, but not limited to, zakat and tax issues, labour law, mistakes, complaints, and other damages that emerge from negligence or fraud by individuals or corporates out of the control of the Group. Therefore, any negative results of such cases (in the capacity of plaintiff or defendant) may negatively affect the Group's business, financial position, and prospects.

### 18.1.2 Risks of Potential Zakat Dues and Additional Claims

The zakat position of the Company and its Subsidiaries inside the Kingdom is as follows:

- **Saudi Cables Company (the Company)**

The Company has finalized its zakat status, where it has paid all its zakat due amounts and additional requirements till the year 2004G; and obtained the final zakat assessments by the Zakat, Tax, and Custom Authority.

During the year 2020G, the Company has reached a final settlement through the Zakat and Tax Dispute Settlement Committee by payment of an amount of SAR (65.8) million for the Zakat, Tax, and Custom Authority for the financial years 2005G to 2012G. In accordance with the settlement agreement, the Company has paid advance payment with percentage of (10%) plus (6) monthly installments of total amount of SAR (42.2) million till 31 March 2021G. The residual amount of SAR (23.6) million will be repaid during the year 2021G.

The Zakat, Tax, and Custom Authority claimed the Company to submit additional information and documents for the zakat declaration of the year 2013G for the purpose of issuing final zakat assessment. As at the date of this Prospectus, the procedures are not finalized.

The Zakat, Tax, and Custom Authority has issued zakat assessment for the year 2014 G, based on which, the Authority has claimed additional zakat obligation on the Company amounted SAR (24.2) million. The Company has appealed the zakat assessment before the Tax Dispute Settlement Committee. The appeal is still being addressed as at the date of this Prospectus.

The Zakat, Tax, and Custom Authority has issued zakat assessment for the years 2015G to 2018G, based on which, the Authority has claimed additional zakat obligation on the Company amounted SAR (148) million. The Company has objected against the zakat assessment before the Zakat, Tax, and Custom Authority; which has raised the objection submitted by the Company to the Tax Dispute Settlement Committee (General Secretariat of Tax Committees). The objection is still being addressed as at the date of this Prospectus. It worth to note that the Company has not established zakat provision in the financial statements against the above-mentioned claim.

The Company has submitted its zakat declarations for the years 2019G and 2020G, and obtained restricted zakat certificates for these years. The final zakat assessment for these years is still being reviewed by the Zakat, Tax, and Custom Authority as at the date of this Prospectus.

- **Mass Centers for Distribution of Electrical Products Limited (subsidiary)**

The Zakat, Tax, and Custom Authority has issued zakat assessments for the financial years 1998G to 2007G, based on which, the Authority has claimed additional zakat obligation amounted SAR (1) million. Mass Centers for Distribution of Electrical Products Limited has objected against the zakat assessments before the Supreme Appellate Committee. The objection is still being addressed as at the date of this Prospectus.



Mass Centers for Distribution of Electrical Products Limited has submitted its zakat declarations for the financial years 2008G till 2010G, and obtained restricted zakat certificates for these years. The Zakat, Tax, and Custom Authority has not issued the zakat assessments for the mentioned as at the date of this Prospectus.

Although Mass Centers for Distribution of Electrical Products Limited is not practicing any activities, it is in the process of submitting its zakat declarations for the financial years 2011G to 2020G.

- **Mass Projects for Power and Telecommunications Limited (subsidiary)**

The Zakat, Tax, and Custom Authority has issued zakat assessments for the financial years 1999G to 2004G, based on which, the Authority has claimed additional zakat obligation amounted SAR (3.2) million. Mass Projects for Power and Telecommunications Limited Company has objected against this assessment before the Zakat, Tax, and Custom Authority. The Zakat, Tax, and Custom Authority has issued modified zakat assessment for the above-mentioned years, however, Mass Projects for Power and Telecommunications Limited Company has submitted its objection against the modified assessment before the Preliminary Objection Committee, which issued its decision to reduce the zakat obligation with an amount of SAR 2.1 million. Mass Projects for Power and Telecommunications Limited Company has appealed the decision of the Preliminary Objection Committee before the Supreme Appellate Committee. The Appellate Committee has issued a decision for the obligation settlement with an amount of SAR (2) million. Mass Projects for Power and Telecommunications Limited Company has recorded a provision against the stated amount.

The Zakat, Tax, and Custom Authority has issued zakat assessments for the financial years 2005G to 2012G, based on which, the Authority has claimed additional zakat obligation amounted SAR (34.7) million. Mass Projects for Power and Telecommunications Limited Company has objected against the zakat assessment. Based on the objection submitted for reconsideration of the zakat assessment, the Zakat, Tax, and Custom Authority has issued its modified zakat assessment with reduced amount of SAR (6.9) million. Mass Projects for Power and Telecommunications Limited Company has raised the objection to the Preliminary Objection Committee. And the objection is still being reviewed as at the date of this Prospectus.

Mass Projects for Power and Telecommunications Limited Company has submitted its zakat declarations for the financial years 2013G till 2015G, and obtained restricted zakat certificates for these years. The Zakat, Tax, and Custom Authority has not issued the zakat assessments for the mentioned years as at the date of this Prospectus.

Mass Projects for Power and Telecommunications Limited Company has submitted its zakat declaration for the financial year 2016G. The Zakat, Tax, and Custom Authority has issued zakat assessment, based on which, it claimed additional zakat obligation amounted SAR (2.7) million. Mass Projects for Power and Telecommunications Limited Company has appealed the zakat assessment before the Tax Dispute Settlement Committee. The appeal is still being addressed as at the date of this Prospectus.

Mass Projects for Power and Telecommunications Limited Company has submitted its zakat declarations for the financial years from 2017G to 2019G; and obtained zakat restricted certificates for these years. The Zakat, Tax, and Custom Authority has claimed additional information and documents for the purpose of issuing the final assessment. As at the date of this Prospectus, the procedures are not finalized.

Mass Projects for Power and Telecommunications Limited Company has submitted its zakat declarations for the financial year 2020G; and obtained zakat restricted certificates for this year. The Zakat, Tax, and Custom Authority has not issued the zakat assessment as at the date of this Prospectus.

- **Cable Company for Marketing Ltd (subsidiary)**

The Zakat, Tax, and Custom Authority has issued the zakat assessments for the financial years 1996G to 2004G, based on which, the Authority has claimed additional zakat obligation amounted (17) million Saudi Riyal. The Saudi Cables Marketing Company LTD has objected against these assessments; and the objection is still being addressed as at the date of this Prospectus.

The Saudi Cables Marketing Company LTD has submitted its zakat declarations for the financial years from 2005G to 2007G. As at the date of this Prospectus, the Zakat, Tax, and Custom Authority has not issued the zakat assessments for the mentioned years. Although the Saudi Cables Marketing Company LTD is not practicing any activities, it is in the process of submitting its zakat declarations for the financial years 2008G to 2020G.



Taking into consideration the above-stated explanation of the zakat position of the Company and its subsidiaries, the basis of objection of the Company and its subsidiaries (according to the opinion of the Company's zakat Counselor) with regard to the zakat assessments issued by the Zakat, Tax, and Custom Authority against the mechanism and method of calculating the Company's zakat base.

The Company cannot predict whether the Zakat, Tax and Customs Authority will accept their zakat estimates for the above-mentioned financial years for which Zakat, Tax and Customs Authority has not yet issued zakat assessments for it, as at the date of this Prospectus, or will require it to pay any Zakat differences in the future for these years. It should be noted that the Group has established zakat provision as at 31 December 2020G with an amount of SAR (37.4) million for the years from 1996G to 2020G. In the event that the Zakat, Tax and Customs Authority claimed the Company to pay any zakat differences in the future exceeding the zakat provision amount established by the Company, the Company will be exposed to pay additional amounts, that would have negative significant impact on the Company's profitability, results of operations, financial position, and prospects. (for more information, please refer to subsection (6.6.5.3) "Zakat" of Section (6) "Financial Information and Management's Discussion of the Analysis" of this Prospectus).

### 19.1.2 Risks of Financing Agreements

The Company has concluded three (3) financing agreements with two (2) local banks with total amount of SAR (371.5) million, the total utilised amount thereof is SAR (350.9) million as at 31 December 2020G. The Company has also concluded eight (8) financing agreements with seven (7) foreign banks with total amount of SAR (225.2) million, the total utilised amount thereof is SAR (158.4) million as at 31 December 2020G. There is no assurance to the Company's ability to fulfill its obligations in the maturity dates, that would be considered violation of the concluded agreements. In this event, the lending entities shall be entitled to eliminate or terminate the financing agreements, and claim the Company to immediate full repayment of the indebtedness, that would negatively affect the Company's business, financial position, result of operations, borrowing and financing ability, and execution of the future plans.

The lending entities may call for guarantees, which the Company is unable to provide. In this event, the Company will violate the provisions of the agreements. If the Company was unable to fulfill its repayment obligations under the financing agreements, or to provide any additional guarantees probably required against these agreements, the lending entities may claim immediate repayment of the debt, and collect the guarantees provided by the Company. In this event, there is no guarantee that the Company will be able to obtain adequate alternative financing for repaying these debts. Any of these factors may have negative significant impact on the Company's business, financial position, and prospects. (for more information on the financing agreements, please refer to subsection (6.6.4.1) "Loans and Credit Facilities", of section (6) "Financial Information and Management's Discussion of the Analysis"; and subsection (10.12.5) "Credit Facilities and Loans", of section (10) "Legal Information" of this Prospectus).

### 20.1.2 Risks of Revenue Concentration

The Group's revenue is mainly generated from the sale of copper, aluminum (low, medium and high voltage and other specialized cables and those used in the oil and gas sector) and fiber optic cables, in addition to revenue from turnkey projects such as drilling and installation projects and the supply of accessories for power and communication projects. The Group's revenues from these products are concentrated in copper cable sales, which constituted (61.6%), (63.7%) and (70.5%) of the total revenues of Saudi Cable Company's products as on December 31, 2018G, 2019G and 2020G, respectively. Therefore, in the event of a decrease in sales of cable products in general and of copper cables in particular, this will negatively affect the Company's revenues and thus the results of operational and financial operations.

The Group's revenues are concentrated according to the Company from the revenues generated by the Saudi Cable Company, which constituted (64.9%), (67.8%) and (80.1%) of the Group's total revenues as on December 31, 2018G, 2019G and 2020G, respectively.

While the Group's revenues are concentrated according to sales channels from revenues generated by oil and gas companies, which constituted (14.8%), (23.2%) and (31.0%) of the Group's total revenues as on December 31, 2018G, 2019G and 2020G, respectively.

In addition to the concentration of revenues from the Saudi Electricity Company, which constituted (0.8%), (3.4%) and (8.6%) of the Group's total revenues as on December 31, 2018G, 2019G and 2020G, respectively.

(For more information, kindly see subsection (6.5.1) "Revenue" of Section (6) "Financial Information, Management Discussion and Analysis" of this Prospectus).

### 21.1.2 Risks of changes in the prices of the Company's products

The sales of the Company and its subsidiaries mainly consist of the sale of copper and aluminum cables (low, medium and high voltage and other specialized cables and others used in the oil and gas sector) and fiber optic cables. The prices of the Company's products change locally and in the global markets as a result of the change in supply and demand for these products. The average selling price of the Company per metric ton of copper cables amounted to (31.3) thousand Saudi Riyals in the year 2018G, and (38.5) thousand Saudi Riyals in 2019G, and (36.1) thousand Saudi Riyals in the year 2020G. The average selling price of the Company per metric ton of aluminum cables amounted to (33.7) thousand Saudi Riyals in the year 2018G, (11.2) thousand Saudi Riyals in the year 2019G, and (18.6) thousand Saudi Riyals in the year 2020. Moreover, the average selling price of the Company per kilometer of fiber optic cables was 0.1 thousand Saudi Riyals in 2018, 0.1 thousand Saudi Riyals in 2019G and 0.08 thousand Saudi Riyals in 2020G. The decrease in the market prices of the Company's products will have a negative and material impact on its business, results of operations, financial position and prospects. (For more information, please see subsection (3.1.5.6) "Revenue by Products" of Section (6) "Financial Information, Management Discussion and Analysis" of this Prospectus).

It is worth noting that the Company follows a conservative hedging policy against the price fluctuations of the basic metals involved in the manufacture of cables and electric wires, namely copper, aluminum and lead, which change globally on a daily basis, to protect against fluctuations in the prices of these metals, to maintain relatively stable profit margins. This policy is applied based on sales contracts, and accordingly the Company is obligated to determine the price of the product to the customer on the basis of the price of metals when confirmed and enters into a hedging agreement in order to fix its cost to reduce the risk of price fluctuations.

The net value of the Company's hedging instruments amounted to 91.0, 79.2 and 45.3 million Saudi Riyals as of December 31 of the fiscal years 2018G, 2019G and 2020G, respectively. These instruments achieved a loss of 1.7 thousand Saudi Riyals in the fiscal year 2018G and profits of 2.7 million Saudi Riyals in the 2019G, and profits of 4.2 million Saudi Riyals in the 2020G. These profits and losses were adjusted with the fluctuations in the prices of the purchased minerals so that the effect of the impact of exposure to the aforementioned fluctuations. In the event that the fluctuations are greater than the hedge adopted by the Company, this will expose the Company to bear losses and thus negatively and materially affect the Company's financial results, financial position and prospects. (For more information, please see subsection (2.5.6) "Cost of Revenue" of Section (6) "Financial Information and Management Discussion and Analysis" of this Prospectus).

### 22.1.2 Risks of Trademark and Equity Protection

The ability of the Company and its subsidiaries to market its products and develop its business depends on the use of its name, logo and trademarks, which supports its business and its competitive position and gives it a clear distinction in the market among customers. The Company has registered its trademarks with the competent authorities (please see subsection (14.10) "Trademarks" of Section (10) "Legal information" of this Prospectus). Any violation of property rights or illegal use of the Company's trademarks will affect the Company's reputation, and the Company may have to enter into costly judicial procedures and focus the efforts of some of its administrative employees for these procedures in order to protect its trademarks. In the event that the Company fails to protect its trademarks effectively when renewing registration certificates or tracking similar marks, this will negatively affect their value, which will negatively and fundamentally affect the Company's business, results of its operations, financial position and prospects.

### 23.1.2 Risks of Insurance Coverage

The Company has a number of insurance contracts, including medical insurance for its employees and their families, vehicle insurance, property insurance, and others (please refer to subsection (15.10) "Insurance" of Section (10) "Legal information" of this Prospectus).

Insurance contracts include deductible amounts and factors excluded from insurance coverage, in addition to other restrictions related to insurance coverage to be negotiated with insurance companies, and the Company's ability to obtain compensation due to it by the relevant insurance Company depends on the financial solvency of the insurance Company and its ability to meet the value of this Compensation, so the insurance may not cover all the losses incurred by the Company and no guarantee is given that the Company will not incur losses that exceed the limits of the insurance policies or



outside the coverage contained therein. It is possible that cases may arise in which the value of the claim exceeds the value of the insurance held by the Company, or that the compensation claim submitted by the Company to the relevant insurance Company will be rejected, or the claim and compensation period may be prolonged, which will negatively affect the Company's business, results of its operations, financial position and prospects.

#### 24.1.2 Risks of reliance on non-Saudi employees

As at the date of this Prospectus, the number of non-Saudi employees reached (527), which constitutes (65.7%) of the total employees in the Company, which may affect the Company's business results, financial position and operational results negatively if it is not able to maintain its non-Saudi cadres or find replacements for them with the same skills and experience required, or in the event of any change in the policies, regulations and laws of the Ministry of Human Resources and Social Development that resulted in an increase in the Saudization rate of the sector, making it difficult for the Company to maintain its cadres of non-Saudi workers. A high percentage of non-Saudi employees leads to an increase in government fees borne by the Company for every non-Saudi employee for work permits and residencies, which will cause an increase in the financial cost of the Company and negatively and fundamentally affect its business, financial performance and results of operations.

It is worth noting that on 25/01/1441H (corresponding to 24/09/2019G), the Council of Ministers, headed by the Custodian of the Two Holy Mosques, agreed that the state would bear the financial compensation for expatriate workers for a period of five years, in accordance with paragraphs (1.a) and (2.a) of clause (II) of Cabinet Resolution No. (197), dated 23/03/1438H (corresponding to 22/12/2016G), for industrial establishments licensed under an industrial license as of 02/02/1441H (corresponding to 01/10/2019G), and accordingly, the Company is exempted from fees for the financial consideration on its expatriate workers for a period of five years. Upon the expiry of the specified period for the state to bear these fees and not to renew them, or if this Resolution is canceled, the Company will be liable to pay these fees, which will lead to an increase in government fees that the Company will pay for its non-Saudi employees, and thus an increase in the Company's costs in general, which will negatively affect its business, financial performance and results of operations.

The total government fees paid by the Company for its non-Saudi employees amounted to (SAR 763,184), (706,891), (SAR 748,151), and (SAR 197,048) as on December 31, 2018, 2019G and 2020G, respectively.

In addition, the government has also imposed fees for issuing and renewing residency for dependents and companions of non-Saudi employees (Companions Fees), which became effective as of 01/07/2017G, noting that it gradually increased from one hundred (100) Saudi Riyals per month for each dependent in 2017G, until it reached four hundred (400) Saudi Riyals per month for each dependent in 2020G, and accordingly, the increase in the fees for issuing and renewing residence permits borne by a non-Saudi employee on behalf of his family will lead to an increase in the cost of living for him, which will lead him to work in other countries where the cost of living is lower, and if such a thing happens, the Company will face difficulty in maintaining its non-Saudi employees, which may force it to bear those costs for non-Saudi employees or part thereof directly, or indirectly by raising the wages of its non-Saudi employees, which will lead to an increase in the Company's costs, and thus will have a negative and material impact on its business, financial performance, results of operations and prospects.

It is also worth noting that on 118/03/1442H (corresponding to 04/11/2020G), the Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia launched the initiative to improve the contractual relationship, which aims to support the vision of the Ministry of Human Resources and Social Development in building an attractive labor market, empowering and developing human competencies and developing the work environment, where the initiative provides three main services: the job mobility service, and the development of exit, return and final exit mechanisms. The initiative's services include all expatriate workers in private sector establishments within specific controls that take into account the rights of both parties to the contractual relationship and the terms of the contract between the employer and the expatriate worker. This initiative entered into force on March 14, 2021G. The job mobility service allows the expatriate worker to move to another job upon the expiry of his work contract without the need for the employer's approval. The initiative also defines the mechanisms for the transition during the validity of the contract, provided that the notice period and the specified controls are adhered to. Accordingly, upon the entry into force of this initiative, the Company does not guarantee that it will maintain its cadres of non-Saudi workers and renew their contracts on conditions satisfactory to them, which will push them to move to another job in accordance with the mechanisms referred to above, and if the Company is unable to maintain its cadres of non-Saudi workers or find replacements

therefor with the same skills and experience required, this will lead to an increase in the financial cost to the Company, which would negatively and fundamentally affect the Company's business, financial results and future prospects.

#### 25.1.2 Risks of Contracts with Third Parties

The Company has entered into a number of contracts and agreements with third parties represented in lease contracts, financing agreements, and service and suppliers contracts (please refer to subsection (12.10) "Essential Contracts" of section (10) "Legal Information" of this Prospectus). It is worth noting that the Company contracted with Al-Nawasi General Trading & Contracting Company to buy cars on 15/09/1442H (corresponding to 27/04/2021G). However, on 04/01/1443H (corresponding to 12/08/2021G), the Company announced that the deal referred to in the above table could not be implemented, due to the failure of Al-Nawasi General Trading & Contracting Company to fulfill the contract requirements on the agreed dates and the subsequent deadlines that were used up in vain, forcing the Saudi Cable Company to submit a request for execution of the promissory note of the advance payment in the Executive Court in Jeddah on 17/11/1442H (Corresponding to 27/06/2021G), as a result of which the services of Al-Nawasi General Trading & Contracting Company were suspended, and the Saudi Cable Company is seeking, as on the date of this Prospectus, to file a lawsuit before the Commercial Court, to prove the termination of the contract with Al-Nawasi General Trading & Contracting Company and claim the amounts that it obtained unlawfully in addition to the penalty clause and other related claims (For more information, please see Section (3.12.10) "Other Essential Contracts" of this Prospectus). Accordingly, the Company is exposed to the risk of the contracting parties being unable or unwilling to fulfill their contractual obligations. Furthermore, the parties that the Company contracts with may breach their obligations for any reason, including as a result of their bankruptcy, financial insolvency, or disruption of their operations, and the risks that arise from dealing with these parties become more acute under difficult market conditions. Nor can it be asserted that these parties will be at the level of the Company's aspirations, and in the event that the Company or its contracting parties are unable to abide by the terms of those contracts, or in the event of any future disputes or issues, and the Company's loss of those disputes, this will negatively and materially affect its financial position, cash flows, operational results and prospects.

#### 26.1.2 Risks of related party transactions

In the course of its normal business, the Company deals with related parties represented by investee companies and associate companies, and the number of contracts and transactions with related parties amounted to (5), (3) and (3) contracts as in 2018G, 2019G and 2020G, which constitutes of the total number of the Company's contracts are about (24.74%), (13.04%) and (8.70%) as in 2018G, 2019G and 2020G, respectively. The volume of contracts and transactions with related parties amounted to about (76.5), (56.2) and (65.7) million Saudi Riyals as in 2018G, 2019G and 2020G, respectively. All commercial transactions with related parties are subject to the approval of the general assembly of the Company's shareholders. In the event that it does not agree to these transactions, the Company will have to search for other unrelated parties to deal with them in order to carry out the works assigned to related parties. In addition, if transactions with related parties are not carried out in the future on a purely commercial basis, this will negatively and fundamentally affect the Company's business, financial position, results of operations and expectations. (For more information, please see subsections (5.2.6.6) "Due from Related Parties", (2.5.6.6) "Due to Related Parties", and (1.12.10) "Contracts and dealings with related parties" of this Prospectus).

#### 27.1.2 Risks of presence of the Company's assets on leased lands

The Company has a number of assets built on leased lands (please refer to subsection (2.4.12.10) "Real estate lease contracts" of subsection (10) "Legal Information" of this Prospectus). The Company's failure to comply with the terms of the lease contracts will lead the Company to enter into judicial disputes that may lead to the withdrawal of the leased lands and consequently the Company's business halt. In case this happens, or if the Company is unable to maintain the continuity of these contracts or renew them on the same current terms or preferential terms, this will adversely affect the Company's business, results of its operations, financial performance and prospects.

#### 28.1.2 Risks of accumulated losses

The Company's accumulated losses as on September 30, 2016 amounted to (355.9) million Saudi Riyals, which represents (46.83%) of its capital, which amounted at the time (760) million Saudi Riyals. On 06/08/1438H (corresponding to 02/05/2017G), the Company announced the Board of Directors'





decision by passing dated 05/08/1438H (corresponding to 01/05/2017G) to submit a recommendation to the Extraordinary General Assembly to reduce the Company's capital from (760) million Saudi Riyals to (404.1) million Saudi Riyals, with a reduction rate (46.83%) of the Company's capital. The Company obtained on 12/08/1438H (corresponding to 08/05/2017G) the approval of the Capital Market Authority on the request to reduce the capital, and then obtained on 09/09/1438H (corresponding to 04/06/2017G) the approval of the Extraordinary General Assembly to reduce the capital. The Company announced on 11/11/1439H (corresponding to 24/07/2018G) that its accumulated losses as on June 30, 2018 amounted to (293.5) million Saudi Riyals, which represents (72.63%) of its capital, which amounted to (404.1) million Saudi Riyals at the time. On 20/11/1439H (corresponding to 02/08/2018G), the Company announced the decision of the Board of Directors in its meeting held on 20/11/1439H (corresponding to 02/08/2018G) to submit a recommendation to the Extraordinary General Assembly to reduce the Company's capital From (404.1) million Saudi Riyals to (110.6) million Saudi Riyals, with a reduction rate of (72.63%) of the Company's capital. On 27/11/1439H (corresponding to 09/08/2018G), the Company obtained the approval of the Capital Market Authority on the request to reduce the capital, and then, on 22/12/1439H (corresponding to 02/09/2018G), it obtained approval of the extraordinary general assembly to reduce the capital.

As on December 31, 2019G, the Company's accumulated losses amounted to (7.4) million Saudi Riyals, which represents (6.69%) of its capital, which amounted at that time (110.6) million Saudi Riyals.

And as on December 31, 2020G, the Company's accumulated losses amounted to (62.4) million Saudi Riyals, which represents (17.30%) of its capital of (360.6) million Saudi Riyals.

On May 23, 2021G, the Company announced the preliminary financial results for the three-month period ending on March 31, 2021, where the total accumulated losses of the Company amounted to (98.3) million Saudi Riyals, representing (27.26%) of the Company's capital.

On August 17, 2021, the Company announced the preliminary financial results for the six-month period ending on June 30, 2021, where the total accumulated losses of the Company amounted to (117.5) million Saudi Riyals, representing (32.58%) of the Company's capital.

It should be noted that on 01/23/1438H (corresponding to 10/24/2016G), the Authority's Board Resolution No. (1-130-2016) was issued to amend the procedures and instructions for companies listed in the market whose accumulated losses amounted to (50%) or more of their capital in the light of the Companies Law, and its name has been modified to become "Procedures and instructions for companies whose shares are listed in the market, whose accumulated losses amounted to (20%) or more of their capital", which were implemented starting from the date of 25/07/1438H (corresponding to 22/04/2017G), which stipulates that the Company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach (20%) or more.

These procedures also stipulate that the Company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach (50%) or more of its capital, with a recommendation from its board of directors to the extraordinary general assembly, in accordance with the requirements of Article 150 of the Companies Law, either by increasing or decreasing the Company's capital, or dissolving the Company before the term specified in its articles of association, and in the event of the Company's expiration under Article 150 of the Companies Law or by a decision of the extraordinary general assembly, this will lead to the cancellation of the listing of the Company's shares in the market.

There are no guarantees that the Company will not record additional losses. In the event that the percentage of accumulated losses amounted to (20%) or more of the Company's capital, the Company will be subject to the Authority's regulation on "Procedures and instructions for companies whose shares are listed in the market whose accumulated losses amounted to (20%) or more of its capital." In the event that the percentage of accumulated losses reaches (50%) or more, the Company will be subject to a number of more stringent requirements, in particular Article 150 of the Companies Law, which obligates any official in the Company or the auditor as soon as he learns that the Company's accumulated losses have reached (50%) or more of its capital to inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors shall immediately inform the members of the Board thereof. The Board of Directors shall, within (15) days of becoming aware of this, invite the Extraordinary General Assembly to meet within (45) days from the date on which the Board became aware of the losses; to decide either to increase the Company's capital or reduce it to the extent that the percentage of losses falls below half of the paid-up capital, or to dissolve the Company before the term specified in the Company's articles of association. The Company will be considered dissolved by the force of the system if the extraordinary general assembly did not meet within the period specified above, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital in accordance with the conditions established in Article 150 of the Companies Law and the subscription for all the capital increase was not completed within (90) days from the issuance of the



Assembly's decision to increase. In the event of the Company's termination under Article 150 of the Companies Law or by a decision of the Extraordinary General Assembly, this will negatively and fundamentally affect the Company, its financial results and Prospects.

It should be noted that on 16/03/1442H (corresponding to 02/11/2020G), Royal Decree No. (15016) was issued regarding the suspension of some provisions of the articles of the Companies Law, and the decision of His Excellency the Minister of Commerce No. 348 dated 10/04/1442H (corresponding to 25/11/2020G) was issued based on the Royal Decree to suspend implementing Article No. (150) of the Companies Law for a period of two years from 01/08/1441H (corresponding to 25/03/2020G).

### 29.1.2 Risks of spread of the coronavirus "Covid – 19" pandemic

With the beginning of the year 2020G, a contagious viral disease known as (Coronavirus "Covid-19") spread, as it began to spread in most countries of the world, including the Kingdom of Saudi Arabia, and as a result, the World Health Organization classified it on March 11, 2020 as a pandemic, and called for taking the necessary preventive measures to confront this virus and to limit its spread. Accordingly, the government of the Kingdom of Saudi Arabia hastened to take strict decisions in this regard, which resulted in, for example, but not limited to; imposing a partial or total curfew in some cities and governorates of the Kingdom, closing airports, malls and all activities inside them, except for food stores and pharmacies, reducing the number of working hours for some sectors and obligating some of them to work remotely.

The precautionary measures taken by the Kingdom's government to limit the spread of the "Covid-19" virus have greatly affected all economic sectors, including the sector in which the Company operates, and since there is no expected date for the end of this pandemic until the date of this Prospectus, the Company cannot determine the time period for the end of the impact of this pandemic on its business, and does not guarantee the existence of consequences in the future that may negatively and materially affect the Company's business, operational results, financial position and prospects.

### 30.1.2 Risks of Existence of Previous Rights Issues

In 2019G, the Company increased the capital through the issuance of rights issue of (25,000,000) shares at a price of (10) Saudi Riyals, where the total proceeds from the offering amounted to (250,000,000) Saudi Riyals, and the Company disclosed in the relevant Prospectus that the proceeds of the offering will be used to support working capital in order to raise the efficiency of the Company's operational operations, and the amount of the proceeds of the offering was distributed on a number of items that the Company intended to work on, namely (a project to increase the productivity of aluminum cables, a project to increase the productivity of power cables, a project to improve production lines, a project to manufacture accessories, in addition to the working capital and offering costs), and after the capital increase process was completed, the distribution of the proceeds of the offering to these items was modified (for more information, please refer to section (16.10) "Material information that has changed since the CMA's approval of the last share issue Prospectus" in this Prospectus).

If the Company has not succeeded in raising sufficient funds through rights issues or using them optimally, or if, after the capital increase process is completed, it has modified the use of the proceeds of the offering from what was disclosed in the Prospectus and these uses had a negative impact on the Company, consideration must be taken with regard to the possibility of the Company incurring significant impairment charges on its facilities, as the significant decrease in revenues and operating cash flows may lead to a decrease in the value of the Company's non-current assets, which will negatively and materially affect the Company's business, financial position and prospects.

### 31.1.2 Risks of decline in the Company's sales

The sales of the Company and its subsidiaries amounted to (865.0) million Saudi Riyals in the fiscal year 2018G, (381.3) million Saudi Riyals in the 2019G, and (368.8) million Saudi Riyals in the 2020G, as the sales of the Company and its subsidiaries decreased in the 2019G by 55.9% as a result of the decrease in the level of production at the Company and its subsidiaries due to the general economic slowdown and the decrease in the pace of construction projects, in addition to the severe restrictions on working capital and financial obligations of the parent Company "Saudi Cable Company", which led to a decrease in operating rates and thus a decrease in the quantities sold of cables Copper increased from 16.4 thousand tons to 6.3 thousand tons during the same period. This decrease is also due to the decrease in orders from the Turkish market, mainly on subsidiaries in Turkey, due to the economic conditions in Turkey in the same period, in addition to the sale of Demirer Kaplu Company in August 2018.



The sales of the Company and its subsidiaries continued to decline, as it decreased by 3.3% in the fiscal year 2020G as a result of a decrease in the sales of MAS Company for Energy and Communications Projects due to the failure of MAS Company to compete in tenders due to the suspension of some projects in addition to the delay in tenders as a result of the effects of the global Corona pandemic during the same period. In addition to the decrease in the revenues of Al-Yasman Company as a result of the continued economic slowdown and as a result of its loss of many tenders that were offered in the Qatari market in 2018G and 2019G. Furthermore, this decrease was offset by an increase in the sales of the Saudi Cable Company as a result of the increase in sales to major clients in the oil and gas companies sector after the availability of the necessary liquidity to meet the demands as a result of the financing from the rights issue at the beginning of the fiscal year. In addition, the gross profit margin remained negative during the three years from 2018G to 2020G. There is no guarantee that the Company will be able to raise its sales level, restore sales figures as in previous years, and improve the gross profit margin, which will negatively and fundamentally affect the Company's business, financial position and prospects. (For more information, please see subsection (2.1.5.6) "Revenue by the Company" of Section (6) "Financial Information, Management Discussion and Analysis" of this Prospectus).

### 32.1.2 Risks of investing in countries subject to enhanced supervision by the Financial Action Task Force (FATF)

Saudi Cables Company has subsidiaries in countries assessed by the Financial Action Task Force (FATF) as high risk and are subject to enhanced supervision. According to the website of the Anti-Money Laundering Permanent Committee in the Kingdom, the Republic of Malta and the State of Turkey are one of those countries in which Saudi Cables Company owns companies and conduct commercial transactions therewith. Therefore, this matter may have severe negative economic repercussions, including reservations about dealing with these countries financially by many countries of the world, and the application of strict procedures on all financial operations associated therewith, which would cause many foreign companies to refrain from dealing and to apply strict procedures to all financial operations associated with these countries, and dealing with them will be according to strict scrutiny, which may cause delays in completing their transactions and increase their costs, which would negatively and fundamentally affect the Group's operations, business results, financial position and prospects.

### 33.1.2 Risks of vacant positions in the executive management

As at the date of this Prospectus, the Company has a number of vacant positions (please refer to section (4.4) "Executive Management" in this Prospectus). In the event that the Company delays in finding highly qualified and experienced employees to fill those positions at an appropriate cost to the Company, this will affect the Company's ability to implement its strategy and manage its business, and thus negatively and fundamentally affect the Company's business, financial results and prospects.

### 34.1.2 Risks of Inventory Management

The Company's inventory balance amounted to (112,287), (98,879) and (105,726) thousand Saudi Riyals as on December 31, 2018G, 2019G and 2020G, respectively, and the inventory's due days amounted to (87), (135) and (127) days as on December 31, 2018G, 2019G, and 2020 respectively. The inventory percentage of the Company's total assets represents (8.0%), (7.9%) and (8.6%) as on December 31, 2018G, 2019G and 2020G, respectively. The Company follows the concept of production on demand to manage production and inventory, and accordingly, the actual production capacity has historically been less than the Company's maximum capacity. If the Company is not able to maintain and monitor stock levels periodically, this will lead to a severe decrease or to an excess in stock levels, which may cause the Company losses for not being able to meet the requirements of customers, in the first case, or to discharge stock, in the second case, which It will affect the Company's business operations in a negative and material way, and consequently on its financial position, results of its operations and prospects. (For more information, please see subsection (2.2.6.6) "Inventory" of Section (6) "Financial information, discussion and management analysis" of this Prospectus).

### 35.1.2 Risks of consolidation of Company operations data

The Company manages its operations using the Master Information System (ERP System), which consists of two operating and financial models, which are not integrated and require manual adjustments to match the entries to the Company's operations. In addition, the Group does not maintain internal

consolidated accounts, but the financial statements are consolidated through the financial statements only, which would lead to a slowdown in the preparation of financial statements and an increase in the number of manual procedures prone to error and inaccurate data, and thus would affect the Company's results, financial position and prospects.

## 2.2 Risks of Market and Industry

### 1.2.2 Risks of economic performance of the Kingdom

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, GDP growth, average per capita income, and so on. The Kingdom's macro and micro economy depends mainly on oil and oil industries, which still control a large share of the GDP. Therefore, any unfavorable fluctuations in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which would negatively affect the Company's financial performance, given its work within the Kingdom's economic system and its impact on government spending rates.

The continued growth of the Kingdom's economy also depends on several other factors, including continued population growth and government and private sector investments in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and will therefore negatively and fundamentally affect the Company's business, financial results and prospects.

### 2.2.2 Risks of Political and Economic Instability in the Middle East

Many countries in the Middle East suffer from political or security instability at present. There are no guarantees that the economic and political conditions in those countries or any other countries will not have a negative impact on the economy of the Kingdom and therefore the Company's customers and operations. Which will negatively and materially affect the Company's business, results of operations, financial condition and prospects.

### 3.2.2 Risks of Companies Law and Corporate Governance Regulations

In its management and conduct of its various business and activities, the Company is subject to the provisions of the Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), and amended by Royal Decree No. (R/79) dated 25/07/1439H (corresponding to 11/04/2018G). The Authority's Board also issued, under Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G), the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies, as amended by the Authority Board's Resolution No. (4-122-2020) dated 03/04/1442H (corresponding to 18/11/2020G). In addition, the Authority's Board issued, under Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), the Corporate Governance Regulations, as amended by CMA Board Resolution No. 1-07-2021 dated 01/06/1442H (corresponding to 14/01/2021G). The Companies Law and Corporate Governance Regulations impose some new requirements related to regulation and corporate governance that the Company must comply with. The Companies Law has also imposed stricter penalties for violating its provisions and rules, which are mandatory for all companies, and therefore it is possible for the Company or members of its board of directors or executive management to be subject to such penalties from financial fines or imprisonment or both (for example, the Companies Law stipulates that every director, official, board member, auditor, or liquidator who records false or misleading data shall be punished with imprisonment for a period not exceeding 5 years and a fine not exceeding five million Saudi Riyals) in the event of non-compliance with these provisions and rules. It should be noted that the Company, as on the date of this prospectus, is committed to all articles of the Companies Law and all mandatory articles in the Corporate Governance Regulations issued by the Authority. But if it fails to abide by all the articles of the corporate governance regulation and all the mandatory articles in the corporate governance regulation in the future, or if some or all of the guiding articles in the corporate governance regulation become mandatory, and the Company has not implemented and adhered to them, this will expose it to penalties and legal fines, which will be It has a negative and material impact on the Company's business, results of operations, financial position and Prospects.

### 4.2.2 Risks of Non-compliance with Existing Laws and regulations and/or Issuance of New Laws and Regulations

The Company is subject to the supervision of a number of government agencies in the Kingdom of Saudi Arabia, thus, exposed to the risks of changes in the laws, regulations, circulars and policies in the Kingdom. The costs of complying with these regulations are high. In the event of changes to the

existing laws or regulations or the issuance of new laws or regulations, such will lead to incurring additional unexpected financial expenses by the Company for the purposes of complying with those regulations and meeting the requirements of these laws, or it may be subject to penalties and fines imposed by the competent supervisory authorities in the event of failure to comply with such regulations and laws continuously, which will negatively affect its business, results of operations, financial position and prospects.

#### 5.2.2 Risks of competitive environment

The competitive position of the Company depends on many factors, including the strength of its financial position, the geographical scope of its business and its reputation. There is no guarantee that the Company will continue to compete effectively with other companies in the market that operate in the same business sectors. The pricing policies of the Company's competitors greatly affect its financial performance, and there is no guarantee that the Company will be constantly able to compete with these companies, which leads to a reduction in the Company's market share and thus negatively and fundamentally affect its business, financial results and prospects.

#### 6.2.2 Risks of VAT

The Kingdom issued the value-added tax Law, which entered into force on January 1, 2018G. Such law imposes an added value of 5% on a number of products and services, and the Kingdom's government has decided to increase the value-added tax rate from 5% to 15%, commencing from July 01, 2020G. Accordingly, the Company shall adapt to the changes resulting from imposing the value added tax. Any violation or wrong implementation of the tax law by the Company's management, will result in fines or penalties or damages the Company's reputation, which will also increase costs and operating expenses, which may reduce the competitive position of the Company and the level of demand for its products, which will negatively affect its financial condition, results of operations and prospects.

#### 7.2.2 Risks of fluctuations in currency exchange rates

Some of the Company's transactions are by currencies other than the Saudi riyal, particularly the US dollar and the Turkish lira. Fluctuations in the value of the Saudi riyal against the foreign currencies used by the Company may lead to an increase in expenses, which will negatively and fundamentally affect its business, results of operations, financial position and prospects.

The Company's sales outside the Kingdom amounted to (29.3%), (26.1%) and (21.0%) on December 31, 2018G, 2019G and 2020G, respectively. Therefore, the Company is vulnerable to the risks of changes in foreign exchange in relation to its obligations and expenses related to a currency other than the Kingdom's. Thus, fluctuations in foreign exchange rates may have negative effects on the Company's profits and financial performance.

#### 8.2.2 Risks of fluctuations in supply and demand in local and regional markets

The production volume of the cable industry, like other sectors, affected by fluctuations in supply and demand in the local and regional markets. Therefore, the failure to adapt local and regional production levels to the sharp drop in demand will affect the productivity and sales levels of cable manufacturers, which in turn will affect the performance of the sector in general, thus, affect the performance of the Company and its subsidiaries, its results of operations, financial position and prospects.

#### 9.2.2 Risks of stopping government incentives in support of industrial development

The Company and its subsidiaries (inside the Kingdom) have historically benefited from the incentives offered by the government to the investors to support industrialization in the Kingdom, including infrastructure support, the provision of land, energy and water at discounted prices in industrial cities, and the provision of financing through the Saudi Industrial Development Fund, which provides soft loans to support the industrial sector. It is worth mentioning that the Company obtained a loan from the Saudi Industrial Development Fund (please refer to subsection (5.12.10) "credit facilities and loans" of section (10) "legal information" of this Prospectus). These incentives had an important role in the success of the Company's business, and any cancelation or suspension of such incentives will negatively affect the business of the Company and its subsidiaries, its financial position and results of operations.

### 10.2.2 Risks of Company's operations being subject to environmental, health and safety laws and regulations

The Company's operations are subject to a wide range of laws and regulations related to environmental protection, health and safety in the Kingdom, which increasingly impose strict standards by which the Company shall adhere on continuous basis. The costs of complying with those laws and regulations, and the resulting fines, may be significant. Adherence to new and strict standards also requires incurring additional capital expenditures or the emergence of modifications in operating practices. Accidents related to the environment, health and safety may occur beyond the control of the Company, for example, the Company's operations can result in a number of waste materials and polluting materials that can lead, if not properly controlled and managed, left untreated or not managed properly, to the risk of environmental pollution. Failure to fully comply with environmental legislation and laws may lead to the closure of the Company's industrial facilities and will result in violations, fines or penalties imposed by the regulatory authorities against the Company, which will negatively affect its operations so as to limit the growth of its revenues or suspend its work or license and will affect its ability to perform its business and thus negatively affect its financial results and profitability.

### 11.2.2 Risks of energy and electrical products and related services

The Company's operational processes depend on the availability of energy and electricity products, so any interruption or reduction in the supply of such products or any increase in their prices would greatly affect the volume of production and the degree of profitability of the Company's operations, which will lead to a reduction in its profit margins and thus negatively affect its business, financial condition, results of operations and prospects.

## 3.2 Risks of offered securities

### 1.3.2 Risks of Potential Fluctuation in the Price of the Rights

The market price of the rights issue may be subject to significant fluctuations due to the change in the factors affecting the Company's share. This fluctuation may be large due to the difference between the allowable daily fluctuation percentage (which is represented by 10% up and down from the closing price of the previous day) for rights issue, compared to the allowed daily fluctuation percentage for the Company's shares. The rights issue trading price depends on the trading price of the Company's shares and the market's view of the fair price of the rights issue. These factors may negatively affect the trading price of rights issue.

### 2.3.2 Risks of Potential Fluctuations in the Share Price

The market price of the rights issue during the trading period may not be an indication of the market price of the Company's shares after the offering. In addition, the Company's share price may not be stable and may be affected significantly due to fluctuations resulting from market conditions related to the Company's current rights issue or shares. These fluctuations may also result from many factors, including but not limited to: stock market conditions, poor performance of the Company, inability to implement the Company's future plans, entry of new competitors to the market, change in the vision or estimates of experts and analysts of the stock market, and any announcement of the Company or any of its competitors relating to mergers and acquisitions or strategic alliances.

The sale of large quantities of shares by the shareholders or the belief that such sale is likely to occur will negatively affect the price of the Company's shares in the market. In addition, shareholders may not be able to sell their shares in the market without negatively affecting the share price. There is no guarantee that the market price of the Company's shares will not be lower than the offering price, and if such occur after investors have subscribed to the new shares, the subscription cannot be canceled or modified. Therefore, investors may incur losses as a result. In addition to the above, there is no guarantee that the shareholder will be able to sell his shares at a price equal to or greater than the offer price after subscribing to the new shares.

### 3.3.2 Risks of non-Profitability or Selling of the Rights

There is no guarantee of profitability per share by trading it at a higher price. In addition, there is no guarantee that it can be sold at all, which indicates that there is no guarantee of sufficient demand in the market to exercise the rights issue or receive compensation from the Company, bearing in mind



that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not obtain any consideration if the sale took place during the remaining offering period at the offering price.

#### 4.3.2 Risks of Future Data

The future results and performance data of the Company cannot be actually predicted and may differ from what is contained herein. As the achievements and ability of the Company to develop is what determines the actual results, which cannot be expected or determined. The inaccuracy of the data and results considered one of the risks that the shareholder shall know so as not to affect his/her investment decision. Whereas, in the event that the future results and performance data are fundamentally different from those mentioned herein, such will lead to the loss of part or all of the shareholders' investment in the Company's shares.

#### 5.3.2 Risks of Possibility of Issuing New Shares

The issuance of any new shares by the Company depends on the approval of the Extraordinary General Assembly of the shareholders. In the event that the Company decides to issue new shares as rights issue to increase its capital, and the shareholders' EGM approved this decision, and the shareholders have not exercised their rights by subscribing to the new shares, the ownership of the shares will decrease proportionately in addition to its attachments from the right to vote and obtain profits, which will affect on the market price of the share.

#### 6.3.2 Risks of Lack of Demand for the Company's Rights and Shares

There is no guarantee that there will be sufficient demand for the rights issue during the trading period, to enable the rights issue holder (whether a registered shareholder or a new investor) to sell the rights issue and make a profit out of it, or to enable him to sell the rights issue at all. Moreover, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the Rump offering period. In the event that the investment institutions did not submit offers for the remaining shares at a high price, there may not be sufficient compensation to be distributed to the holders of the rights issue who did not exercise their right to subscribe, or to the holders of fractional shares. Moreover, there is no guarantee that there will be sufficient demand in the market for the shares obtained by a subscriber either through the exercise of the rights for these shares, through the residual offering or through the open market.

#### 7.3.2 Risks of Potential Dilution of Ownership

If the rights issue holders do not subscribe in full to the new shares, their ownership and related voting rights will be reduced. In addition, there is no guarantee in the event that the restricted rights issue holder wishes to sell his rights issue during the trading period, that the return he receives will be sufficient to fully compensate him for the decrease in his ownership percentage in the Company's capital as a result of its capital increase. There is as well no guarantee that there will be a compensation amount distributed to the eligible shareholders who did not exercise their right to subscribe or to the owners of fractional shares in the event that the investment institutions did not submit offers for the remaining shares at a high price during the remaining offering period, or that the amount of compensation (if any) sufficient to compensate the decrease in the percentage of ownership in the capital of the Company.

#### 8.3.2 Risks of failure to exercise the Rights in a timely manner

Subscription Period will start on **●●/●●/●●●●**H (corresponding to **●●/●●/●●●●**G) and end on **●●/●●/●●●●**H (corresponding to **●●/●●/●●●●**G). Rights holders and the financial intermediaries they represent shall take appropriate measures to follow all necessary instructions prior to the expiry of the subscription period. If eligible shareholders fail to properly exercise the subscription rights by the end of the subscription period, based on their rights issue, there is no guarantee that there will be an amount of compensation distributed to the non-participants eligible shareholders or who did not exercise the subscription properly or to the holders of fractions shares.

#### 9.3.2 Risks of Dividends

Future earnings per share depend on a number of factors, including the Company's profitability, maintaining its good financial position, capital needs and distributable reserves, the Company's available credit strength, and general economic conditions. An increase in the Company's capital may lead to



a decrease in the earnings per share in the future on the grounds that the Company's profits will be distributed to a larger number of shares as a result of the increase in its capital. The Company does not guarantee that any dividends on the shares will be actually distributed, nor does it guarantee the amount that will be distributed in any particular year. Dividend distribution is subject to certain restrictions and conditions stipulated in the Company's Articles of Association.

### 10.3.2 Risks of speculation in Rights

Speculation in the Rights is subject to risks that could cause material losses. The permissible daily fluctuation range for the priority Rights trading price exceeds the permissible daily fluctuation range for the market price (which is represented by (10%) up and down from the previous day's closing price). There is also a direct relationship between the Company's share price and the right's indicative value. Accordingly, the daily price limits (i.e. the daily fluctuation range) for Rights trading will be affected by the daily price limits for stock trading. In the event that the shareholder does not sell the Rights before the end of the Trading Period, then he will have two options either to exercise these Rights to subscribe to the New Shares before the end of the Subscription Period, or not to exercise. In the event that the Rights are not exercised, the investor may be subject to a loss or decrease in the value of his investment portfolio, or a profit in the event that shares are sold during the rump period at a price higher than the Offering Price. Therefore, investors should review the full details of the listing and trading mechanism of new Rights and shares and how they operate, and should be familiar with all the factors affecting them, in order to ensure that any investment decision is based on full knowledge and awareness. (Please refer to Section (13) - "Details on Shares and Offering Terms and Condition" of this Prospectus).

### 11.3.2 Risks of suspending trading or canceling the Company's shares as a result of failure to publish its financial statements within the statutory period

In the event that the issuer is unable to publish its financial information within the statutory period (30 days from the end of the financial period for the initial financial statements, and three months from the end of the financial period for the annual financial statements), the procedures for suspending the listed securities shall be applied in accordance with the listing rules approved by the decision of the Board of the Capital Market Authority No. (1-10-2019) dated 24/05/1440H (corresponding to 30/01/2019G), which stipulates that the market suspends trading of securities for a period of one trading session following the expiry of the statutory period. In the event that the financial information is not published within twenty trading sessions following the first suspended trading session, Tadawul shall announce the re-suspension of the Company's securities until it announces its financial results. In the event that the suspension of trading the Company's shares continues for a period of six months without the Company taking the appropriate measures to correct that suspension, CMA may cancel the listing of the Company's securities. The financial market lifts the suspension after one trading session following the announcement of the Company's financial results. In the event that the Company being late in announcing its financial results, or if it being unable to publish them within the statutory period referred to above, such will cause the Company's shares to be suspended or canceled from the listing, which will negatively and fundamentally affect the interest of the Company's shareholders, the Company's reputation and the results of its operations. In addition, the Capital Market Authority may cancel the offering of the Company's rights issue shares in the event that it deems that the offering may not be in the interest of the shareholders.





### 3 Overview of the Company and Nature of its Business

#### 1.3 Company Overview

Saudi Cable (hereinafter referred to as “the Company” or “the issuer” or “Saudi Cable”) was initially established as a limited liability company, and registered under Commercial Register No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G); on 22/01/1409H (corresponding to 03/09/1988G) it was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G). All of Company’s shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred ( SAR 100) Saudi riyals per share, were listed in the main Saudi stock market.

The Company’s head office is located in Jeddah, Industrial Area, Plot No. 12F, PO Box 4403, Jeddah 21491, Kingdom of Saudi Arabia.

The Company’s current capital is two hundred and sixty-two million three hundred and eleven thousand and sixty (262,311,060) Saudi riyals, divided into twenty-six million two hundred and thirty-one thousand and one hundred and six (26,231,106) ordinary shares, at a nominal value of ten (10) Saudi riyals per share, fully paid up.

#### 2.3 Company’s Substantial shareholders

As at the date of this Prospectus, the company has no substantial shareholders who hold 5% or more of the Company’s shares.

#### 3.3 The history of the company and the most important developments in its capital structure

- Initially, the Company was incorporated as a limited liability company and was registered in the Commercial Register under No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G), with a capital of three million five hundred thousand (3,500,000) Saudi riyals, divided into thirty-five thousand (35,000) share, at a value of one hundred (100) Saudi riyals per share.
- On 13/12/1396H (corresponding to 04/12/1976G), partners agreed to increase the Company’s capital from three million and five hundred thousand (SAR 3,500,000) Saudi riyals to ten million and five hundred thousand (SAR 10,500,000) Saudi riyals, the value of each share is one hundred (SAR 100) Saudi riyals, by transferring a debt of seven million (SAR 7,000,000) Saudi riyals from Partners to seventy thousand new shares of Company’s Partners.
- On 12/05/1402H (corresponding to 07/03/1982G), partners agreed to increase the Company’s capital from ten million and five hundred thousand (SAR 10,500,000) Saudi riyals to seventy million (SAR 70,000,000) Saudi riyals, the value of each share is one hundred (SAR 100) Saudi riyals. The increase amount was paid in cash by Partners, on a proportion basis.
- On 16/06/1404H (corresponding to 18/03/1984G), partners agreed to increase the Company’s capital from seventy million (SAR 70,000,000) Saudi riyals to two hundred million (SAR 200,000,000) Saudi riyals divided into two million (2,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, and the increase was made through transferring undistributed profits to new shares.
- On 20/03/1407H (corresponding to 23/11/1986G), partners agreed to increase the Company’s capital from two hundred million (SAR 200,000,000) Saudi riyals to two hundred fifty million (SAR 250,000,000) Saudi riyals, divided into two million and five hundred thousand (2,500,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, and the increase was made through a private offering.
- On 11/05/1408H (corresponding to 01/01/1988G), partners agreed to increase the company’s capital from two hundred and fifty million (250,000,000) Saudi riyals to two hundred and seventy million (270,000,000) riyals divided into two million seven hundred thousand (2,700,000) shares, at a value of one hundred (100) Saudi riyals per share, all of which are ordinary shares.
- The company was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G); all of Company’s shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred ( SAR 100) Saudi riyals per share, were listed on 22/01/1440H (corresponding to 03/09/1988G) after obtaining the approval of both Ministry of Commerce and the Saudi Arabian Monetary Agency (currently: Saudi Central Bank).
- On 27/11/1412H (corresponding to 28/05/1992G), the Shareholders EGM approved to authorize the Board of Directors to increase the Company’s capital from two hundred and seventy million (SAR 270,000,000) Saudi riyals to three hundred million (SAR 300,000,000) Saudi riyals,



divided into three million (SAR 3,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, all of which are ordinary shares, through issuing three hundred thousand (300,000) ordinary shares, by transferring twenty-seven million (SAR 27,000,000) Saudi riyals from the retained earnings to be distributed to existing shareholders, representing two hundred and seventy thousand (270,000) ordinary shares, in addition to issuing thirty thousand (30,000) ordinary shares at a value of three million (SAR 3,000,000) Saudi riyals, and these shares are offered for subscription of Company's employees through paying their value in cash.

- On 06/03/1418H (corresponding to 11/07/1997G), the Shareholders EGM approved to increase the Company's capital from three hundred million (SAR 300,000,000) Saudi riyals to five hundred million (SAR 500,000,000) Saudi riyals, divided into five million (5,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, all of which are cash ordinary shares. The increase took place in two phases: 1) the issuance of one million (1,000,000) rights shares, the value of each is one hundred (SAR 100) Saudi riyals, with a total of one hundred million (SAR 100,000,000) Saudi riyals distributed to shareholders wishing to subscribe, at the rate of one share for every three shares; Then 2) the issuance of one million (1,000,000) additional free shares, the value of each is one hundred (SAR 100) Saudi riyals, with a total of one hundred million (SAR 100,000,000) Saudi riyals distributed to shareholders, where every one free share is granted for every four shares owned by the shareholder.
- On 10/05/1425H (corresponding to 28/06/2004G), the Shareholders EGM approved the increase of the Company's capital from five hundred million (SAR 500,000,000) Saudi riyals to six hundred and forty million (SAR 640,000,000) Saudi riyals, divided into twelve million and eight hundred thousand (12,800,000) shares, the value of each share is fifty (SAR 50) Saudi riyals. Previously in 1998G, the General Assembly agreed to divide the Company's shares so that the nominal value of one share would become fifty (SAR 50) Saudi riyals instead of one hundred (SAR 100) Saudi riyals, all shares are ordinary, and the increase was made by: 1) the issuance of rights shares of one million seven hundred and eighty (1,780,000) shares; 2) the issuance of new shares of one million and twenty thousand (1,020,000) ordinary shares in the name of Xenel Industries Limited, with a nominal value of fifty (SAR 50) Saudi riyals per share, in fulfillment of a debt owed by the company with a value of fifty-one million (SAR 51,000,000) Saudi riyals.
- On 21/12/1426H (corresponding to 21/01/2006G), the Shareholders EGM approved to increase the Company's capital from six hundred and forty million (SAR 640,000,000) Saudi riyals to seven hundred and sixty million (SAR 760,000,000) Saudi riyals paid in full, divided into fifteen million and two hundred thousand (15,200,000) ordinary shares with a nominal value of fifty (50) Saudi riyals per share, and the increase was made by issuing two million and four hundred thousand (2,400,000) rights shares with a nominal value of fifty (50) Saudi riyals per share.
- On 09/09/1438H (corresponding to 04/06/2017), the Shareholders EGM approved to reduce the Company's capital (to amortize accumulated losses) by a reduction rate of (46.83%) of the Company's capital, from seven hundred and sixty million (SAR 760,000,000) Saudi riyals to four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals, divided into forty million four hundred and eleven thousand and four hundred (40,411,400) shares, the value of each is ten (10) Saudi riyals, all of which are ordinary shares. Previously in 2006, the General Assembly approved to divide the company's shares so that the nominal value of one share became ten (10) Saudi riyals instead of fifty (SAR 50) Saudi riyals, in compliance with the Cabinet's Resolution issued on 27/02/1427H, requiring the unification of the nominal value of the shares to become ten (10) riyals per share.
- On 22/12/1439H (corresponding to 02/09/2018G), the Shareholders' EGM approved to reduce the Company's capital (to amortize accumulated losses) by a reduction rate of (72.63%) of the Company's capital, from four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals to one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals divided into eleven million sixty-one thousand four hundred and six (11,061,406) shares, the value of each share is ten (10) Saudi riyals, all of which are ordinary shares.
- On 05/05/1441H (corresponding to 31/12/2019G), the Shareholders EGM approved to increase the company's capital from one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals to three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals by issuing twenty-five million (25,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share.
- On 19/11/1442H (corresponding to 29/06/2021G), the Board of Directors recommended the following:



- 1) Reducing Company's capital by (27.26%), from three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals, to two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals. Thus, the number of shares shall be reduced from thirty-six million sixty-one thousand four hundred and six (36,061,406) ordinary shares, to twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through canceling the number of nine million eight hundred and thirty thousand and three hundred (9,830,300) of company shares, i.e. a reduction of (1) share for every (3.6684) shares, in order to restructure the Company's capital to amortize the accumulated losses as at 31 March 2021, amounting to ninety-eight million three hundred and three thousand (98,303,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.
  - 2) Increasing Company's capital by (190.61%) (after completing the capital reduction process as stated above), from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand sixty (762,311,060) Saudi riyals. Accordingly, the number of shares is increased from twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares to seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through Offering rights shares of fifty million (50,000,000) shares, with a value of five hundred million (SAR 500,000,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.
- On \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G), the shareholders' EGM approved the following:
    - 1) Reducing Company's capital by (27.26%), from three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals, to two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals. Thus, the number of shares shall be reduced from thirty-six million sixty-one thousand four hundred and six (36,061,406) ordinary shares, to twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through canceling the number of nine million eight hundred and thirty thousand and three hundred (9,830,300) of company shares, i.e. a reduction of (1) share for every (3.6684) shares, in order to restructure the Company's capital to amortize the accumulated losses as at 31 March 2021, amounting to ninety-eight million three hundred and three thousand (98,303,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.
    - 2) Increasing Company's capital by (190.61%) (after completing the capital reduction process as stated above), from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand sixty (762,311,060) Saudi riyals. Accordingly, the number of shares is increased from twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares to seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through Offering rights shares of fifty million (50,000,000) shares, with a value of five hundred million (SAR 500,000,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.

### 4.3 Company's Main Activities

The Company operates under Commercial Registration No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G), and National Industrial License issued by the Ministry of Industry and Mineral Resources No. (1280) dated 20/04/1394H (corresponding to 12/05/1974G) amended by License No. (1259) dated 06/04/1438H (corresponding to 04/01/2017G).

▪ The Company's activities, according to the commercial register, are as follows:

- Manufacture of wooden cable reels.
- Manufacture of primary form of plastics.
- Manufacture of Fiber optic cables.
- Manufacture of insulated steel wires and cables.
- Manufacture of insulated copper wires and cables.
- Manufacture of insulated aluminum wires and cables.
- Manufacture of electrical connections and conduits for extending plastic wires.

▪ Pursuant to the Company's articles of associations, the main activities are exercising and implementing the following:

- 1) Manufacture of rods, conductors, cables, electrical wires and communications of copper, aluminum, optical fibers and others with all its voltages (electrical/technical) and their sizes and grounding conductors for electrical and communication uses, machines and compounds of plastic plastics, pulleys and wooden pallets and accessories for the extension of telephone cables and their electronic equipment, business systems, electrical and electronic appliances, communications, information, marketing and distribution.
- 2) Contracting electrical, mechanical, electronic, and plastic works, communications and information systems, management, operation, installation, construction, maintenance and repair of the aforementioned works, owning and leasing them for the benefit of others and performing industrial services. Establishing various industrial projects after obtaining the necessary licenses from the competent authorities.
- 3) Installation, operation, maintenance and management of local, extended and dedicated computer networks, messaging and communications integration systems, linking them through messaging integration systems, importing and marketing devices for connecting, protecting, distributing networks, and audio, video and information integration devices.
- 4) Acquisition of lands, real estate, buildings, warehouses and exhibitions necessary to serve the purposes of the company and disposing them.
- 5) Establishing and managing a training center for the company's workforce to develop industrial skills in the company's business field and acquiring industrial technology related to the company's purposes or cooperation with its owners or developers.
- 6) Manufacturing raw materials related to the company's activities, on its own or in cooperation with the various productive sectors.
- 7) Manufacturing circuit breakers, switches, transformers and their ancillary components, terminals, and internal and external connections for power cables.
- 8) Commercial agencies, wholesale and retail trade in materials, tools, machinery, equipment and raw materials related to the company's activity and marketing.

The company exercises its activities in accordance with applicable laws and after obtaining the necessary licenses from the competent authorities, if any.

The Company exercises its activities in the Kingdom of Saudi Arabia through (3) subsidiaries, and outside the Kingdom, through (9) subsidiaries, and all of subsidiaries are wholly owned by the company (100%), except for Al-Masan Salt Sihazlay Company, Electremecanica San and Tech AS with a percentage of (94%). (Please refer to subsection (9.3) "Subsidiaries" in this Prospectus).

The Company and its subsidiaries operate in the field of manufacturing, supplying, installing, testing, operating and maintaining electrical cables, ranging from ultra-high, medium and low voltage cables, building wires, communication cables, instrumentation cables, specialized petrochemical cables, control cables, electrical substations, switchgear, electrical supplies and transformers.

In addition, the Company has quick access to move and transfer all types of cables and related electrical products from its warehouses to its customers, and it also provides its customers with integrated solutions for supplying, installation, testing, operation and maintenance of electrical systems with the latest digital systems and information technology.



### 5.3 Company vision

The Company's vision is to play a global distinguished leadership role in providing integrated solutions for cables and equipment through providing products and services that are trusted by all customers. To support this vision, the Company upholds deep-rooted traditions and blends such traditions with constructive thinking, utilizing the group's creative capabilities to go beyond clients' future aspirations.

### 6.3 Company Mission

Investing in and establishing manufacturing facilities and related services allow us to produce high quality cable technologies and related materials and products.

### 7.3 Company Strategy

Commitment to meet the immediate needs and demands of power and communication systems is the main objective that guides and drives Saudi Cable Company.

### 8.3 Company's strengths and competitive advantages

- Exporting products and services to more than 60 countries around the world, with a network of customers and partners located in the United States, the Americas, Europe, Australia, Japan, the Philippines and other countries in the Pacific region.
- Experience that includes many specialized sectors, as well as extensive experience in each of the overhead connections for power transmission, the extension of underground networks of up to 500 kV, and the provision of emergency and reconstruction services.
- The Company has a wide client base as it provides its services to some of the world's leading organizations, authorities and bodies, particularly in the Middle East, including but not limited to (Saudi Aramco, Dubai Electricity and Water Authority, Sharjah Electricity and Water Authority, Saudi Electricity Company, Electricity Authority and Water - Kingdom of Bahrain, Ministry of Electricity and Water - State of Kuwait).
- Providing high quality products in compliance with international standards, and distinguished services to its customers around the world, such as after-sales services, maintenance, installation and commissioning, design, and technical support.
- The Company obtained the ISO certificate No. 9001 in 2000, No. 18001 in 2007, and No. 9001 in 2015, as the best company in cable manufacturing industry in the Middle East.

### 9.3 Subsidiaries

The Company has (12) subsidiaries, three of which are considered essential subsidiaries: 1) Mass Energy and Communications Projects Co., Ltd. 2) Mass Kablo Yatirim and Tigarat Anonim Charikati (formerly Mass Holding Anonim Cherkati), 3) Al Masan Salt Company Sihazlay, Electric Mechanic San and Tek AS, and the table below shows the data of subsidiaries.

Table No. (1): Subsidiaries.

No.	Company name	Capital (SAR)	Place of incorporation	Headquarters		Activity	Percentage
				Country	City		
<b>Local Companies</b>							
1	Saudi Cable Company for Marketing Ltd*	10,000,000	Saudi Arabia	Saudi Arabia	Jeddah	Buying and selling electrical cables and related products	100%
2	Mass Projects for Power and Telecommunications Limited	10,000,000	Saudi Arabia	Saudi Arabia	Jeddah	Turnkey Power and Communication Projects	100%
3	Mass Centers for Distribution of Electrical Products Limited *	44,500,000	Saudi Arabia	Saudi Arabia	Jeddah	Electricity distribution and communication services	100%
<b>International Companies</b>							
1	Mas Kablo Yatirim and Tigarat Anonim Cherkati (formerly Mass Holdings Anonymous Cherkati)	477,270,000	Turkey	Turkey	Istanbul	Holding Company	100%
2	Mass International Trading Limited *	581,000	Ireland	Ireland	Dublin	International Trade	100%
3	Saudi Cable (UAE)	1,022,000	UAE	UAE	Dubai	Selling cables and related products	100%
4	Elimsan Salt Cihazlari Ve Elektromekanik A.S.	216,855,000	Turkey	Turkey	Kogali	Manufacturing and supplying electronic tools and goods	94%
5	Elimsan Metalurji ve Makina San. Tic. A.S	2,618,000	Turkey	Turkey	Kogali	Manufacturing and supplying electronic tools and goods	100%
6	Fairhaven Holdings Limited	188,000	Seychelles	Seychelles	Seychelles	Holding Company	100%
7	Cables Holding Company Limited	8,000	Malta	Malta	Victoria	Holding Company	100%
8	Gozo Jayariminkul Anonim Shirkati Company	31,000	Turkey	Turkey	Istanbul	Holding Company	100%
9	Valletta Jayriminkul Anonim Şerkat Company	31,000	Turkey	Turkey	Istanbul	Holding Company	100%

Source: The Company

\*The companies referred to in the above table do not exercise an operational activity as on the date of this prospectus, and depend on the returns of their investments in other companies.



### 10.3 Investee Companies

The following table shows the companies where the company invests in:

Table No. (2): The investee companies.

Company name	Capital (SAR)	Place of incorporation	Headquarters	Activity	Percentage
Zakka International Company for Information Technology *	13,200,000	Saudi Arabia	Saudi Arabia	Support information systems and network services	25%
Midal Cables Co. Ltd.	248,674,000	Bahrain	Bahrain	Manufacture and supply of aluminum rods, wires, connectors and other related products	50%

Source: The Company

The disposition of (25%) of ownership in Zakka International Information Technology Limited is in progress, as it is expected to be disposed of and sold before the end of 2021. The reason for disposition of this ownership is due to the high accumulated losses of Zakka International for Information Technology and its inability to achieve operating profits.

### 11.3 Business interruption

There was no disruption in the Company's business or any of its subsidiaries that may impact or has significantly impacted the financial condition during the last twelve (12) months.

### 12.3 Employees and Saudization

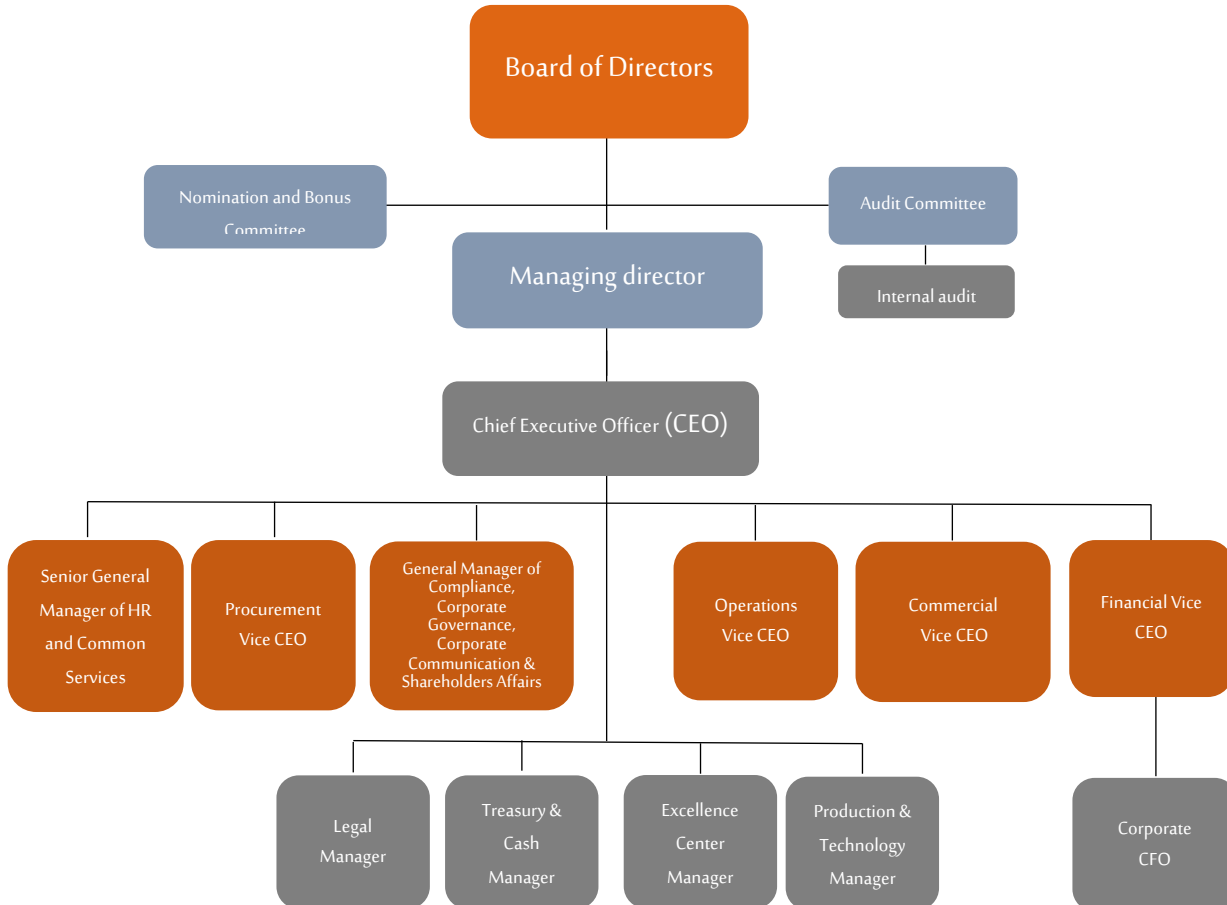
As at the date of this Prospectus, number of the company's employees reached (802), including (275) Saudi employees and (527) non-Saudi employees, i.e. a Saudization rate is about (34.29%), and the company is currently classified under the "high green" range of the Nitaqat program for Saudization.

## 4 Organizational structure of the Company

### 1.4 Organizational structure

The following figure shows the organizational structure of the company:

Figure no. (1): Organizational Structure of the Company



Source: The Company





## 2.4 Board of Directors

The following table shows the members of the company's board of directors:

Table No. (3): Members of Board of Directors

Board Members								
The Company's Board of Directors appointed on 05/29/1442H (13/01/2021G) *								
Name	Position**	Membership status	Nationality	Age	Shares			
					Direct Number	Direct Percentage	Indirect Number	Indirect Percentage
Abdul Rahman Ibrahim Abdul Rahman Al Khayal	Chairman of Board of Directors	Independent Non-executive	Saudi	58	-	-	-	-
Noha Abdel Ghani Hamza Solimani	Deputy Chairman and Managing Director	Independent Executive	Saudi	44	-	-	-	-
Azhar Mido Mohieddin Kanji	Board Member	Independent Non-executive	Saudi	57	-	-	-	-
Abd al-Hadi Abd al-Rahman Yahya Abu al-Khair	Board Member and CEO	Non-independent Executive	Saudi	51	7	0.0000277%	-	-
Saleh Abdullah Abdulaziz Al-Shathri	Board Member	Independent Non-executive	Saudi	60	73	0.0002773%	-	-
Moiaser Anwar Muslim Noilati	Board Member	Non-Independent Non-executive	Saudi	50	7	0.0000277%	-	-
Ali Mohamed Hussein Al-Attas	Board Member	Independent Non-executive	Saudi	48	364	0.0013865%	-	-
Nael Samir Mohamed Kamel Fayez	Board Member	Independent Non-executive	Saudi	48	-	-	-	-
Vacant ***	Board Member	-	-	-	-	-	-	-

Source: The Company

\* The EGM, in its meeting held on 29/05/1442H (corresponding to 13/01/2021G), agreed to elect the members of the Board of Directors mentioned above for the current session, which started on 01/06/1442H (corresponding to 14/01/2021G) for a period of three years ending on 01/07/1445H (corresponding to 13/01/2024G).

\*\* The Board of Directors decided, in its meeting held on 07/06/1442H (corresponding to 20/01/2021G) to appoint Mr. Moiaser Anwar Muslim Noilati as the Chairman and appoint Mr. Mahmoud Mansour Mahmoud Abdulghafar as Vice Chairman. On 14/10/1442H (corresponding to 26/05/2021G), the Board of Directors decided to dismiss Mr. Moiaser Anwar Muslim Noilati from his position as Chairman of the Board of Directors, and Mr. Mahmoud Mansour Mahmoud Abdul Ghaffar from his position as Vice Chairman, while keeping their positions as Board members. Mr. Abdul Rahman Ibrahim Abdul Rahman Al Khayyal was appointed as Chairman of the Board of Directors, and Mrs. Noha Abdul Ghani Hamza Soleimani was appointed as Vice Chairman; on 24/01/1443H (corresponding to 01/09/2021G) the Board of Directors decided to appoint Mrs. Noha Abdul Ghani Hamza Soleimani as a managing director and amend her membership status to be an executive member, starting from 25/01/1443H (corresponding to 02/09/2021G) until the end of the current session on 01/07/1445H (corresponding to 13/01/2024G).

\*\*\*\* On 19/12/1442H (corresponding to 29/07/2021G), the Company announced the resignation of its Director Mr. Mahmoud Mansour Mahmoud Abdulghafar who resigned from office as a Board member on 18/12/1442H (corresponding to 28/07/2021G) and his position is still vacant as of the date of this Prospectus.

### 3.4 Company Committees

The following is a description of the company's committees, their responsibilities and current members of each committee:

#### 1.3.4 Audit Committee

The Ordinary General Assembly, in its meeting held on 05/07/1442H (corresponding to 02/17/2021G), approved the formation of the Audit Committee, determining its tasks, rules of work, remuneration of its members, and the term of their membership for the new term, which commencing on 29/05/1442H (corresponding to 01/13/2021G) and ends on 07/01/1445H (corresponding to 01/13/2024G). On 07/03/1443H (corresponding to 10/13/2021G), the Ordinary General Assembly agreed to increase the number of audit committee members from (3) to (4) members, thus, the number of members of the Audit Committee will be (4) members. The following table shows the members of the Audit Committee:

Table no. (4): Members of the Audit Committee

Name	Position
Bassem Tayseer Hijaz *	Chairman
Azhar Mido Mohieddin Kanji	Member
Nael Samir Mohamed Kamel Fayez	Member
Mazen Khalaf Al-Zayer **	Member

Source: The Company

\* The Ordinary General Assembly held on 07/03/1443H (corresponding to 13/10/2021G) approved the appointment of Mr. Bassem Tayseer Hijaz as a member of Audit Committee starting from the date of Assembly until the end of the current session on 01/07/1445H (corresponding to 13/01/2024G), in replacement of previous committee chairman, Mrs. Noha Abdul Ghani Hamza Soleimani, who resigned from her position as Audit Committee Chairman on 25/01/1443H (corresponding to 02/09/2021G) due to the Board of Directors' Resolution dated 24/01/1443H (corresponding to 01/09/2021G) to appoint her as a managing director as of 25/01/1443H (corresponding to 02/09/2021G).

\*\* The Ordinary General Assembly held on 07/03/1443H (corresponding to 13/10/2021G) approved to increase the number of audit committee seats from (3) to (4) seats, so that the number of audit committee members reaches (4) members, by appointing Mr. Mazen Khalaf Al-Zayer as a member of Audit Committee, starting from the date of the Assembly until the end of the current meeting on 01/07/1445H (corresponding to 13/01/2024G).

#### Summary of Audit Committee's Roles and Responsibilities

The main purpose of the audit committee includes, without limitation, ensuring the adequacy of policies and procedures, the integrity of internal control and their suitability for financial accounting and reports, as well as ensuring the effectiveness of the role of internal and external audit on a continuous basis. The committee also reviews the company's periodic and annual financial statements, annual budgets and recommends the Board of Directors to approve them. The Audit Committee also presents its recommendations to the shareholders regarding the appointment of the external auditor to be selected and approved by shareholders. The Audit Committee supervises the internal audit in the company on a regular basis to ensure the efficiency and effectiveness of the internal control system in general, and the fairness of financial statements in particular. It also continuously evaluates the internal control system and its effectiveness and deals with any critical observations in the context of the Board's objectives to obtain an assurance decision about the integrity and effectiveness of the design.

#### 2.3.4 Remuneration and Nomination Committee

The Board of Directors decided in its meeting held on 07/06/1442H (corresponding to 20/01/2021G) to form the Nominations and Remunerations Committee, determining its tasks, rules of work, the remuneration of its members and the term of their membership for the new term, which commencing on 14/01/1442H (corresponding to 14/01/2021G) and ends on 02/07/1445H (corresponding to 14/01/2024G). The table below shows the members of the Nominations and Remunerations Committee:

Table No. (5): Members of the **Nomination and Remuneration Committee.**

Position	Name
Chairman	Saleh Abdullah Abdulaziz Al-Shathri
Member	Ali Mohamed Hussein Al-Attas
Member	Moiaser Anwar Muslim Noilati
Member	Abdul Rahman Ibrahim Abdul Rahman Al Khayal

Source: The Company

\* On 19/12/1442H (corresponding to 29/07/2021G), the Company announced the resignation of Board Member, Mr. Mahmoud Mansour Abdel Ghaffar, as he submitted his resignation from his position as a Board Member and Chairman of the Nomination and Remuneration Committee on 18/12/1442H corresponding to 28/07/2021G. On 26/12/1442H (corresponding to 05/08/2021G), the Board of Directors decided to appoint Mr. Saleh Abdullah Al-Shathri as a replacement for Mr. Mahmoud Mansour Abdul Ghaffar as a member of Nomination and Remuneration Committee.

#### Summary of Nomination and Remuneration Committee's Roles and Responsibilities

The main tasks of the Nomination and Remuneration Committee are summarized in defining the policies and criteria for nomination to board membership, and periodic review of the needs, capabilities and skills required for the Board, studying the strengths and weaknesses of the board, suggesting addressing the same, ensuring the independence of independent board members, and aspects of conflict of interest in the membership of Boards members of other companies, as well as studying or proposing policies for compensation and rewards for the Board of Directors and Senior Executives.

#### 4.4 Executive Management

The table below shows the details of the Company's executive management:

Table no. (6): Executive Management

Name	Position	Nationality	Age	Date of appointment	Shares Owned **	
					Number	Percentage
Abd al-Hadi Abd al-Rahman Yahya Abu al-Khair	Chief Executive Officer (CEO)	Saudi	51	01/06/2018G	7	0.0000277%
Vacant *	Financial Vice CEO	-	-	-	-	-
Vacant *	Commercial Vice CEO	-	-	-	-	-
Vacant *	Operations Vice CEO	-	-	-	-	-
Vacant *	Procurement Vice CEO	-	-	-	-	-
Basem Abdel Rahim Saati	General Manager of Compliance, Corporate Governance, Corporate Communication & Shareholders Affairs	Saudi	46	01/08/2019G	-	-
Hassan Asaad Karkadan	Senior General Manager of HR and Common Services	Saudi	43	01/02/2021G	-	-
Ahmed Hassan Shteiwi	Corporate CFO	Jordanian	45	01/12/2019G	-	-
Khalil Al-Hayek	Production & Technology Manager	Jordanian	44	25/03/2017G	-	-
Rehan Hanif	Excellence Center Manager	Pakistani	63	01/01/2006G	-	-
Seddik Al-Saiedi	Treasury & Cash Manager	Saudi	67	01/06/2010G	-	-
Shahabuddin Sharif	Legal Manager	Sudanese	72	01/01/2008G	-	-
Hussam Farouk Al Alshi	Internal Audit Manager	Saudi	51	01/01/2019G	-	-

Source: The Company

\* It is expected that vacant positions referred to in the above table will be occupied during the first quarter of 2022G.

\*\* None of the executive management members have indirect ownership in the company as on the date of this Prospectus.

#### 5.4 Compensation and Remuneration of Board Members and Senior Executives

Nomination and Remuneration Committee shall suggest the compensation and remuneration received by board members and senior executives. The table below shows details of the salaries, bonuses and allowances received by the board members and top five executive managers during the past three years:

Table (7): Compensations and Remunerations of Board Members and Senior Executives

(In Saudi Riyals)	Financial year ending on December 31, 2018G	Financial year ending on December 31, 2019G	Financial year ending on December 31, 2020G
Board Members	952,000	1,087,000	2,551,000
Top five executive managers	4,709,000	5,618,334	5,834,500
<b>Total</b>	<b>5,661,000</b>	<b>6,705,334</b>	<b>8,385,500</b>

Source: The Company

## 5 Employees

### 1.5 Current employee stock ownership programs before the application for registration and offering the rights subject to this Prospectus

As at the date of this Prospectus, the Company has no employee stock ownership program.

### 2.5 Arrangements granting employees a share in the Capital

As of the date of this Prospectus, there are no arrangements for granting employees a share in the capital.

## 6 Financial Information and Management's Discussion and Analysis

### 1.6 Introduction

This section "Management Discussion, Analysis of the Financial Position and Results of Operations" presents an analytical review of the operational performance and financial position of the Saudi Cable Company (the "Company") during the financial years ending on December 31, 2018G, 2019G and 2020G.

This section has been prepared based on the audited consolidated financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G, which the company and its subsidiaries prepared and were audited by Al-Azm, Al-Sudairi, Al-Sheikh and their partners - accountants and certified auditors (for the 2018 and 2019 financial years), and by Ernst Young & Co. Chartered Accountants (for the fiscal year 2020G), in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA).

Neither Al-Azm, Al-Sudairi, Al-Sheikh & Co. - Chartered Accountants and Auditors, Ernst & Young & Co. Chartered Accountants nor any of their subsidiaries have any stake or interest of any kind in the company and its subsidiaries. Unreserved written consent has been given in connection with the publication of their name, logo and affidavit in this prospectus as auditors of the Company for the years indicated above.

This part may include statements of a future nature based on management plans and current expectations regarding profit growth, results of operations and financial conditions, and accordingly, they contain risks and uncertain expectations that may lead to a material difference from the actual results of the company as a result of multiple factors and events, including factors that are discussed in this section of the prospectus or elsewhere, and in particular those mentioned in section (2) "Risk Factors" of this prospectus.

All financial information in this section is presented in Saudi Riyals unless otherwise stated. Amounts and percentages are rounded to the nearest whole number. Accordingly, if the numbers mentioned in the tables are collected, their sum may not correspond to the totals mentioned in those tables or with the company's consolidated financial statements.

### 2.6 Directors' Declarations on Financial Statements

The Company's Board Members, to the best of their knowledge and belief, declare:

1. All substantive facts relating to the Company, its subsidiaries and its financial performance have been disclosed in this Prospectus, and that there is no information, documents or other facts that, if not omitted, the statements contained in this Prospectus will become misleading.
2. The financial information contained in this prospectus was extracted from the company's audited consolidated financial statements for the three years ending on December 31, 2018G, 2019G and 2020G and the notes attached to them without making any fundamental modification to them, and that they include financial information presented on a consolidated basis in a form consistent with the financial statements that It is approved by the company annually in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA);
3. The Company has inflicted losses during the financial years ending on December 31, 2018G, 2019G and 2020G, and except for what was disclosed in this Prospectus in relation to the accumulated losses, there was no material negative change in the financial and commercial position of the



company and its subsidiaries during the three financial years ending on December 31, 2018G and 2019G and 2020G, immediately preceding the date of submitting an application for registration and offering of securities subject to this prospectus, in addition to the end of the period covered by the auditor's report until the Prospectus was approved;

4. The Company has no other loans or debts including overdrafts from bank accounts, and also declare that there are no security obligations (including personal, unsecured, mortgaged or unsecured) commitments under acceptance, acceptance credit, lease purchase commitments, or any issued and existing debt instruments or debt instruments approved and not are issued, or term loans, except as disclosed in subsection (1.4.6.6) "Loans and Credit Facilities" of this section, and subsection (5.12.10) "Credit Facilities and Loans" of Section 10 "Legal Information" of this Prospectus;
5. that - to the best of their knowledge - there are no liens, rights, or any encumbrances or costs on the property of the Company and its subsidiaries as on the date of this Prospectus, except as disclosed in subsection (1.4.6.6) "Loans and Credit Facilities" of this section, and subsection (5.12.10) "Credit Facilities and Loans" of section (10) "Legal Information" of this Prospectus;
6. that no commissions, discounts, brokerage fees or non-cash compensation were granted by the Company and its subsidiaries to any of the members of the Board of Directors, or senior executives, or those who offer or offer securities or experts during the three years immediately preceding the date of submitting an application for issuing the priority rights subject to this Prospectus;
7. that the Company and its subsidiaries do not own any holdings in contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which greatly affects the assessment of the financial position;
8. that the Company and its subsidiaries have no contingent liabilities, guarantees, or any significant fixed assets to be purchased or leased other than as disclosed in subsection (2.6.6) "Property, Plant and Equipment" and subsection (3.4.6.6) "Potential liabilities and arrangements" in this section.
9. that the capital of the Company and its subsidiaries is not subject to the right of option as on the date of this Prospectus;
10. that the Company is not aware of any seasonal or activity-related economic factors that may have an impact on the Company's business and financial situation except as disclosed in section (2) "Risk Factors" of this Prospectus;
11. The Company has no information on any government, economic, financial, monetary, political policies or other factors that have substantially affected or may affect (directly or indirectly) the Company's operations except as disclosed in Section (2) "Risk Factors" of this Prospectus

### 3.6 Significant Accounting Policies

#### Basis of Consolidation

The consolidated financial statements of the company and its subsidiaries consist of the financial statements of the parent company and its subsidiary as at December 31, 2020G. Control is realized when the Company and its subsidiaries are exposed to, or have rights, to variable returns from their relationship with the investee and has the ability to affect those returns through the exercise of their powers over the investee.

Specifically, the Company and its subsidiaries control an investee only when the Company and its subsidiaries have:

- Power over the investee, such as: Existing rights that give the company and its subsidiaries the current ability to direct the relevant activities of the investee.
- Exposure to, or rights to, different returns from its relationship with the investee.
- Ability to use its power over the investee to affect its returns.

In general, there is an assumption that a majority of voting rights results in control. In support of this presumption, when the company and its subsidiaries have less than a majority of voting or similar rights in the investee, the company and its subsidiaries take into account all the facts and circumstances relating to the foregoing when ascertaining whether they exercise control over the investee company. This includes:

- Contractual arrangement with others who have the right to vote in the investee company.

- Rights arising from other contractual arrangements.
- Voting rights and potential voting rights for the Company and its subsidiaries

When facts and circumstances indicate that there has been a change in one or more of the three elements of control, the company and its subsidiaries perform a reassessment to ascertain whether or not they exercise control over the investee. Consolidation of a subsidiary begins when the company and its subsidiaries obtain control of the subsidiary. The consolidation process is discontinued when the Company and its subsidiaries lose control of the subsidiary. The assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date on which control is transferred to the company and its subsidiaries and until such control ceases to be exercised over the subsidiary.

Profit or loss and each component of other comprehensive income are distributed to the shareholders of the parent company of the company and its subsidiaries and the non-controlling interests, if any, even if the results of such distribution may lead to a deficit in the balance of the non-controlling interests.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries in order to reconcile their accounting policies with the financial policies of the company and its subsidiaries. All intra-company and subsidiary assets, liabilities, equity, income, expenses and cash flows relating to transactions between the Company and its subsidiaries are eliminated in full on consolidation. Any change in the ownership interest in the subsidiary, without loss of control, is treated as an equity transaction. If the company and its subsidiaries lose control of a subsidiary, they eliminate the assets (including goodwill), liabilities, the non-controlling interest and any other components of equity, and any gain or loss resulting from the loss of control is recorded in the consolidated statement of profit or loss. Held investments are stated at fair value. These consolidated financial statements consist of the financial statements of the parent company and its subsidiaries as shown in Note (1) of the financial statements for the year 2020G. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

#### **Consolidation of Business and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, which is measured at fair value at the acquisition date, and the amount of non-controlling interest in the acquired company. For each business combination, the Company and its subsidiaries decide whether to measure the non-controlling interest in the acquired company at fair value or at the proportionate share of the acquired company's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses. When the Company and its subsidiaries acquire a business, the pledged financial assets and liabilities are estimated for appropriate classification and allocation in accordance with the contractual terms, economic conditions and conditions prevailing at the date of acquisition. This includes separating the derivatives included in other financial instruments in the master contracts by the acquired company.

The contingent consideration to be transferred by the acquiring company is recognized at its fair value at the acquisition date. A contingent consideration classified as an asset or a liability that is a financial instrument and falls within the scope of IFRS 9 Financial Instruments measured at fair value and fair value changes is recognized in profit or loss.

Goodwill is originally measured at cost, which is the excess of the total consideration transferred and the amount of non-controlling interest recognised, as well as any previously held interests, over the net identifiable assets acquired and liabilities assumed. In the event that the fair value of the acquired net assets exceeds the total consideration transferred, the company and its subsidiaries re-estimate it to ensure that they correctly identify all the acquired assets and all the liabilities that have been pledged, and review the procedures used to measure the amounts to be recognized on the date of acquisition. If the reassessment still results in an excess of the fair value of the net assets acquired over the total consideration transferred, the gain is recognized in the consolidated statement of profit or loss. After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of testing for impairment, goodwill acquired in a business combination is allocated, as of the acquisition date, to each unit or group of cash-generating units that is expected to benefit from the business combination, regardless of whether it is allocated to other particular assets or liabilities. of the acquired company to those units. When the goodwill is considered to be part of the cash-generating unit and part of the operation within the disposed unit, the goodwill relating to the disposed operation is included in the carrying amount of the unit when determining the gain or loss on disposal



of the operation. Goodwill disposed of in such cases is measured on the basis of the relative value of the disposed operation and the portion of the cash-generating unit retained.

#### **Investments in Associates and Joint Ventures**

An associate company is an entity over which the company and its subsidiaries exercise significant influence. Significant influence is the ability to participate in the financial and operating policy and decision-making of the investee, but is not control or joint control over such policies.

A joint venture is a form of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control represents the contractually agreed sharing of control of an arrangement. It exists only when decisions about relevant activities require the unanimous consent of the parties involved in control.

Matters considered to determine significant influence or joint control are the same as those necessary to determine control over subsidiaries. The investment of the Company and its subsidiaries in its associate and joint venture is accounted for using the equity method.

Under the equity method, the investment in the associate or joint venture is initially recognized at cost. The book value of the investment is adjusted to record changes in the share of the company and its subsidiaries in the net assets of the associate or joint venture since the date of acquisition. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not independently tested for impairment.

The statement of profit or loss reflects the share of the company and its subsidiaries in the results of operations of the associate or joint venture. Any change in other comprehensive income of those investee entities is recognized as part of the other comprehensive income of the company and its subsidiaries. In addition, if any change is recognized directly in the equity of the associate or joint venture, the company and its subsidiaries shall record its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and its subsidiaries, the associate and the joint venture are eliminated to the extent of the interest of the Company and its subsidiaries in the associate or joint venture.

After applying the equity method, the company and its subsidiaries ascertain whether it is necessary to recognize any impairment loss in the value of its investment in its associate or joint venture. On the date of preparing each financial statement, the company and its subsidiaries determine whether there is objective evidence of a decline in the value of the investment in the associate or joint venture. When such evidence exists, the Company and its subsidiaries calculate the amount of the impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and recognize the loss as "share of profit of an associate and joint venture" in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control of the joint venture, the company and its subsidiaries measure and recognize the retained investment at its fair value. The difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

When the Company and its subsidiaries' share of losses exceeds its interest in the associates, the carrying amount of that interest, including long-term investments, is reduced to nil. The recognition of any additional losses shall be discontinued within the limits of the corresponding statutory obligation on the company and its subsidiaries.

#### **Foreign Currency**

The consolidated financial statements of the company and its subsidiaries are presented in Saudi riyals, which is also the functional currency of the parent company. For each of the subsidiaries, the company and its subsidiaries decide its functional currency and the items included in the financial statements of each company that are measured using the functional currency. The Company and its subsidiaries use the direct consolidation method. When the external operation is disposed of, the gain or loss reclassified to consolidated profit or loss reflects the amount resulting from the use of this method.

#### **Transactions and Balances**

Originally, foreign currency transactions are converted by the company's facilities and subsidiaries at the spot rates of the designated functional currency on the date on which the transaction first becomes eligible for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates for the functional currency prevailing at the reporting date. Except for monetary items designated as part of the



hedge of the company and its subsidiaries' net investment in foreign operations, differences arising from the settlement or transfer of monetary items are recognized as profit or loss. It is recognized in other comprehensive income until the net investment is sold, at which point the accumulated amount is reclassified to profit or loss in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in accordance with the recognition of the gain or loss as a result of changes in the fair value of the item.

### Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into Saudi Riyals at the exchange rates ruling at the reporting date. Dividends received from foreign associates are translated at the exchange rate ruling at the date of the transaction and the related currency translation differences are recognized in the consolidated statement of other comprehensive income.

On disposal of a foreign operation, the related amount of translation reserve is transferred to the consolidated statement of profit or loss as part of the gain or loss on disposal. On the partial disposal (without loss of control) of a subsidiary that includes a foreign operation, the relevant portion of this cumulative amount reverts to the non-controlling interest.

Foreign exchange gains or losses arising from monetary items receivable from a foreign operation or payable to a foreign operation or as a result of an unplanned or unlikely settlement in the foreseeable future that are substantially part of the net investment in a foreign operation are recorded in the exchange conversion reserve foreigner through other comprehensive income.

### Assets

The company and its subsidiaries show the assets and liabilities in the consolidated statement of financial position as current / non-current. The assets are considered current:

- When it is expected to be realized or intended to be sold or exhausted during the normal course of operations;
- If they are acquired primarily for trading purposes;
- When it is expected to be realized within twelve months after the financial period; or
- When they are cash and cash equivalents and there are no restrictions on its exchange or use to settle any liabilities for a period of not less than twelve months after the financial reporting period.

All other assets are classified as non-current assets.

### Liabilities

- Liabilities are considered current:
- When it is expected to be repaid in the normal course of operations,
- If they are acquired primarily for trading purposes;
- When they are due within twelve months after the financial period, or
- When there is no unconditional right to defer the payment of the liability for a period of not less than twelve months after the financial period.
- The Company and its subsidiaries classify all other liabilities as non-current.

### Property, Plant and Equipment

#### Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.



Cost includes expenses that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to work for its intended use, the costs of dismantling and removing certain items, restoring the site and the borrowing costs of qualified assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds of disposal with the carrying amount of property, plant and equipment and is recognized net of other income in the consolidated statement of profit or loss.

#### Subsequent Costs

If it is probable that the future economic benefits embodied in that part will flow to the Company and its subsidiaries, the cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item and its cost can be measured reliably. The carrying amount of the replaced item is derecognised. The costs of day-to-day maintenance of property and equipment are recognized in the consolidated statement of profit or loss as incurred.

#### Capital Work in Progress

Capital work in progress is recognized at cost less any impairment loss and it is capitalized as property, plant and equipment when it is ready for its intended use.

#### Depreciation

Depreciation represents the specific allocation to the depreciable value of the asset over its estimated useful life. The depreciable amount is the cost of an asset or any other amount in lieu of cost less its residual value.

Depreciation is recognized in the consolidated statement of profit or loss on a straight line basis over the estimated useful lives of each part of the property and equipment. The leased assets and the cost of developing the leased land and building on the leased land are both depreciated over the lease term and useful life - whichever is shorter if it is certain that the company will obtain ownership at the end of the lease term. Lands are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at least once annually, and are modified when needed on a prospective basis. In connection with the discussion on the assessment of impairment of property and equipment. The following are the estimated useful lives:

**The following are the estimated useful lives for the current and comparative period:**

Description	Years
Buildings	15 – 50
Machinery, instruments and motor vehicles	4 – 20
Furniture, fixtures and office equipment	4 – 10

#### Projects under Construction

Projects under construction are measured at cost and include the cost of construction, equipment and direct expenses. Projects under construction that will be used by the company and its subsidiaries are not depreciated until they are ready for use as they are transferred to property, plant and equipment or investment properties according to the nature of use.

#### Intangible Assets

Intangible assets: Intangible assets acquired are measured separately at initial recognition at cost. The cost of intangible assets acquired in a business combination represents the fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally developed intangible assets are not capitalized, except for capitalized development costs. The related expenses are recognized in profit or loss in the period in which they are incurred. The useful lives of intangible assets are assessed as either finite or

indefinite. Intangible assets that have a finite life are amortized over their estimated useful lives. It is reviewed to ensure the existence of a decrease in its value when there is evidence indicating the occurrence of such a decrease. The amortization period and method for intangible assets that have a finite useful life are reviewed at least once at the end of each financial period. Changes in the expected useful life or the expected method of amortizing the future economic benefits embodied in the asset are accounted for by adjusting the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense for intangible assets with a finite useful life is included in the statement of profit or loss as an expense in line with the function of the intangible assets.

Intangible assets that do not have an indefinite life are not amortized, but are tested annually to ensure that there is no impairment in their value, separately or at the cash-generating unit level. The useful life of intangible assets that do not have an indefinite useful life is reviewed annually to ascertain whether the assessment made for the useful life still supports it. Otherwise, the change from "indefinite life" to "definite life" is made on a prospective basis.

An intangible asset is derecognised upon disposal (ie the date on which control is transferred to the recipient) or when no future economic benefits are expected from its use or disposal. The profit or losses arising from derecognition of intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the statement of profit or loss.

### Research and Development Costs

Research costs are recognized as an expense when incurred. Development expenditure arising from a particular project is recognized as an intangible asset when the Company and its subsidiaries can demonstrate the following:

- Technical feasibility of completing the intangible asset so that the asset is ready for use or sale,
- Its intent to complete and its ability and intent to use or sell the asset,
- How the asset will realize future economic benefits,
- Availability of resources to complete the asset.
- Ability to measure expenses reliably during development

After the initial recognition of the development expenses as an asset, the asset is recorded at its cost less the accumulated depreciation and accumulated impairment losses. Asset amortization begins upon completion of the development and the asset being available for use. The asset is amortized over period of the expected future benefits. The amortization is recorded in sales cost. During the development period, the asset is annually tested for impairment.

### Investment Properties

The investment properties are the property retained either to collect the rental revenue or to increase the capital or both of them, but such investment properties are not for sale in the normal course of business, during use in the production, supply of goods, provision of services, or for administrative purposes.

The investment properties are initially measured at cost, including the transaction costs. The investment properties are subsequently recorded at cost less accumulated depreciation and accumulated impairment losses, if any. This cost includes the cost of replacing parts of the investment properties and borrowing costs related to the long-term construction projects, if the evidence criteria are met. When it is necessary to replace significant parts of the investment properties in phases, the Company and its subsidiaries separately recognize these parts as assets with specific useful lives and these parts are accordingly depreciated. All repair and maintenance costs are recognized in the Consolidated statement of profit or loss when incurred.

The investment properties are derecognized either when they have been disposed of (i.e. when the control is transferred to the receiving party) or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the book carrying amount of the asset is recognized in the Consolidated statement of profit or loss in the period in which the recognition is ceased. The amount of compensation to be included in the profit or loss resulting from cessation of recognition of the investment properties is determined in accordance with the requirements for determining the transaction price contained in International Financial Reporting Standard (15) – "Revenue from Contracts with Customers".



Transfers are made to (from) the investment properties only when there is a change in use. As for a transfer from investment property to the owner-occupied property, the assumed cost for the subsequent accounting is the fair value at the date of change in use. When the owner-occupied properties become investment properties, the company and its subsidiaries shall calculate such properties in accordance with the applicable policies regarding the properties, machinery and equipment up to the date of the change in use.

#### **Lease Contracts**

Upon commencement of the contract, the company and its subsidiaries assess whether the contract is or contains a lease contract if the right to control the use of a specific asset is transferred for a specified period in consideration for so under the contract.

#### **The Company and its Subsidiaries as a Lessee**

The company and its subsidiaries apply a single method for recognizing and measuring all lease contracts, except for the short-term lease contracts and the low-value asset lease contracts. The company and its subsidiaries recognize the lease liabilities to pay for the rental values and the right-of-use assets representing the right to use related assets.

##### **1) Right-of-use assets**

The company and its subsidiaries recognize the right-of-use assets on the date of commencement of the lease contract (the date on which the asset becomes available right-of-use asset). The right-of-use assets are measured at cost less accumulated depreciation and impairment losses, and are adjusted due to re-measurement of the lease liabilities. Cost of the right-of-use assets includes value of recorded lease liabilities, initial direct incurred costs and lease payments made on or before the date of commencement of the lease contract less any received lease incentives. The right-of-use assets are depreciated on the straight-line basis over the lease term and the estimated useful lives of the assets, whichever is shorter. In the case of transferring the leased asset ownership to the company and its subsidiaries upon expiry of the lease term or when the cost shows exercise of the purchase option, the depreciation is calculated over the estimated useful life of the asset. In addition, the right-of-use assets are subject to impairment.

##### **2) Lease obligations**

At the beginning of the lease contract, the company and its subsidiaries recognize the measured lease obligations at the current value of the lease payments throughout the lease term. The lease payments include fixed payments (including the fixed payments in their substance) less any receivable lease incentives, variable lease payments which depend on some indicator or rate, and amounts expected to be repaid under the residual value guarantees. Also, the lease payments include the price of exercise of the purchase option which the Company and its subsidiaries reasonably and certainly exercise, and the penalty payments for terminating the lease contract if the lease term shows that the Company and its subsidiaries exercise the option of termination. The variable lease payments which do not depend on an indicator or rate are recognized as an expense (unless incurred for production of the goods) in the period in which the act or condition leading to payment occurs. When calculating the current value of the lease payments, the Company and its subsidiaries use their own increased borrowing rate at the date of commencement of the lease because the implicit interest rate in the lease is not easily identifiable. After the lease commencement date, the lease obligations value is increased to reflect the interest increase, and is reduced to reflect the made lease payments.

In addition, the carrying amount of the lease obligations is re-measured whenever there is a modification or change in the lease term, a change in lease payments (i.e. a change in future lease payments due to a change in the indicator or rate used to determine those payments), or a change in the specific assessment of the underlying asset.

##### **3) Short-term lease contracts and low-value asset lease contracts**

The Company and its subsidiaries apply the exemption from recognizing the short-term lease contracts to the short-term lease contracts of machinery and equipment (i.e. lease contracts which are for 12 months or less as of the date of commencement of lease and do not include the purchase option). In addition, the Company and its subsidiaries apply the exemption from recognizing the low value assets to lease contracts of the low-value office equipment. The lease payments relating to the short-term lease contract and low-value asset lease contracts are recognized as an expense on a straight-line basis over the lease term.

### **The Company and its Subsidiaries as a Lessor**

The lease contract under which the Company and its subsidiaries do not transfer all the asset-associated substantial risks and benefits classified as operating lease contracts. The initial direct costs incurred during the negotiation and arrangement for an operating lease contract are added to the carrying amount of the leased asset, and are recognized over the lease term on the same basis as rental income. The contingent rents are recognized as revenue in the period in which they are realized.

### **Stock**

The stock consists of the spare parts and other supplies. The stock Inventory is measured at cost or net realizable value, whichever is lower. The stock cost is primarily based on the weighted average principle, and includes the expenditures incurred to acquire the stock and the other costs incurred to bring such stock to the site at its current condition. The net realizable value is the estimated sale price during the ordinary course of business less the estimated costs of completion and the estimated costs required for completing the sale. The Company and its subsidiaries record a provision for stock losses due to factors such as damage, technical faults and physical damage.

### **Cash and Cash equivalents**

Cash and cash equivalents in the Consolidated statement of financial position consist of the cash in hand, cash with banks and short-term highly liquid deposits/ investments with maturities for three months or less, if any, which are available to the Company and its subsidiaries without any restrictions. For the purposes of the Consolidated statement of cash flows, the cash and cash equivalents consist of cash in hand, bank balances and Murabaha deposits.

### **Financial Instruments**

The financial instrument is a contract resulting in a financial asset for an entity and a financial liability or equity instrument for another entity.

The financial assets of the Company and its subsidiaries consist of cash, bank balances, trade receivables, investments at fair value through other comprehensive income, investment in an associate, payables by from relevant parties and financial liabilities consisting of long-term loans, bank facilities, trade and other payables.

#### **1) Financial assets**

##### **Initial recognition and measurement**

The financial assets are measured upon recognition at fair value. Upon initial recognition thereof, the subsequent measurement of the financial asset depends on its classification and whether it is subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

Upon initial recognition thereof, classification of the financial assets depends on the contractual cash flow characteristics of the financial asset and the business model of the Company and its subsidiaries. Except for the trade receivables which do not contain a material financial component, the Company initially measures the financial asset at its fair value plus the transaction costs if the financial asset is not classified at fair value through the profit or loss.

The trade receivables which do not contain a material financial component are measured at the transaction price determined under the IFRS (15).

For classification and measurement of the financial asset at amortized cost or fair value through the other comprehensive income, it must generate cash flows, "only payments for principal amount or interest on the principal outstanding amount. This assessment is referred to as a test of "only payments for the principal amount or interest on the principal outstanding amount" and is made at level of the financial instrument.

The purchases or sales of financial assets - which require delivery of the assets within the period stipulated by the regulations or those recognized in the market (ordinary transactions) - are recorded on the trading date, i.e. the date on which the Company and its subsidiaries commit to purchasing or selling the asset.

### Subsequent Measurement

For the purpose of subsequent measurement, the financial assets have been classified into the following categories:

- A) Financial assets at amortized cost;
- B) Financial assets recognized at fair value through other comprehensive income;
- C) Financial assets recognized at fair value through profit or loss;

#### A. Financial assets at amortized cost (debt instruments)

The Company and its subsidiaries measure the financial assets at amortized cost if the following two conditions are met:

- The financial asset is held within a business model designed to hold the financial assets to collect the contractual cash flows;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows which are only payments of the principal amount and interest on the principal outstanding amount.

The financial assets are subsequently measured at amortized cost using the effective interest rate method and are subject to impairment. The profits or losses are recognized in the Consolidated statement of profit or loss when the asset is ceased to be recognized, modified or impaired.

### Debt Instruments

The Company and its subsidiaries measure the recognized debt instruments at fair value through other comprehensive income if the following two conditions are met:

- The financial asset is held within a business model to acquire financial assets to collect contractual cash flows and sell;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows which are only payments of principal and interest on the principal outstanding amount.

As for the debt instruments at fair value through other comprehensive income, the interest income is recognized and the foreign currency conversion and the impairment losses are recognized in the Consolidated statement of profit or loss, where they are calculated in the same way of the financial assets measured at amortized cost. The changes in residual fair value are recognized in other comprehensive income. Upon cessation of recognition, the cumulative change in the fair value recognized in other comprehensive income is transferred to profit or loss.

### Equity Instruments

Upon initial recognition, the Company and its subsidiaries can select to irrevocably classify their equity investments as equity instruments classified at fair value through other comprehensive income when they meet the equity definition under the International Accounting Standard (32) Financial Instruments: "Offer and not hold them for trade". The classification rating is determined on an instrument-by-tool basis.

The profits or losses arising from these financial assets are never transferred to the profit or loss. The dividends are recognized as other income in the Consolidated statement of profit or loss upon acknowledgment of the right to pay them, unless the Company and its subsidiaries benefit from these proceeds such as recovery of part of the cost of the financial asset. In this case, such profits are recorded in other comprehensive income. The equity instruments classified at the fair value through other comprehensive income are not subject to the impairment assessment.

#### B. The financial assets at fair value through other comprehensive income

The financial assets at fair value through profit or loss include the financial assets held for trading, the financial assets allocated upon the initial recognition thereof at fair value through profit or loss, or the financial assets to be mandatorily measured at fair value. The financial assets are classified as "held for trading" if they are acquired to be sold or re-purchased in the near future. The derivatives, including derivatives included in other separate financial instruments, are classified as "held-for-trading derivatives" unless they are allocated as an effective hedging instrument. The financial assets with the cash flows, which are not only payments of the principal amount and interest, are classified and measured at fair value through profit or loss regardless of the business model. Despite the controls relating to classification of debt instruments at amortized cost or at fair value through the other comprehensive income as previously set out, the debt instruments may be allocated at fair value through profit or loss upon the initial recognition if doing so eliminates or significantly reduces the accounting asymmetry.



Financial assets at fair value through profit or loss are recorded in the Consolidated statement of financial position at fair value, while the net changes in the fair value are recognized in the Consolidated statement of profit or loss.

#### Business Model Assessment

The Company and its subsidiaries assess the objective of the business model in which the asset is held at the portfolio level because this reflects the best way to manage business and provide information to the Administration. The information includes the following:

- Working in light of the policies and objectives set out for the portfolio, and applying those policies, in particular, whether the management strategy focuses on achieving the contractual commission income, maintaining a certain commission rate, matching term of financial assets with term of liabilities financed by those assets or realizing the cash flows through sale of the assets;
- How to assess the portfolio performance and send reports on so to the Administration of the Company and its subsidiaries.
- The risks affecting the business model performance (and the financial assets held within the business model) and how the risks are managed;
- How the business managers are compensated, i.e. if the compensation is based on the fair value of the managed assets or the contractual cash flows that have been collected;
- Frequency, quantity and timing of the sales in previous periods, sales reasons and expectations about the future sale activities. However, the information on the sale activities is not considered separate, but is considered a part of the overall assessment of how the Company and its subsidiaries achieve their objective in managing the financial assets and how to realize the cash flows.

The business model assessment is based on the reasonably expected scenarios without taking into account the "worst" or "work under pressure" scenarios. If the cash flows are realized after the initial recognition in a way differing from the original expectations of the Company and its subsidiaries, the Company and its subsidiaries do not change classification of the residual financial assets held in the business model, but this information is integrated when making an assessment of the newly created or newly purchased financial assets in the future. The financial assets held for trading, whose performance is assessed on the fair value basis, are measured at the fair value through income statement because they are neither held to collect contractual cash flows nor are they held to collect contractual cash flows and sale of financial assets.

Assessment of whether the contractual cash flows are only payments of the principal amount or profit on the principal ("Controls for payments of the principal amount or profit on principal amount")

For the purposes of conducting this assessment, "Principal Amount" is the fair value of the financial asset upon the initial recognition. "Profit" is the price of the time value of the funds, the credit and other basic lending risks associated with the principal outstanding amount during a certain period, as well as the other basic lending costs (such as liquidity risk and administrative costs), plus the profit margin.

While assessment of whether the contractual cash flows are only payments of the principal amount and interest, the Company and its subsidiaries take into account the contractual terms of the instrument. This assessment includes whether the financial asset contains a contractual condition that may change the timing or amount of cash flows that do not meet this condition. While conducting the assessment, the Company and its subsidiaries take the following into consideration:

- The contingent actions that may change the amount and timing of the cash flows;
- Increasing advantages;
- Advance payments and extension conditions;
- The conditions restricting the Company's and its subsidiaries' claims for certain assets in the cash flows (i.e. asset arrangements with non-recourse right);
- The advantages leading to adjustment of the price of the financial value of the time, i.e. the periodic adjustment of profit rates.

## 2) Financial liabilities

### Initial recognition and measurement

Upon initial recognition thereof, the financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortized cost. All financial liabilities are initially recognized at fair value. In the case of financing and payables, they are recognized after deducting the costs directly attributable to the transactions.

### Subsequent measurement

Measurement of the financial liabilities depends on their classification as set out below:

#### Financial liabilities at fair value through profit or loss

The financial liabilities at fair value through profit or loss include the financial liabilities held for trading and financial liabilities allocated upon initial recognition thereof at fair value through profit or loss. The financial liabilities are classified as "held-for-trading" if they are incurred for repurchasing them in the near future.

The profits or losses of the held-for-trading liabilities are recognized in the Consolidated statement of profit or loss. The allocated financial liabilities are designated - upon initial recognition thereof - at the fair value through profit or loss at the date of initial recognition, only if the criteria set forth in the IFRS (9) are met.

#### Financial liabilities at amortized cost

After the initial recognition, the financial liabilities which are not measured at fair value through profit or loss are measured at the amortized cost using the effective interest rate method. The profits and losses arising from reversal of the interest cost are recognized through amortization of the effective interest rate and when the liability is derecognized in the Consolidated statement of profit or loss.

The amortized cost is calculated after taking into account the call option or discount while purchasing, as well as the fees or costs which are an integral part of the effective interest rate. The effective interest rate amortization is recognized as a finance cost in the Consolidated statement of profit or loss.

## 3) Cancellation of recognition

The financial asset (or part thereof or a part of a group of similar financial assets, where applicable) is ceased to be recognized (meaning that it is derecognized from the Consolidated statement of financial position of the Company and its subsidiaries) in the following cases:

- Expiry of the right to receive cash flows from the asset;
- The Company and its subsidiaries transfer the rights to receive cash flows from the asset or undertake to pay the received cash flows in full to another party without any delay in accordance with "pass-through arrangements" and if (A): The Company and its subsidiaries transfer all risks and benefits associated with the asset, or (B): The Company and its subsidiaries neither transfer nor retain all the benefits and risks associated with the asset, but rather transfer control of the asset.

In the cases in which the Company and its subsidiaries transfer the rights to receive cash flows from the asset or conclude a pass-through agreement, the Company and its subsidiaries shall assess whether and to what extent it has retained the benefits and risks associated with the ownership. In the cases in which most of the risks and benefits associated with the asset are not transferred or retained, or the control of the asset is not transferred, the Company and its subsidiaries continue to recognize the asset to the extent of their continuous connection with the asset. In that case, the Company and its subsidiaries also recognize the associated liabilities. The transferred assets and the associated liabilities are measured on the same basis which reflects the rights and liabilities retained by the Company and its subsidiaries.

The ongoing obligation which is in the form of guarantee over the transferred assets is measured at the original carrying amount of the assets or the maximum amount to be paid by the Company and its subsidiaries, whichever is lower.



### Financial Liabilities

The financial liabilities are ceased to be recognized when the obligation specified in the contract is paid, canceled or expired. When an existing financial obligation is replaced by another one from the same lender under completely different conditions or the conditions of the current obligation are materially modified, such replacement or modification is treated as a de-recognition of the original financial obligation together with recognition of the new obligation. The difference between the relevant book values is recognized in the Consolidated statement of profit or loss.

#### 4) Offset of the financial instruments

Financial assets and financial liabilities are offset and recognized in the net in the Consolidated statement of financial position only when there is a legally mandatory right to set off the recognized amounts and when there is an intention to settle the assets and liabilities on a net basis or to simultaneously sell the assets and settle the liabilities.

### Impairment of the financial and non-financial assets

#### Financial assets

On the date of each financial report, the Company and its subsidiaries make an assessment to ensure existence of objective evidence proving impairment of a financial asset or a group of financial assets. The financial asset or the group of financial assets is considered to have been impaired if there is objective evidence of impairment due to occurrence of one or more acts after the initial recognition of the asset ("loss that has been incurred") and if the loss act affects the estimated future cash flows of the financial asset or group of the financial assets that can be reliably measured. The evidence of impairment includes indications that the debtor or a group of debtors face significant financial difficulties, default or failure to pay the interest or principal amount, possibility of bankruptcy or other financial restructuring, and when the observable statements indicate a measurable impairment in the estimated future financial flows, such as changes in economic conditions associated with the defaults.

The Company and its subsidiaries recognize the expected credit losses provision regarding all non-held debt instruments at fair value through profit or loss. As for the trade receivables, the Company and its subsidiaries use the simplified method while calculating the expected credit losses. Accordingly, the Company and its subsidiaries do not follow the changes in the credit risk, but instead, the Company and its subsidiaries recognize the loss provision based on expected credit losses over the useful life at the date of each financial report. The Company and its subsidiaries have established a provisions matrix based on past experience of the credit losses which are modified according to future factors related to the debtors and the economic environment. The Company and its subsidiaries consider the financial asset to be in default when the contractual payments are late for ninety (90) days. However, in some cases, a group may consider the financial asset to be in default when internal and external information indicates that the Company and its subsidiaries will unlikely receive the full contractual outstanding amounts before taking into account any credit enhancements held by the Company and its subsidiaries. The financial asset is written off when there are no reasonable expectations of recovering the contractual cash flows.

#### Non-financial assets

On the date of preparing each financial statement, the Company and its subsidiaries conduct an assessment to ensure that there is any evidence of impairment in the value of an asset. If such evidence exists or when the annual test is required to be conducted confirm the existence of impairment, the Company and its subsidiaries estimate the recoverable amount of that asset. The recoverable amount is the fair value of the asset or cash-generating unit, whichever is higher, less the costs of disposal and value in use. The fair value less costs of disposal is determined by taking into account the recent market transactions. Whenever these transactions cannot be identified, a proper assessment method is used. The value in use is assessed by deducting the estimated future cash flows from their current value using the pre-tax deduction rate to reflect the current market assessments of the time value of the funds and the asset-related risks. The recoverable amount of the asset is determined unless the asset generates cash flows which are largely independent from the other assets or the group of assets. In the cases in which the carrying value of the asset or the cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is reduced to its recoverable amount.

The impairment losses are recognized in the statement of profit or loss. The recognized impairment-resulted losses related to the cash-generating unit are initially allocated to reduce the carrying amount of any goodwill distributed to the cash-generating units; then, then the book values of the other assets in the unit (group of units) are reduced on a proportional basis.

The impairment of goodwill is determined by estimating the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is recognized. The impairment loss on goodwill may not be reversed in future periods.

#### **Provisions**

The provisions are recognized when the Company and its subsidiaries have a (legal or implied) obligation resulting from a past act, the Company and its subsidiaries are likely to be required to pay for this obligation through the Company and its subsidiaries' outflows of resources embodying economic benefits and a reliable estimate can be made for the obligation amount. In the cases in which the Company and its subsidiaries expect to pay compensate some or all of the provisions, for example: under an insurance contract, the compensation is recognized as an independent asset only when it is certain that the entity will receive the compensation. Any provision-related expense is presented in the Consolidated statement of profit or loss and other comprehensive income after deducting any payment.

If the impact of the time value of funds is material, the provisions are deducted using the current pre-tax rate which, when appropriate, reflects the obligation-related risks. When the deduction is used, the increase in the provision resulting from the time passage is recognized as a finance cost.

#### **Actuarial Assessment Reserves**

##### **Short-term employee benefits**

The short-term benefits are calculated as expense when the related service is provided. The obligation is recognized in the amount expected to be paid in the case of existence of a legal or implicit obligation by the Company and its subsidiaries to pay this amount as a result of a previous service provided by the employee, where the obligation can be reliably estimated.

##### **Post-service benefits**

The Company's and its subsidiaries' obligation under the employee end-of-service benefits program is calculated as an unfunded defined benefits program, where such benefits are calculated by estimating the future benefits amount acquired during the current and previous periods and deducting that amount. The annually defined benefits obligation is calculated by qualified actuaries using the projected unit credit method. Re-measurement of the net defined benefit obligation consisting of actuarial profits and losses is directly recognized in other comprehensive income. The Company and its subsidiaries define the net interest expense on the net defined benefit obligation for the period through applying the deduction rate used to measure the defined benefit obligation at the beginning of the annual period against the subsequent net defined benefit obligation and by taking into account any changes in the net defined benefit obligation during the period due to the benefit payments. The net interest expense and other expenses associated with defined benefit programs are recognized within the employee expenses in the statement of profit or loss.

#### **Distribution of cash and non-cash dividends to the equity holders of the parent company**

The Company and its subsidiaries recognize the obligation to pay dividends upon approval of the distribution and recognize the fact that the distribution longer depends on the willingness of the Company and its subsidiaries. In accordance with the Articles of Association of the Company and its subsidiaries, the dividends are allowed to be distributed upon being approved by the shareholders. The initial dividends are recorded as a liability in the period in which they are approved by the Board of Directors. The dividends amount is directly recognized in the equity. A consideration amount is directly recognized in the equity.

The non-cash dividends are measured at the fair value of the assets to be distributed together with re-measurement of the fair value directly recognized in the equity.

When distributing the non-monetary assets, any difference between the carrying amount of the liabilities and the carrying amount of the assets which is distributed is recognized in the Consolidated statement of profit or loss.



## Revenue

The Company and its subsidiaries engage in the following business through its subsidiaries, jointly controlled entities and associates:

### Cable Manufacturing and Installation

The revenue is recognized when the obligations under the contract with the customer are met; in general, this recognition occurs when control of the products or services is transferred. The revenue is measured by the price amount which the Company and its subsidiaries expect to obtain for goods transportation or service provision. The expected guarantee-related costs are still recognized as expenses when the products are sold. The Company and its subsidiaries do not provide extended maintenance coverage beyond the basic warranties. The Company and its subsidiaries do not have any material payment terms because the payments are received in advance upon or shortly after the sale.

### Performance Obligations

In most cases, the contracts are accounted for as a separate performance obligation. However, in the less common cases, the Company and its subsidiaries may commit to providing separate goods or services within the contract. In this case, the contracts are separated into more than one performance obligation. The Company and its subsidiaries often sell standard products with observable single sales. In such cases, the observable separate sales are used to determine the separate sale price.

### Revenue Recognition Timing

The Company and its subsidiaries generally recognize the revenue at a certain time except for some long-term contracts, which are based on the cost method. The Company and its subsidiaries transfer the control and recognize the sale when the customer receives the product in the most revenue contracts. The received compensation amount and the recognized revenue rarely changes. The Company and its subsidiaries modify the revenue estimate, if any, when the amount most likely expected to be received changes or when the returns become fixed, whichever is earlier. The Administration uses observable prices to determine the independent sale price against the standalone performance obligations or uses the excess cost margin method when the price is not available.

The cash received in advance is processed against the revenue being recognized as deferred current revenue classified as advances by customers, except for the part expected to be settled for more than 12 months in the Consolidated statement of financial position, which is classified as deferred non-current revenue.

The time of recognition of the revenue, invoices, and cash gives rise to billed receivables, unbilled revenue (contract assets), advance payments and deposits by the customers (contract liabilities) in the Consolidated statement of financial position. In most cases, the amounts are billed upon work progress in accordance with the agreed-upon contractual conditions upon completion of the contractual phases. These assets and liabilities are recorded in the Consolidated statement of financial position on basis of the contract basis at the end of each report period. In some cases, the deposits are generally received from the customers upon implementation of the contract and completion of contractual phases. These deposits are liquidated when the revenue is recognized.

### Contract Assets

The contract assets include unbilled revenue usually resulting from the sales under long-term contracts, when the cost-to-cost method is used to recognize the revenue and when the recognized revenue exceeds the amount billed to the customer and when the right to payment is not subject only to the time passage. The amounts may not exceed the net realizable value. The contract assets are generally classified as current assets, except when the contract term is more than 12 months.

**Contract Liabilities**

The contract liabilities consist of the advance payments, the invoices in excess of the revenue recognized, and deferred revenue. Also, the Company and its subsidiaries may receive advance payments sequentially recognized in most cases during the contract term or modified against the subsequent bills. The contract assets and liabilities are presented in the net on basis of the contract at the end of each report period.

**Expenses****Direct costs**

The direct costs are all expenses directly attributable to or related to the key operating activities of the Company and its subsidiaries including, but not limited to: depreciation of the property, plant and equipment, amortization of the intangible assets, related costs directly attributable to the employees and etc.

**Sale and distribution expenses**

These expenses include any costs incurred to implement or facilitate the sale activities for the Company and its subsidiaries. Those costs include sales personnel's salaries and marketing, distribution and supply expenses, as well as allocation of some indirect general expenses.

**General and administrative expenses**

These expenses are related to the operating expenses which are not directly related to the production of goods or services. Also, such expenses include the distribution of indirect general expenses that are not specifically attributable to direct cost or the sale and distribution expenses.

Distribution of the direct expenses among the cost of revenue, sale and distribution expenses, and general and administrative expenses, when required, is made on a fixed basis.

**Borrowing Costs**

The borrowing costs directly relating to purchase, creation or production of an asset whose construction or preparation takes a long time to be ready for the purpose for which it was created or for sale are capitalized as part of the cost of that asset. All other borrowing costs are recognized as expenses during the period in which they are incurred. The borrowing costs consist of the expenses of interest on the loans and bank facilities and reversal of deduction on the long-term provisions.

**Financing Revenue**

The financing revenue consists of the revenue of interest on invested funds, recognized as interest revenue, where such revenue is recognized in the Consolidated statement of profit or loss using the effective interest method.

**Zakat**

The Company and its subsidiaries are subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("Authority"). A provision and zakat related to group ownership in the Saudi subsidiary are charged to the Company and its subsidiaries in the Consolidated statement of profit or loss.

**Current Income Tax**

The current income tax assets and liabilities are measured at the amount expected to be recovered or paid for the current year to the tax authorities. The tax rates and the tax systems used in calculating the amount are those issued or applicable at the report date in KSA.

**Deferred Income Tax**

The provision is formed for the deferred tax using the liability method on temporary differences between the assets and liabilities tax base and their book values according to purposes of the financial report at the report date.

The deferred tax liabilities are recognized for all temporary tax differences, except in the following cases:

- When the deferred tax liability arises from the initial recognition of goodwill, an asset or obligation in a transaction that is not a business combination at the time of the transaction, and does not affect the taxable accounting profit or profit or loss.
- With regard to the temporary tax differences related to investments in the subsidiaries and associates and shares in joint arrangements, when the timing of reversal of temporary differences can be controlled, and when the temporary differences are not likely to be reversed in the foreseeable future.

The deferred tax assets are recognized for all deductible temporary differences and an amount is carried over to unused tax account and any unused tax losses. The deferred tax assets are recognized to the extent to which there is a taxable profit under which the deductible temporary differences can be used and an amount can be carried over to unused tax account and unused tax losses, except for the following:

- When the deferred tax asset relating to the deductible temporary differences results from the initial recognition of an asset or liability in a transaction which is not a business combination at the time of the transaction, and does not affect the taxable accounting profit or profit or loss.
- With regard to the deductible temporary differences related to investments in the subsidiaries and associates and shares in joint arrangements, the deferred tax assets are recognized only to the extent to which it is probable to reverse the temporary differences in the foreseeable future and the taxable profit is available against which the temporary differences can be used.

The carrying amounts of the deferred tax assets are Audited at each report date and reduced to the extent in which it is unlikely to have available sufficient taxable profit to allow use of part or all of the deferred tax assets. The unrecognized deferred tax assets are re-assessed at each financial report date, and are recognized to the extent to which the deferred tax assets are likely to be covered by future taxable profits.

The deferred tax assets and liabilities are measured using the tax rates expected to be applicable in the year in which the asset is realized or the liability is settled based on the tax rate (and tax regulations) applied at the report date. The deferred tax related to items recognized outside the profit or loss is recognized outside the profit or loss. The deferred tax items related to some transaction are recognized either in the other comprehensive income or directly within the equity.

The tax benefits, which are acquired as part of business combination and did not meet the criteria for independent recognition at that date, are subsequently recognized if the new information relating to the facts and circumstances change. The adjustment will be considered as a decrease in goodwill (so long as it does not exceed the goodwill) if it is incurred during the measurement period or is recognized in the profit or loss.

The Company and its subsidiaries set off the deferred tax assets and liabilities only when there is a legally binding right to settle the current tax assets with the current tax liabilities, and when the deferred tax assets and deferred tax liabilities are related to the income levied by the same tax authority on the same or different taxable facility which intends to either settle the current tax assets and liabilities on a net basis or simultaneously sell the assets and settle the liabilities in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### **Withholding Tax**

The Company withholds taxes on non-assessed transactions with parties and on dividends paid to foreign shareholders in accordance with the regulations of the Zakat and Income Authority and these taxes are not recognized as an expense on the basis that they are an obligation on the counterparty on whose behalf the taxes are withheld.

#### **Value Added Tax (VAT)**

The expenses and assets are included less the value added tax except when a value added tax is incurred due to purchase of assets or services that cannot be recovered from the tax authority. In this case, the value added tax is included as part of the cost of purchasing the asset or as part of the item expense, where applicable.

### Segment Reports

The business segment is a group of assets, operations and facilities which:

- Engage in business activities from which it may receive revenue and incur expenses including the revenue and expenses relating to transactions with any other components of the Company and its subsidiaries;
- The outputs of their operations are continuously analyzed by the executive management of the Company and its subsidiaries (Financial and Operating Department) to make decisions related to resource allocation and performance assessment;
- The facilities to which the financial information is available.

The segment outputs about which the reports are prepared and presented to the executive management of the Company and its subsidiaries include those items that are directly attributable to the segment and those outputs that may be based on a reasonable basis.

The geographical segment is a group of assets, operations and facilities engaged in revenue-production activities within a certain economic environment and are subject to risks and returns differing from those existing in another economic environment.

For the management purposes, the Company and its subsidiaries consist of business units according to the products and services which they provide and they have two segments about which the reports are presented as follows:

- Merchandise sale
- Contract revenue

### Earnings per share

The Company and its subsidiaries present the basic and diluted earnings per share for their ordinary shares. The basic and diluted earnings per share are calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company and its subsidiaries by the weighted average number of the ordinary shares existing during the year.

### Trade receivables and withheld amounts to be received

The trade receivables are the amounts to be received from the customers for the products sold or services provided in the normal course of business. If the receivables are expected to be collected within a year or less, they are classified as current assets, and the other receivables are presented as non-current assets. The trade receivables and the receivable withheld amounts are recognized at fair value and are subsequently measured at amortized cost using the effective interest method, less the provision for impairment. The subsequently-recovered amounts that have been previously written off are recorded in the "General and administrative expenses" in the profit or loss.

### Hedge accounting

The derivative financial instruments are initially measured at their fair value on dates of the transactions. After the initial recognition, the derivative financial instruments are recorded at their fair values. The Company allocates the derivatives as hedging instruments to define the hedging relationships to manage the exposure to commodity price fluctuations in the stock. Thus, these derivatives are classified as cash flows hedging. The Company and its subsidiaries use the future foreign exchange contracts to cover the foreign exchange risks relating to the expected transactions, certain obligations and future commodity contracts in relation to the commodity price change risks.

The effective part of the hedging instrument profits or losses is directly recognized in other comprehensive income in the cash flow hedge reserve, provided that the ineffective part is directly recognized in the Consolidated statement of profit or loss. The cash flow hedge reserve is settled against the cumulative profit or loss of the hedging instrument and the cumulative change in the fair value of the hedged item. To qualify for hedge accounting, the hedge shall be expected to be "significantly effective", meaning that the changes in the fair value or cash flows of the hedging instrument shall settle the corresponding changes in the hedged item and shall be reliably measured. Upon commencement of the hedging relationship, the risk management objectives and strategy, including identification of the hedging instrument, the hedged item, nature of the hedged risk and how the Company will assess



effectiveness of the hedging relationship, are documented. Subsequently, the hedge shall be assessed and it shall be determined whether it is a permanently effective hedge.

At the date of each assessment of the hedge effectiveness, the hedging relationship shall be expected to be highly effective prospectively and shall set out that it has been effective (retroactive effectiveness) for the specified period to qualify for hedge accounting. A formal assessment is made through permanently comparing effectiveness of the hedging instrument in settling the changes in the fair value or cash flows related to the hedged risk with the hedged item at both the beginning and end of each quarter.

The hedge is expected to be highly effective if the changes in cash flows relating to the hedged risks of the hedging instrument are settled during the hedging period, or it is expected to achieve this settlement in future periods. The hedge effectiveness is recognized in the Consolidated statement of profit or loss.

As for hedges of the cash flows which meet the hedge accounting criteria, the portion of the profit or loss in the hedging instrument identified as an effective hedge is initially recognized as a fair value reserve in the Consolidated statement of the other comprehensive income and the ineffective portion, if any, is recognized in the Consolidated statement of profit or loss.

The hedge accounting is deducted upon expiry, sale, termination or exercise of the hedging instrument, when it is no longer qualified for the hedge accounting, or when transactions are not expected from the hedging instrument leading the Company to de-allocate it. In this case, the hedge accounting is prospectively deducted. At that time, any cumulative profit or loss in the cash flow hedging instrument, which had been recognized in the equity since the period in which the hedge was effective, is transferred to the statement of profit or loss in the case of occurrence of expected transaction. If no hedging transaction is expected to occur and this affects the statement of profit or loss, the cumulative net profit or loss included in the Consolidated statement of other comprehensive income is immediately transferred to the Consolidated statement of profit or loss.



#### 6.4 Basis of the auditor's qualified opinion on the financial statements

##### **Basis of Qualified Opinion for the Fiscal Year 2018G**

- a) The auditor did not get some bank approvals confirming that the cash balances are available for use, which amounted to 2.2 million Saudi riyals, in addition to the balance of loans with Al-Rajhi Bank, which amounted to 261.9 million Saudi riyals on December 31, 2018G. As a result, the auditor was unable to determine whether the amendments, if any, necessary if he was able to obtain these bank approvals. The auditor was unable to determine the potential impact on the Consolidated financial statements for the year ended December 31, 2018G. In addition, the auditor was unable to perform sufficient alternative audit procedures to make him sure enough about the completeness and existence of these bank balances, which are alternative procedures that are within the scope of auditor's work in the absence of bank approvals.
- b) On December 31, 2018G, one of the subsidiaries, Mass Kablo Yatirim and Tijarat Anonim Shirkati, achieved a net loss of 94.5 million Saudi riyals and its accumulated losses amounted to 413.3 million Saudi riyals on that date, which represents 86.7% of the subsidiary's capital, which considered a fundamental indication that the subsidiary is unable to continue as a continuous facility, and its ability to meet its obligations if realized. However, the Management believes that there are no risks related to the continuity of the subsidiary, thus, the subsidiary has restructured the amounts due to banks and other creditors and developed a plan to reduce its liabilities by relying on future cash flows related to existing projects. Accordingly, the financial statements were prepared by the subsidiary's Management according to the going concern basis of accounting.

The auditor has Audited the Consolidated financial statements of the Company and its subsidiaries, which consist of the Consolidated statement of financial position on December 31, 2018G, and the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of changes in shareholders' equity, the Consolidated statement of cash flows for the year ended on that date and the attached notes considered an integral part of these Consolidated financial statements, including a summary of significant accounting policies.

In the opinion of the auditor, with the exception of the effects of the issues described in the paragraph of the basis of the qualified opinion, the Consolidated financial statements fairly show, in all material respects, the consolidated statement of financial position of the Company and its subsidiaries on December 31, 2018G, its financial performance and its cash flows for the year ended on that date in accordance with international standards for the financial report approved in the Kingdom of Saudi Arabia and the standards and other publications approved by the Saudi Organization for Auditors and Accountants.

##### **Basis of Qualified Opinion for the Fiscal Year 2019G**

- a) One of the subsidiaries (Mass Kablo Yatirim and Tijarat Anonim Shirkati), achieved a net loss of 21.9 million Saudi riyals and its accumulated losses amounted to 435.2 million Saudi riyals on that date, which represents 91.2% of the subsidiary's capital, which considered a fundamental indication of the subsidiary's ability to continue as a continuous facility and its ability to meet its obligations if realized. The subsidiary still continues to restructure its obligations with creditors and developed a plan to reduce its liabilities by relying on future cash flows related to existing projects. Accordingly, the Management believes that there are no risks related to the continuity of the subsidiary. Accordingly, these facts are an indication of the Company's inability to continue as a continuous facility, and the auditor was unable to obtain sufficient and reasonable assurances and Audits to see if the subsidiary can continue in the future.

The auditor has conducted the audit in accordance with the international standards of auditing adopted in the Kingdom of Saudi Arabia. His responsibilities, under those standards, are detailed in the "Auditor's responsibilities for the audit of the Consolidated financial statements" section of the audit report. The auditor is independent of the Company in accordance with the code of conduct and professional etiquette approved in the Kingdom of Saudi Arabia and relevant to our audit of the Consolidated financial statements. The auditor has also fulfilled his other ethical responsibilities in accordance with these rules. In his opinion, the audit evidence obtained by him is sufficient and appropriate to provide a basis of a qualified opinion.



**Basis of Qualified Opinion for the Fiscal Year 2020G**

- a) The Consolidated financial statements include an investment in an associate company (with a 50% shareholding) with a book value of 319.1 million Saudi riyals and a share in the results of 1.52 million Saudi riyals on and for the year ended December 31, 2020G (318.18 million Saudi riyals and 0.4 million Saudi riyals on and for the year). ended on December 31, 2019G). The associate company has trade receivables amounting to 48 million Saudi riyals, which are overdue for more than one year, and the share of the Company and its subsidiaries from the such amount is 24 million Saudi riyals. The Management did not recognize in return any provision for expected credit losses. The Management was unable to provide the auditor with sufficient and appropriate audit evidence to ensure the recovery of the balances of these trade receivables. Therefore, the auditor was unable to determine if there was a need to make adjustments to the Company and its subsidiaries' share of the results and book value of the associate company for the year ending on December 31, 2020G.
- b) The Group received an assessment from the Zakat, Tax and Customs Authority ("the Authority"), and according to which requested the Authority additional zakat obligations amounting to 201.9 million Saudi riyals related to the assessments of previous years, against which the Company and its subsidiaries submitted objections to the Authority. Although the Management confirmed that they have grounds to object to the assessment clauses issued by the Authority, however the results of objections are uncertain at this stage. Accordingly, the potential zakat provision cannot be determined by the auditor. No provision has been made for the clauses under objection in these Consolidated financial statements and for any exposure to potential risks related to the current years for which the Authority has not issued the related assessment. The auditor was not provided with the basis and details of some of the objections to such assessments, including the details of calculating zakat and the objections related to the specific current years and some of the subsidiaries. Therefore, the auditor was unable to determine if there was a need to make adjustments to the zakat provisions of the Company and its subsidiaries, whether in the current or previous year, and the corresponding obligation.

The auditor has conducted the audit in accordance with the international standards of auditing adopted in the Kingdom of Saudi Arabia. His responsibilities, under those standards, are detailed in the "Auditor's responsibilities for the audit of the Consolidated financial statements" section of the audit report. The auditor is independent of the Company in accordance with the code of conduct and professional etiquette approved in the Kingdom of Saudi Arabia and relevant to our audit of the Consolidated financial statements. The auditor has also fulfilled his other ethical responsibilities in accordance with these rules. In his opinion, the audit evidence obtained by him is sufficient and appropriate to provide a basis of a qualified opinion.

## 6.5 Results of operations - Consolidated income statement

Table No. (8): Consolidated income statement for the fiscal years 2018G, 2019G and 2020G

(SAR IN 000'S)	2018G (Audited consolidated)	2019G (Audited consolidated)	2020G (Audited consolidated)	Annual change 2018G- 2019G	Annual change 2019G- 2020G	Annual change 2018G- 2020G
Revenues	8650,023	381,274	368,779	(55,9%)	(3,3%)	(34,7%)
Revenue cost	(960,889)	(416,451)	(426,441)	(56,7%)	2,4%	(33,4%)
<b>Total of loss</b>	<b>(95,866)</b>	<b>(35,177)</b>	<b>(75,662)</b>	<b>(63,3%)</b>	<b>63,9%</b>	<b>(22,4%)</b>
General and administrative expenses	(76,840)	(51,369)	(62,694)	(33,1%)	22,0%	(9,7%)
Selling and distribution expenses	(35,420)	(20,856)	(16,616)	(41,1%)	(20,3%)	(31,5%)
Expected credit losses	-	(1,931)	(32,839)	-	1600,6%	-
<b>operational loss for the year</b>	<b>(208,126)</b>	<b>(109,333)</b>	<b>(169,811)</b>	<b>(47,5%)</b>	<b>55,3%</b>	<b>(9,7%)</b>
Financing costs, net	(43,981)	(13,551)	(12,774)	(69,2%)	(5,7%)	(46,1%)
Share in the results of an associate company	(86,490)	395	1,524	(100,5%)	285,8%	-
Other income, net	228,099)	70,569	133,060	(69,1%)	88,6%	(23,6%)
Gain on exclusion of a subsidiary	74,280	-	-	-	-	-
<b>Loss prior to zakat and income tax</b>	<b>(63,218)</b>	<b>(51,920)</b>	<b>(48,001)</b>	<b>(17,9%)</b>	<b>(7,5%)</b>	<b>(12,9%)</b>
Zakat	(11,000)	(11,666)	(8,585)	6,1%	(26,4%)	(11,7%)
Income tax	5,591	26	855	(99,5%)	3188,5%	(60,9%)
<b>Net loss for the year</b>	<b>(68,627)</b>	<b>(63,560)</b>	<b>(55,731)</b>	<b>(7,4%)</b>	<b>(%)</b>	<b>(9,9%)</b>
<b>Other comprehensive income:</b>						
Changes in foreign currency exchange reserve	365	300	(126)	(17,8%)	(142,0%)	-
Changes in actuarial valuation reserves	2,277	(5,570)	(8,292)	(344,6%)	48,9%	-
Hedging reserve	12,608	(132)	7,806	(101,0%)	(6013,6%)	(21,3%)
<b>Total of comprehensive loss for the year</b>	<b>(53,377)</b>	<b>(68,962)</b>	<b>(56,343)</b>	<b>29,2%</b>	<b>(18,3%)</b>	<b>2,7%</b>
Shareholders of the Parent Company	(62,952)	(61,831)	(55,012)	(1,8%)	(11,0%)	(6,5%)
Non-controlling shares	(5,675)	(1,729)	(719)	(71,4%)	(57,7%)	(65,2%)
<b>Net loss due to:</b>						
Shareholders of the Parent Company	(47,702)	(67,260)	(55,624)	41,0%	(17,3%)	8,0%



Non-controlling Equity	(5,675)	(1,701)	(719)	(70,0%)	(57,7%)	(64,4%)
The most important main indicators of the Consolidated income statement for the fiscal years 2018G, 2019G and 2020G						
As a percentage of revenue	2018G	2019G	2020G	Percentage points 2018G- 2019G	Percentage points 2019G- 2020G	Percentage points 2018G- 2020G
Profit/(loss) margin	(11,1%)	(9,2%)	(15,6%)	1,9	(6,4)	(4,6)
General and administrative expenses	8,9%	13,5%	17,0%	4,6	3,5	8,1
Selling and distribution expenses	4,1%	5,5%	4,5%	1,4	(1,0)	0,4
Operational profit/(loss) margin	(24,1%)	(28,7%)	(46,0%)	(4,6)	(17,4)	(22,0)
profit/(loss) margin prior to zakat and income tax	(7,3%)	(13,6%)	(13,0%)	(6,3)	0,6	5,7
Income/(loss) margin for the year	(7,9%)	(16,7%)	(15,1%)	(8,7)	1,6	7,2
Comprehensive profit/(loss) margin for the year	6,2(%)	(8,0%)	(6,5%)	(1,8)	1,5	0,3
Average global copper metal price per ton (SAR)	25,346	22,770	23,419	(10,2%)	2,9%	(3,9%)
Average global aluminum metal price per ton (SAR)	8,085	7,436	6,188	(8,0%)	(16,8%)	(12,5%)

Source: Audited consolidated financial statements for the fiscal years 2018G, 2019G and 2020G and the Management information.

### Revenues

The revenues of the company and its subsidiaries mainly consist of selling copper and aluminum cables (low, medium and high voltage) and other specialized cables (related to specific cables made with special specifications for some projects of oil and gas companies) and others used in the oil and gas sector. While the company and its subsidiaries get the other part of its revenues from turnkey projects such as drilling and installation projects and supplying accessories for power and telecommunications projects.

The revenues of the company and its subsidiaries decreased by 55.9% from 865.0 million SAR in the fiscal year 2018G to 381.3 million SAR in the fiscal year 2019G, as a result of the decrease in the level of production in the company and its subsidiaries due to the general economic slowdown and the decrease in the pace of construction projects in addition to the increase in the severity of working capital restrictions and financial obligations of the parent company "Saudi Cable Company", which led to a decrease in operating rates and thus the decrease in the quantities sold of copper cables from 14.7 thousand tons to 6.2 thousand tons during the same period. This decline is also due to the decrease in orders from the Turkish market, mainly on subsidiaries in Turkey, due to the economic conditions in Turkey in the same period, in addition to the sale of Demirer Kablo Company in August 2018. The revenues of the company and its subsidiaries decreased by 3.3% to reach 368.8 million SAR in the fiscal year 2020 G as a result of the decrease in the sales of Mass Projects Company for Power and Telecommunications due to the failure of Mass Projects to compete in tenders due to the suspension of some projects in addition to the delay in tenders as a result of the effects of the global Corona pandemic during the same period. In addition to the decrease in the revenues of ELIMSAN Company as a result of the continuing economic slowdown as well. This decrease was offset by an increase in the sales of the Saudi Cable Company as a result of the increase in sales to major clients in the oil and gas companies sector after the availability of the necessary liquidity to meet the demands as a result of the financing from the rights issue at the beginning of the fiscal year.



### Cost of Revenue

Cost of revenue mainly consists of raw materials, personnel costs and depreciation expenses. The cost of revenue decreased by 56.7% from 960.9 million SAR in fiscal year 2018G to SAR 416.5 million in fiscal year 2019G, mainly due to the decrease in the cost of raw materials from 702.0 million SAR to 285.8 million SAR in the same period, especially the cost of copper as a result of a decrease in the quantities sold of copper cables during the same period by 61.5% from 14.7 thousand tons to 6.2 thousand tons, in addition to the decrease in the global copper metal prices, and the decrease in the cost of non-metallic materials and other materials due to a decrease in sales during the same period, as the sharp decrease in the level of sales affected the cost of non-metallic materials and other materials.

The cost of revenue increased by 2.4% to reach 426.4 million SAR in the fiscal year 2020G as a result of the increase in the cost of copper metal due to the increase in the quantities sold of copper cables during the same period by 12.7% to reach 7.17 thousand tons, in addition to the increase in personnel costs due to the increase in the average cost of employees per employee from 78.0 thousand Saudi riyals to 81.7 thousand Saudi riyals as a result of the increase in government fees for employees.

### Total Loss

The total loss decreased by 63.3% from the loss of 95.9 million SAR in the fiscal year 2018G to the loss of 35.2 million SAR in the 2019G as a result of the absence of adjustments to the revenues of ELIMSAN Company that were recorded in the fiscal year 2018. In addition to the increase in the total Mass Projects Company's profit increased by 164.2%, from 4.3 million SAR to 11.4 million SAR during the same period, the thing which was offset by the company's sale of its entire stake in Demirer Kablo Company in August of the fiscal year 2018. This resulted in the decrease in the margin of loss from 11.2% to 9.2% during the same period. The total loss also increased by 63.9% to reach a loss of 57.7 million SAR in the fiscal year 2020G as a result of the change in the mix of products with costs for the Saudi Cable Company, in addition to the high losses for most of the subsidiaries due to the inability to exploit the full operating capacity as a result of working capital restrictions, and the liquidity shortage worsened when the group's operations were affected by the Corona pandemic.

### General and Administrative Expenses

General and administrative expenses mainly consist of salaries and related benefits, legal and professional fees, repair and maintenance expenses, depreciation and amortization expenses, Bank charges, general utility expenses, rent expenses, insurance, printing expenses, stationery, advertising, transportation, travel and other expenses. General and administrative expenses decreased by 33.1% from 76.8 million SAR in the fiscal year 2018 to 51.4 million SAR in the fiscal year 2019 as a result of the decrease in depreciation and amortization expenses by 10.8 million SAR as a result of the company selling its entire stake in Demirer Kablo Company in August of the fiscal year 2018. In addition to a decrease in salaries and related benefits by 5.2 million SAR in line with the decrease in the number of employees by 31 employees during the same period. General and administrative expenses increased by 22.0% to reach 62.7 million SAR in the fiscal year 2020G as a result of the increase in legal and professional fees by 6.8 million SAR due to legal, accounting and financial advisory expenses related to the company's subscription to initial rights shares, in addition to the reclassification of bank expenses amounting to 1.4 million SAR. Related to currency translation differences, in addition to the expenses of legal advice related to some issues for subsidiaries in Turkey and legal advice related to tax and zakat advice matters.

### Selling and Distribution Expenses

Selling and distribution expenses principally consist of salaries and related benefits, freight, insurance, transportation, depreciation, amortization and other expenses. Selling and distribution expenses decreased by 41.1% from 35.4 million SAR in fiscal year 2018G to 20.9 million SAR in fiscal year 2019G as a result of the decrease in shipping, insurance and transportation expenses by 9.4 million SAR in line with the decrease in sales of the company and its subsidiaries during the same period, in addition to selling the company's entire stake in Demirer Kablo Company in August of the fiscal year 2018, in addition to the decrease in salaries and related benefits by 5.1 million SAR in line with the decrease in the number of employees by about 26 employees during the same period. Selling and distribution expenses continued to decline by 20.3% to reach 16.6 million SAR in the fiscal year 2020G

as a result of the decrease in other expenses by 2.0 million SAR and the decrease in shipping, insurance and transportation expenses by 1.2 million SAR due to the decrease in the sales of the company and its subsidiaries during the same period affected by the Corona pandemic.

#### **Expected Credit Losses**

Expected credit losses relate to debt losses that the company is not likely to recover when selling on credit in accordance with IFRS-9. Expected credit losses amounted to zero in fiscal year 2018G as a result of collecting amounts related to a major customer. Then the expected credit losses increased by 1600.6% from 1.9 million SAR in fiscal year 2019G to 32.8 million SAR in fiscal year 2020G as a result of charging losses amounting to 11.5 million SAR to the provision related to accounts receivable, losses amounting to 17.3 million SAR related to retained amounts receivable, and losses amounting to 2.2 million SAR related to non-billed contract assets related to more than one year.

#### **Net Financing Costs**

Financing costs decreased by 69.2% from 44.0 million SAR in fiscal year 2018G to 13.6 million SAR in fiscal year 2019G in line with the decrease in the company's loans and bank facilities due to the restructuring of loans and financial obligations during the same period, in addition to the decrease in the financial burdens related to Demirer Kablo Company after the company sold its entire stake in Demirer Kablo Company in August of the fiscal year 2018.

Financing costs continued to decline by 5.7% to reach 12.8 million SAR as a result of the company obtaining gains in foreign exchange (which were losses in the fiscal year 2019G) in addition to restructuring debts related to Noble Company. The company also obtained gains due to a change in the fair value of the financial liabilities amounting to 15.9 million SAR.

#### **Share of the company and its subsidiaries from the profit/ (loss) of an associate**

The company and its subsidiaries record their share of the net profits of its associates in the Consolidated income statement. As in 2019, Midal Cables LTD. W.L.L and Zakka Multitec Company for Information Technology are the two associate companies invested in by the company and its subsidiaries. The share in the results of the associate company increased in losses of 86.5 million SAR in 2018 to a profit of 395 thousand SAR mainly as a result of the Midal Cables Ltd. W.L.L achieving losses of 173.0 in the fiscal year 2018 and profits of 790 thousand SAR in the fiscal year 2019G. The share in the results of the associate company continued to increase by 285.8% to reach 1.5 million SAR in the fiscal year 2020G as a result of the achievement of profits by Midal Cables Ltd. W.L.L of 5.7 million Saudi riyals during the same period.

#### **Profit on Disposal of Subsidiary**

The profit resulting from disposal of a subsidiary relates to the sale of the company's entire stake in Demirer Kablo Company in the fiscal year 2018, where the profit resulting from disposal of a subsidiary amounted to 47.3 million Saudi riyals in the fiscal year 2018.

#### **Other Income, Net**

Other income mainly consists of reversal of statutory provisions, reversal of receivables provisions, profits from foreign currency transactions and reversals of doubtful receivables, and profits from restructuring obligations and loans with commercial banks. Other income decreased by 69.1% from 228.1 million SAR in fiscal year 2018G to 70.6 million SAR in fiscal year 2019G due to the decrease in profits resulting from restructuring obligations and loans with commercial banks by 211.2 million SAR as the company entered into a settlement agreement with the National Commercial Bank and Bank Al-Jazira, on the basis of which the company paid an amount of 110 million Saudi riyals, in exchange for waiving the outstanding balance amounting to 203 million Saudi riyals during the fiscal year 2018. In addition to losses in foreign currencies amounting to 954 thousand Saudi riyals, due to the rise of the Turkish lira during the same period, as this rise led to a rise in the company's obligations in the Turkish lira currency. This decrease was offset by an increase in the item of reversing the entry of other provisions and payables, amounting to 45.0 million Saudi riyals during the fiscal year 2019G, which included the reversal of legal and zakat provisions, a provision for advance payments from customers that were not claimed by customers, and a provision due to related parties.

Other revenues increased by 88.6% to reach 133.1 million Saudi riyals in the fiscal year 2020G as a result of the reversal of the entry of legal provisions amounting to 89.7 million Saudi riyals related to the Turkish subsidiary "ELIMSAN Company", in addition to the existence of foreign exchange profits of 16.3 million Saudi riyals due to the decline in the Turkish lira. During the same period, this decrease was offset by a decrease in the company's obligations in the Turkish lira currency.

#### **Zakat**

The charged zakat expense for the year increased by 6.1% from 11.0 million Saudi riyals in the fiscal year 2018 to 11.7 million Saudi riyals in the fiscal year 2019 due to the commitment of the company and its subsidiaries to increase the zakat provision despite the decrease in the zakat base in order to pay potential zakat obligations for previous financial years that may amount to 183 million Saudi riyals (for more information, please refer to subsection (3.5.6.6) "Zakat" of this section). It is worth noting that the company received some zakat assessments from the General Authority for Zakat and Income, whereby the authority requested additional zakat obligations in the amount of 201.9 million Saudi riyals regarding zakat assessments for the previous years, which the company objected to, and these additional obligations are related to the parent company "Saudi Cable Company" and the Mass Centers for the Distribution of Electrical Products Ltd., Mass Projects for Power and Telecommunications Ltd and Saudi Cable Company Marketing Ltd., on this basis the chargeable zakat for the year decreased by 26.4% to reach 8.6 million Saudi riyals in the fiscal year 2020.

#### **Income Tax**

Income tax decreased by 99.5% from 5.6 million SAR in fiscal year 2018G to 26 thousand SAR in fiscal year 2019G as a result of the company selling its entire stake in Demirer Kablo Company in August of the fiscal year 2018. Then, the income tax increased by 3,188.5% to reach 855 thousand Saudi riyals in the fiscal year 2020G as a result of the increase in the losses of ELIMSAN Company during the same period.

#### **Net Loss for the Year**

The net loss for the year decreased by 7.4% from 68.6 million SAR in fiscal year 2018G to 63.6 million SAR in fiscal year 2019G mainly as a result of the decrease in total loss for the year by 63.3% from the loss of 95.9 million SAR in the fiscal year 2018G to the loss of 35.2 million Saudi riyals in the fiscal year 2019G and the decrease in operating expenses in line with the company's sale of its entire stake in Demirer Kablo Company, in addition to reversal of provisions amounting to 45.0 million Saudi riyals, which contributed to the decrease in the net loss during the same period. The margin of loss for the year increased from 7.9% in fiscal year 2018 to 16.7% in fiscal year 2019.

The net loss for the year decreased by 12.3% to reach 55.7 million SAR in the fiscal year 2020, mainly due to the reversal of legal provisions amounting to 89.7 million SAR and foreign currency profits of 16.3 million SAR during the same period, which led to a decrease in the loss margin for the year to reach to 15.1% in the fiscal year 2020.

## 6.5.1 Revenues

### 6.5.1.1 Organization of Subsidiaries

Table No. (8): Organization of Subsidiaries

The Company	Country of Incorporation	Actual ownership percentage as on December 31, 2018	Actual ownership percentage as of December 31, 2019	Actual ownership percentage as on December 31, 2020
<b>Local:</b>				
Saudi Cable Company for Marketing Ltd*	Kingdom of Saudi Arabia	100%	100%	100%
MASS for Power and Communications Projects Limited "MAS"	Kingdom of Saudi Arabia	100%	100%	100%
Mass Centers for Distribution of Electrical Products Limited*	Kingdom of Saudi Arabia	100%	100%	100%
<b>International:</b>				
Mass Kablo Ve Ticaret Anonim Sirketi "Mass Kablo"	Turkey	100%	100%	100%
Mass International Trading Co. Ltd. (No activity)*	Ireland	100%	100%	100%
Saudi Cable (UAE)	The United Arab Emirates	100%	100%	100%
Elmassan Salt Sihazlay and Electromechanical San and Tek AS **	Turkey	94%	94%	94%
Elmassan Metallurgy and McKinney-San and Tech SA**	Turkey	94%	94%	100%
Fairhaven Holdings Limited	Seychelles	-	100%	100%
Cables Holding Company Limited	Malta	-	100%	100%
Jozo Jayriminkule Anonymous Shirkati	Turkey	-	100%	100%
Valletta Jayrimincol Anonymous Cherkati Company	Turkey	-	100%	100%

Source: Audited consolidated financial statements for fiscal years 2018G, 2019G and 2020G and Management information.

\*The investment in Saudi Cable Company Marketing Ltd., Mass Centers for the Distribution of Electrical Products Ltd. and Mass International Trading Co. Ltd. was calculated based on the financial statements prepared by the departments of the subsidiaries. The management believes that there are no material amendments to these financial statements and that the accounts of these subsidiaries are not material at the level of Consolidated financial statements.

\*\*Elmassan Metallurgy Company, McKinney-Sun and Tech SA is 100% owned by AlMasan Salt Seihazlay, Ketrimekaneksan and Tek AS, which is owned by the Saudi Cable Company and its subsidiaries by 94%. As such, the two companies were considered as one in the presentation of the results.

### 6.5.1.2 Revenue By The Company

Table No. (9): Revenues by the company for the fiscal years 2018, 2019 and 2020

(SAR in 000's)	2018G	2019G	2020G	Annual Change 2018G-2019G	Annual Change 2019G-2020G	Compound Annual Growth 2018G-2020G
Saudi Cable (Company)	561,490	258,641	295,557	(53.9%)	14.3%	(27.4%)
Mass Company	63,800	89,985	58,213	41.0%	(35.3%)	(4.5%)
Saudi Cable - UAE	76,705	6,391	8,608	(91.7%)	34.7%	(66.5%)
Elmassan Company	72,857	26,257	6,401	(64.0%)	(75.6%)	(70.4%)
Demirer Kablo Company	90,172	-	-	(100.0%)	-	(100.0%)
<b>Total</b>	<b>865,023</b>	<b>381,274</b>	<b>368,779</b>	<b>(55.9%)</b>	<b>(3.3%)</b>	<b>(34.7%)</b>



As a percentage of total	2018G	2019G	2020G	percentage point 2018G-2019G	percentage point 2019G-2020G	percentage point 2018G-2020G
<b>Saudi Cable (Company)</b>	64.9%	67.8%	80.1%	2.9	12.3	15.2
<b>Mass Company</b>	7.4%	23.6%	15.8%	16.2	(7.8)	8.4
<b>Saudi Cable - UAE</b>	8.9%	1.7%	2.3%	(7.2)	0.6	(6.6)
<b>Elimsan Company</b>	8.4%	6.9%	1.7%	(1.5)	(5.2)	(6.7)
<b>Demirer Kablo Company</b>	10.4%	-	-	-	-	-

Source: The Company and its subsidiaries

### Saudi Cable Company "The Company"

The revenues of the Saudi Cable Company relate to the sale of copper and aluminum cables (low, medium and high voltage) and other specialized cables and others used in the oil and gas sector, as these revenues are concentrated in the local market in the Kingdom of Saudi Arabia. The revenues of the Saudi Cable Company decreased by 53.9% from 561.5 million Saudi riyals in the fiscal year 2018G to 258.6 million Saudi riyals in the fiscal year 2019 as a result of the decrease in the level of production due to the general economic slowdown and the decrease in the pace of construction projects in addition to the increase in the severity of working capital restrictions and financial obligations of the company, which led to the decrease in the operating rates and the completion of the delivery of some major projects and consequently the decrease in the sold quantities of copper cables from 14.7 thousand tons to 6.2 thousand tons during the same period. The revenues of the Saudi Cable Company increased by 14.3% to reach 295.6 million Saudi riyals in the fiscal year 2020G as a result of the increase in the revenues of the oil and gas companies sector from 88.5 million Saudi riyals in the fiscal year 2019 to 114.5 million Saudi riyals in the fiscal year 2020 due to the increase in sales to major customers in the oil and gas companies sector after providing the necessary liquidity to meet the demands as a result of the financing from the rights issue at the beginning of the fiscal year 2020.

### Mass Projects Company for Power and Telecommunications

Mass Projects for Power and Telecommunications is engaged in turnkey projects such as drilling and installation projects and supplying accessories for energy and communications projects. The revenues of Mass Projects for Power and Telecommunications are recorded on the basis of calculating the percentage of completion of the project for each period. The revenues of Mass Projects for Power and Telecommunications increased by 41.0% from 63.8 million Saudi riyals in the fiscal year 2018G to 90.0 million Saudi riyals in the fiscal year 2019G, as a result of the increase in activities in Bahrain projects and the increase in sales of accessories, the revenues of Mass Projects decreased by 35.3% to reach 58.2 million Saudi riyals in the fiscal year 2020G due to the failure of Mass Projects to compete in tenders due to the suspension of some projects. Note that the nature of the turnover of receivables for turnkey projects often has long periods, which negatively affects the turnover of working capital, in addition to the delay in tenders as a result of the effects of the global Corona pandemic and the completion of some existing projects during the same period.

### Saudi Cable Company - UAE

The revenues of Saudi Cable Company - UAE relate to revenues from the sale of the products of the parent company "Saudi Cable Company" outside the Kingdom of Saudi Arabia as the countries of the Gulf Cooperation Council and other exports. The revenues of the Saudi Cable Company - UAE decreased by 91.7% from 76.7 million Saudi riyals in the fiscal year 2018G to 6.4 million Saudi riyals in the fiscal year 2019G due to the decrease in sales related to one of the main customers in the UAE, which supplied the bulk of the required quantities in the fiscal year 2018. The revenues of Saudi Cable Company -UAE increased by 34.7% to reach 8.6 million Saudi riyals in the fiscal year 2020G as a result of the increase in sales to the Gulf Cooperation Council countries, where the company was able to obtain new supply orders for 5 new customers during the same period.



### Elimsan Company

The revenues of the Turkish company Elimsan are mainly on the manufacture of electrical switches, transformers and their accessories. The revenues of the Turkish Elimsan Company decreased by 64.0% from 72.9 million riyals in the fiscal year 2018G to 26.3 million riyals in the fiscal year 2019 as a result of the decrease in sales to Qatar (which constituted about 2% of the total revenues of the parent company as in 2018), which amounted to about approximately 40% of the decrease in the revenues of Elimsan Company. Although Elimsan Company is a Turkish entity, Elimsan Company has lost many of the tenders that were put up in the Qatari market in the fiscal year 2018. Due to the nature of tenders that are not considered guaranteed for Elimsan Company, Elimsan Company was not able to win any tender in the fiscal year 2018G and 2019G, respectively, in addition to the economic slowdown in Turkey, and working capital restrictions for the parent company "Saudi Cable Company" and its subsidiaries led to the decrease in the financial solvency to support the subsidiaries in adopting and providing new orders in the international markets, as the parent company's efforts were focused on following up the local market in the Kingdom of Saudi Arabia within the financial capacity available to it and its subsidiaries. Elimsan's revenues continued to decline by 75.6% to reach 6.4 million Saudi riyals in the fiscal year 2020G as a result of the continued economic slowdown in addition to the effects of the Corona pandemic on the international markets.

### Demirer Kablo Company

The activities of the Turkish Demirer Kablo Company are manufacturing, supplying and trading electrical cables and their accessories. The revenues of Demirer Kablo Company amounted to 90.2 million Saudi riyals in the fiscal year 2018. It is worth noting that the company sold its entire stake in Demirer Kablo Company in August of the fiscal year 2018, which led to the decrease in the loss of its revenues in the fiscal year 2019 and 2020.

#### 6.5.1.3 Revenue By Products

Table No. (10): Revenues by products for the fiscal years 2018G, 2019G and 2020G.

(SAR in 000's)	2018G	2019G	2020G	Annual Change 2018G-2019G	Annual Change 2019G-2020G	Compound Annual Growth 2018G-2020G
<b>Copper Cables:</b>						
Low Voltage Cables	246,003	80,984	87,831	(67.1%)	8.5%	(40.2%)
Medium Voltage Cables	53,563	24,208	38,231	(54.8%)	57.9%	(15.5%)
High voltage cables	103,607	61,464	48,117	(40.7%)	(21.7%)	(31.9%)
Internal wires	62,938	26,520	31,358	(57.9%)	18.2%	(29.4%)
Cables for the oil and gas sector	36,504	30,736	46,147	(15.8%)	50.1%	12.4%
Specialized Cables	29,749	19,137	8,290	(35.7%)	(56.7%)	(47.2%)
Metal telephone cables	810	-	-	(100.0%)	-	(100.0%)
Total Copper Cables	533,175	243,049	259,974	(54.4%)	7.0%	(30.2%)
<b>Aluminum Cables:</b>						
Low Voltage Cables	3,934	2,096	12,499	(46.7%)	496.3%	78.2%
Medium voltage Cables	3,456	2,363	14,160	(31.6%)	499.2%	102.4%
High Voltage Cables	10,777	5,436	-	(49.6%)	(100.0%)	(100.0%)
Overhead Cables	2,034	-	63	(100.0%)	-	(82.4%)
Total aluminum cables	20,201	9,895	26,722	(51.0%)	170.1%	15.0%
Fiber Optic Cables	7,563	722	800	(90.5%)	10.8%	(67.5%)
Non-cable revenues	551	4,975	8,060	802.9%	62.0%	282.5%
Total Products Revenues for Saudi Cable Company	561,490	258,641	295,557	(53.9%)	14.3%	(27.4%)
Mass Company	63,800	89,985	58,213	41.0%	(35.3%)	(4.5%)



Saudi Cable - UAE	76,705	6,391	8,608	(91.7%)	34.7%	(66.5%)
Elimsan Company	72,857	26,257	6,401	(64.0%)	(75.6%)	(70.4%)
Demirer Kablo Company	90,172	-	-	-	-	-
<b>Total</b>	<b>865,023</b>	<b>381,274</b>	<b>368,779</b>	<b>(55.9%)</b>	<b>(3.3%)</b>	<b>(34.7%)</b>
<b>As a percentage of the total</b>	<b>2018G</b>	<b>2019G</b>	<b>2020G</b>	<b>percentage point 2018G-2019G</b>	<b>percentage point 2019G-2020G</b>	<b>percentage point 2018G-2020G</b>
Copper Cable	61.6%	63.7%	70.5%	2.1	6.7	8.9
Aluminum Cable	2.3%	2.6%	7.2%	0.3	4.7	4.9
Other Cables	0.9%	1.5%	2.4%	0.6	0.9	1.5
Saudi Cable (Company)	64.9%	67.8%	80.1%	2.9	12.3	15.2
Mass Company	7.4%	23.6%	15.8%	16.2	(7.8)	8.4
Saudi Cable - UAE	8.9%	1.7%	2.3%	(7.2)	0.6	(6.6)
Elimsan Company	8.4%	6.9%	1.7%	(1.5)	(5.2)	(6.7)
Demirer Kablo Company	10.4%	-	-	(10.4)	-	(10.4)
<b>Quantities Sold (Ton)</b>	<b>2018G</b>	<b>2019G</b>	<b>2020G</b>	<b>Annual Change 2018G-2019G</b>	<b>Annual Change 2019G-2020G</b>	<b>Compound Annual Growth 2018G-2020G</b>
<b>Copper Cables:</b>						
Low Voltage Cables	7,758	2,530	3,028	(67.4%)	19.7%	(37.5%)
Medium Voltage Cables	1,553	663	1,067	(57.3%)	60.9%	(17.1%)
High voltage cables	2,351	1,387	1,065	(41.0%)	(23.2%)	(32.7%)
Internal wires	1,930	833	1,020	(56.8%)	22.4%	(27.3%)
Cables for the oil and gas sector	448	372	618	(17.0%)	66.1%	17.5%
Specialized Cables	659	381	181	(42.2%)	(52.5%)	(47.6%)
Metal telephone cables	11	-	-	(100.0%)	-	(100.0%)
<b>Total Copper Cables</b>	<b>14,710</b>	<b>6,166</b>	<b>6,979</b>	<b>(58.1%)</b>	<b>13.2%</b>	<b>(31.1%)</b>
<b>Aluminum Cables:</b>						
Low Voltage Cables	202	119	973	(41.1%)	717.6%	119.5%
Medium voltage Cables	89	42	422	(52.8%)	904.8%	117.8%
High Voltage Cables	305	151	-	(50.5%)	(100.0%)	(100.0%)
Overhead Cables	178	-	2	(100.0%)	-	(89.4%)
<b>Total aluminum cables</b>	<b>774</b>	<b>313</b>	<b>1,397</b>	<b>(59.6%)</b>	<b>346.3%</b>	<b>34.3%</b>
Fiber Optic Cables (Km)	74,661	5,389	9,681	(92.8%)	79.6%	(64.0%)

Source: The Company and its subsidiaries

### Low Voltage Copper Cable

Revenues for low-voltage copper cables decreased by 67.1% from 246.0 million SAR in fiscal year 2018G to 81.0 million SAR in fiscal year 2019G due to the decrease in sold quantities from 7.8 thousand tons to 2.5 thousand tons as a result of working capital restrictions on the parent company "Saudi Cable Company", which led the company to focus on the most profitable cables such as medium and high voltage copper cables. Revenues for low voltage copper cables increased by 8.5% to reach 87.8 million Saudi riyals in the fiscal year 2020, due to the increase in sold quantities to reach 3.0 thousand tons after the availability of liquidity as a result of financing from the rights issue at the beginning of the fiscal year 2020.



### Medium Voltage Copper Cable

Revenues for medium voltage copper cables decreased by 54.8% from 53.6 million Saudi riyals in the fiscal year 2018G to 24.2 million Saudi riyals in the 2019G as a result of the decrease in sales to the Saudi Electricity Company due to the shift in the Saudi Electricity Company's orders from copper cables to aluminum cables, which affected the Copper cable sales. Medium voltage copper cable revenue increased by 57.9% to reach 38.2 million SAR in fiscal year 2020G as a result of increased demands within the projects and utilities sector compared to fiscal year 2019G, where one customer accounted for approximately 72% of medium voltage copper cable revenue.

### High Voltage Copper Cable

Revenues for high-voltage copper cables decreased by 40.7% from 103.6 million Saudi riyals in the fiscal year 2018 to 61.5 million Saudi riyals in the fiscal year 2019 as a result of a decrease in sales to the Saudi Electricity Company due to the shift in the Saudi Electricity Company's orders from copper cables to aluminum cables, which affected the Copper cable sales. High voltage copper cable revenues decreased by 21.7% to reach 48.1 million Saudi riyals in the fiscal year 2020 as a result of multiple factors, including the absence or expiration of the required qualification certificates, the postponement of many projects as a result of the Corona pandemic and the drop in oil prices that temporarily suspended projects.

### Internal Wires

Revenues of internal wires decreased by 57.9% from 62.9 million Saudi riyals in the fiscal year 2018G to 26.5 million Saudi Riyals in the fiscal year 2019 as a result of the decrease in the sold quantities from 1.9 thousand tons to 833 tons as a result of working capital restrictions on the parent company "Saudi Cable Company", which led the company to focus on the most profitable cables, such as medium and high voltage copper cables. The internal wires revenues increased by 18.2% to reach 31.4 million Saudi riyals in the fiscal year 2020G, as a result of a slight increase in the quantities sold to 1.0 thousand tons during the same period.

### Cables for the Oil and Gas Sector

Cable revenues for the oil and gas sector decreased by 15.8% from 36.5 million SAR in fiscal year 2018G to 30.7 million SAR in fiscal year 2019G as a result of the decrease in the level of production due to the general economic slowdown and the decrease in the pace of construction projects in addition to the increase in the severity of working capital restrictions and financial obligations of the company, which led to the decrease in operating rates and thus a decrease in the sold quantities. Cable revenues for the oil and gas sector increased by 50.1% to reach 46.1 million Saudi riyals in the fiscal year 2020 as a result of the increase in the revenues of the oil and gas companies sector from 88.5 million Saudi riyals in the fiscal year 2019 to 114.4 million Saudi riyals in the fiscal year 2020 due to the increase in sales to major clients in the oil and gas companies sector after the availability of the necessary liquidity to meet the demands as a result of financing from the rights issue at the beginning of the fiscal year 2020.

### Specialized Cables

Revenues for specialized cables decreased by 35.7% from 29.7 million SAR in fiscal year 2018G to 19.1 million SAR in fiscal year 2019G as a result of the decrease in revenues in the oil and gas sector as payments were not in line with the company's working capital cycle. Subcontractors also witnessed delays in collection. Specialized cables revenue decreased by 56.7% to reach 8.3 million SAR in fiscal year 2020 as a result of the continued decline in the attractiveness of the specialized cable market, but this decline was well compensated by the enhanced profitability of cables for the oil and gas sector, which also caters to the same sector.

### Metal Telephone Cables

Revenues of metal telephone cables amounted to 810 thousand Saudi riyals in the fiscal year 2018, and were non-existent in the fiscal year 2019 due to the drop in demand, as these cables became old-fashioned, which were replaced by fiber-optic cables.

**Low Voltage Aluminum Cable**

Revenues for low-voltage aluminum cables decreased by 46.7% from 3.9 million SAR in fiscal year 2018G to 2.1 million SAR in fiscal year 2019G, as a result of stopping work with government sectors (Saudi Electricity Company) as a result of the company's temporary shift in its market focus strategy. Revenues for internal wires increased by 496.3% to reach 12.5 million Saudi riyals in the fiscal year 2020 as a result of restoring the business of the Saudi Electricity Company, where the revenues from the Saudi Electricity Company exceeded 5 times compared to the previous year, which reflects the shift to similar aluminum conductors as witnessed by the company in other products.

**Medium Voltage Aluminum Cable**

Revenues for medium voltage aluminum cables decreased by 31.6% from 3.5 million Saudi riyals in fiscal year 2018 to 2.4 million Saudi riyals in fiscal year 2019 as a result of reducing dependence on direct orders of the Saudi Electricity Company. The company shipped most of the orders in the fiscal year 2020, which were already available during the fiscal year 2019. The medium-voltage aluminum cables' revenues increased by 499.2% to reach 14.2 million Saudi riyals in the fiscal year 2020 as a result of active participation in the 2020 tender and focusing on matching the ability to meet the demands of aluminum products.

**High Voltage Aluminum Cable**

Revenues for high-voltage aluminum cables decreased by 49.6% from 10.8 million Saudi riyals in the fiscal year 2018 to 5.4 million Saudi riyals in the fiscal year 2019 due to restrictions imposed on tenders such as the lack of certain tests and qualifications. Sales of high-voltage aluminum cables declined to zero in fiscal year 2020 due to the lack of orders that were supplied during fiscal year 2019.

**Overhead Cables**

Revenues for overhead cables decreased by 100.0% from 2.0 million Saudi riyals in the fiscal year 2018 to zero in the 2019 fiscal year and 63 thousand Saudi riyals as a result of changing the strategy in the sales volume of overhead cables during the same period.

**Fiber Optic Cable**

Revenues for fiber optic cables decreased from 7.6 million Saudi riyals in the fiscal year 2018 to 722 thousand Saudi riyals in the 2019 and increased in the 2020 to become 800,000 Saudi riyals as a result of the change in the requirements for selling fiber optic cables by the regulators for the sale of fiber optic cables, which contributed to the decrease in the volume of fiber optic cable sales.

**Non-Cable Revenues**

Non-cable revenues increased from 551 thousand Saudi riyals in the fiscal year 2018 to 5.0 million Saudi riyals in the fiscal year 2019 and then to 8.0 million Saudi riyals in the fiscal year 2020 as a result of the change in the purchasing pattern by customers and going directly to the "Saudi Cable Company" to purchase and supply accessories. It is worth noting that the company has taken advantage of these opportunities in order to improve the financial position, as these accessories have relatively high profit margins.

#### 6.5.1.4 Revenues By Sales Channels

Table No. (11) Revenues by sales channels for the fiscal years 2018G, 2019G and 2020G

(SAR in 000's)	2018G	2019G	2020G	Annual Change 2018G-2019G	Annual Change 2019G-2020G	Compound Annual Growth 2018G-2020G
Oil and gas companies	127,603	88,535	114,473	(30.6%)	29.3%	(5.3%)
Projects and facilities	117,795	73,440	50,296	(37.7%)	(31.5%)	(34.7%)
Distributors	151,698	38,180	41,476	(74.8%)	8.6%	(47.7%)
Exports	68,950	16,850	37,426	(75.6%)	122.1%	(26.3%)
Saudi Electricity Company	6,631	13,123	31,767	97.9%	142.1%	118.9%
Construction Contractors	88,262	23,536	12,059	(73.3%)	(48.8%)	(63.0%)
<b>Saudi Cable (Company)</b>	<b>561,490</b>	<b>258,641</b>	<b>295,557</b>	<b>(53.9%)</b>	<b>14.3%</b>	<b>(27.4%)</b>
Mass Company	63,800	89,985	58,213	41.0%	(35.3%)	(4.5%)
Saudi Cable - UAE	76,705	6,391	8,608	(91.7%)	34.7%	(66.5%)
Elimsan Company	72,857	26,257	6,401	(64.0%)	(75.6%)	(70.4%)
Demirer Kablo Company	90,172	-	-	(100.0%)	-	(100.0%)
<b>Total</b>	<b>865,023</b>	<b>381,274</b>	<b>368,779</b>	<b>(55.9%)</b>	<b>(3.3%)</b>	<b>(34.7%)</b>
As a percentage of the total	2018G	2019G	2020G	percentage point 2018G-2019G	percentage point 2019G-2020G	percentage point 2018G-2020G
Oil and gas companies	14.8%	23.2%	31.0%	8.5	7.8	16.3
Projects and facilities	13.6%	19.3%	13.6%	5.6	(5.6)	0.0
Distributors	17.5%	10.0%	11.2%	(7.5)	1.2	(6.3)
Exports	8.0%	4.4%	10.1%	(3.6)	5.7	2.2
Saudi Electricity Company	0.8%	3.4%	8.6%	2.7	5.2	7.8
Construction Contractors	10.2%	6.2%	3.3%	(4.0)	(2.9)	(6.9)
<b>Saudi Cable (Company)</b>	<b>64.9%</b>	<b>67.8%</b>	<b>80.1%</b>	<b>2.9</b>	<b>12.3</b>	<b>15.2</b>
Mass Company	7.4%	23.6%	15.8%	16.2	(7.8)	8.4
Saudi Cable - UAE	8.9%	1.7%	2.3%	(7.2)	0.6	(6.6)
Elimsan Company	8.4%	6.9%	1.7%	(1.5)	(5.2)	(6.7)
Demirer Kablo Company	10.4%	-	-	(10.4)	-	(10.4)
Quantities Sold (Ton)	2018G	2019G	2020G	Annual Change 2018G-2019G	Annual Change 2019G-2020G	Compound Annual Growth 2018G-2020G
Oil and gas companies	2,886	1,795	2,731	(37.8%)	52.1%	(2.7%)
Projects and facilities	3,028	1,872	1,351	(38.2%)	(27.8%)	(33.2%)
Distributors	4,805	1,228	1,383	(74.4%)	12.6%	(46.4%)



<b>Exports</b>	1,862	502	977	(73.0%)	94.6%	(27.6%)
<b>Saudi Electricity Company</b>	272	399	1,574	46.7%	294.5%	140.6%
<b>Construction Contractors</b>	2,632	683	360	(74.1%)	(47.3%)	(63.0%)
<b>Total Copper and Aluminium Cables</b>	15,484	6,479	8,376	(58.2%)	29.3%	(26.5%)
<b>Fiber Optic Cables (Km)</b>	74,661	5,389	9,681	(92.8%)	79.6%	(64.0%)

Source: The Company and its subsidiaries

### Oil and Gas Companies

Revenues from oil and gas companies decreased by 30.6% from 127.6 million Saudi riyals in the fiscal year 2018 to 88.5 million Saudi riyals in the fiscal year 2019 as a result of the postponement of many projects in the oil and gas sector and the impact of the focus on increasing government capital spending in the non-oil sectors, which in turn led to the decrease in the sold quantities of low voltage copper cables and cables for the oil and gas sector during the same period. Revenues from oil and gas companies increased by 29.3% to reach 114.5 million Saudi riyals in the fiscal year 2020 due to the increase in sales to major customers in the oil and gas companies sector as a result of the increase in government capital spending and the availability of the necessary liquidity to meet customer demands as a result of financing from the rights issue at the beginning of the fiscal year 2020.

### Projects and Facilities

Revenues from projects and facilities decreased by 37.7% from 117.8 million SAR in the fiscal year 2018G to 73.4 million SAR in the fiscal year 2019G as a result of the decrease in the sold quantities of copper and aluminum cables from 3.0 thousand tons to 1.9 thousand tons in line with the decrease in the number of projects during the same period. Revenues from projects and facilities decreased by 31.5% to reach 50.3 million Saudi riyals in the fiscal year 2020, as a result of the suspension of some projects due to the effects of the Corona pandemic.

### Distributors

Distributors' revenues decreased by 74.8% from 151.7 million Saudi riyals in the fiscal year 2018 to 38.2 million Saudi riyals in the fiscal year 2019 as a result of the decrease in the sold quantities of low-voltage copper cables and internal cables to distributors, due to working capital restrictions and financial obligations of the parent company "Saudi Cable Company" and its subsidiaries, which led to the limitation of production for most of the products. Distributors' revenues increased by 8.6% to reach 41.5 million Saudi riyals in the fiscal year 2020 as a result of the increase in distributors' orders during the same period and the company's ability to meet these orders by financing from the rights issue at the beginning of the fiscal year 2020.

### Exports

Export revenues relate to the sales of the parent company "Saudi Cable Company" to Gulf countries (other than what is sold by the Saudi Cable Company - UAE in the Gulf markets, according to customer orders, as some sales are made to the Gulf countries and the Middle East through the parent company). Export revenues decreased by 75.6% from 69.0 million SAR in the fiscal year 2018G to 16.9 million SAR in the 2019G as a result of the decrease in the quantities required from international customers, working capital restrictions and financial obligations of the parent company and its subsidiaries. It is worth noting that the supply orders for a major customer in a Gulf country for the fiscal year 2017 were completed, and their supply was completed in the fiscal year 2018, which contributed to this decline during the same period. Export revenues increased by 122.1% to reach 37.4 million Saudi riyals in the fiscal year 2020 as a result of the increase in Saudi Cable Company's sales to the Gulf Cooperation Council countries.

### Saudi Electricity Company

The revenues of the Saudi Electricity Company relate to the sales of medium and high voltage copper and aluminum cables related to the tender of the Saudi Electricity Company. The revenues of the Saudi Electricity Company increased by 97.9% from 6.6 million Saudi riyals in the fiscal year 2018 to 13.1 million Saudi riyals in the fiscal year 2019, as a result of the increase in sold quantities from 272 tons to 399 tons during the same period. The revenues of the Saudi Electricity Company also increased by 142.1% to reach 31.8 million Saudi riyals in the fiscal year 2020 as a result of restoring the

work of the Saudi Electricity Company, which reflects the shift to similar aluminum conductors as witnessed by the company in other products, in addition to the company's submission of more tenders during the same period after the availability of the necessary liquidity to meet the demands as a result of the financing from the rights issue at the beginning of the fiscal year 2020.

#### Construction Contractors

The revenues of the Saudi Electricity Company relate to the sales of medium and high voltage copper and aluminum cables related to the tender of the Saudi Electricity Company. The revenues of the Saudi Electricity Company increased by 97.9% from 6.6 million Saudi riyals in the fiscal year 2018 to 13.1 million Saudi riyals in the fiscal year 2019, as a result of the increase in sold quantities from 272 tons to 399 tons during the same period. The revenues of the Saudi Electricity Company also increased by 142.1% to reach 31.8 million Saudi riyals in the fiscal year 2020 as a result of restoring the work of the Saudi Electricity Company, which reflects the shift to similar aluminum conductors as witnessed by the company in other products, in addition to the company's submission of more tenders during the same period after the availability of the necessary liquidity to meet the demands as a result of the financing from the rights issue at the beginning of the fiscal year 2020.

#### 6.5.2 Cost of Revenue

Table No. (12) Cost of revenue for the fiscal years 2018G, 2019G and 2020G

(SAR in 000's)	2018G	2019G	2020G	Annual Change 2018G-2019G	Annual Change 2019G-2020G	Compound Annual Growth 2018G-2020G
<b>Copper</b>	434,232	160,120	173,620	(63.1%)	8.4%	(36.8%)
<b>Aluminium</b>	9,330	6,840	11,886	(26.7%)	73.8%	12.9%
<b>Lead</b>	22,595	27,765	14,190	22.9%	(48.9%)	(20.8%)
<b>Non-metallic and other materials</b>	235,838	91,120	94,753	(61.4%)	4.0%	(36.6%)
<b>Total raw material</b>	701,995	285,844	294,448	(59.3%)	3.0%	(35.2%)
<b>Employees cost</b>	77,842	74,735	77,643	(4.0%)	3.9%	(0.1%)
<b>Depreciation</b>	42,646	27,842	31,716	(34.7%)	(13.9%)	(13.8%)
<b>Consumer goods</b>	12,441	6,603	7,374	(46.9%)	11.7%	(23.0%)
<b>Benefits</b>	12,142	6,930	6,662	(42.9%)	(3.9%)	(25.9%)
<b>Other expenses</b>	23,809	14,497	8,598	(39.1%)	(40.7%)	(39.9%)
<b>Total revenue cost of Saudi Cable and its subsidiaries, except for Demirer Kablo</b>	<b>870,875</b>	<b>416,452</b>	<b>426,440</b>	<b>(52.2%)</b>	<b>2.4%</b>	<b>(30.0%)</b>
<b>Demirer Kablo revenue cost</b>	90,015	-	-	(100.0%)	-	(100.0%)
<b>Total</b>	<b>960,889</b>	<b>416,452</b>	<b>426,440</b>	<b>(56.7%)</b>	<b>2.4%</b>	<b>(33.4%)</b>
As a percentage of revenues	2018G	2019G	2020G	percentage point 2018G-2019G	percentage point 2019G-2020G	percentage point 2018G-2020G
<b>Copper</b>	50.2%	42.0%	47.1%	(8.2)	5.1	(3.1)
<b>Aluminium</b>	1.1%	1.8%	3.2%	0.7	1.4	2.1
<b>Lead</b>	2.6%	7.3%	3.8%	4.7	(3.5)	1.2
<b>Non-metallic and other materials</b>	27.3%	23.9%	25.7%	(3.4)	1.8	(1.6)
<b>Total raw material</b>	81.2%	75.0%	79.8%	(6.2)	4.8	(1.4)
<b>Employees cost</b>	9.0%	19.6%	21.1%	10.6	1.5	12.1
<b>Depreciation</b>	4.9%	7.3%	8.6%	2.4	1.3	3.7
<b>Consumer goods</b>	1.4%	1.7%	2.0%	0.3	0.3	0.6



<b>Benefits</b>	1.4%	1.8%	1.8%	0.4	-	0.4
<b>Other expenses</b>	2.8%	3.8%	2.3%	1.0	(1.5)	(0.4)
<b>Total revenue cost of Saudi Cable and its subsidiaries, except for Demirer Kablo</b>	100.7%	109.2%	115.6%	(8.2)	(8.2)	14.9
<b>Demirer Kablo revenue cost</b>	10.4%	-	-	(10.4)	-	(10.4)
<b>Total</b>	111.1%	109.2%	115.6%	(1.9)	6.4	4.5
<b>Number of employees</b>	1,253	958	950	(295)	(8)	(303)
<b>Average employee cost per employee</b>	62,125	78,011	81,730	25.6%	4.8%	14.7%

Source: The Company and its subsidiaries

### Raw Materials

The raw materials used in the electrical wire and cable industry are mainly copper and aluminum metals, in addition to materials used to insulate and protect electrical wires and cables such as polyvinyl chloride (PVC), cross-linked polyethylene (XLPE), lead and other materials that are used in thermal insulation and electrical conductivity.

The company follows a conservative hedging policy against the price fluctuations of the basic metals involved in the manufacture of cables and electric wires, which are copper, aluminum and lead, which change globally on a daily basis, to protect against fluctuations in the prices of these metals, to maintain relatively stable profit margins. This policy is applied based on sales contracts, and accordingly, the company is obligated to determine the price of the product to the customer on the basis of the price of metals upon confirmation and enter into a hedging agreement in order to fix its cost to reduce the risk of price fluctuations.

Changes in the fair value of derivative financial instruments that do not qualify for hedge contracts accounting are included in the Consolidated income statement upon the company's maturity and implementation of future contracts concluded to buy or sell metals for use within the company's activities. The value of the existing and unexecuted contracts on the date of each financial position is disclosed in the notes to the financial statements. The company's derivative financial instruments are derivatives that are held (other than for speculative purpose) and the derivatives are recognized at fair value at the date of entering into the derivative contract, and are subsequently re-measured at their fair value. The fair value is obtained from their declared market prices in active markets, recent market transactions, or valuation methods such as discounted cash flow models and options pricing models, as the case may be. All derivatives appear within assets if their fair value is positive, or within liabilities if their fair value is negative. It is worth noting that the profits or losses from hedging contracts are settled with the losses or profits from the actual purchase of metals so that there is no financial impact on the financial statements of the company and its subsidiaries.

The Company deals in futures contracts through financial intermediaries on the London Metal Exchange, which can be bought and sold without physical delivery of the metal on a future date at market prices on that date. These contracts are matched with forward buying and selling commitments, as they are entered into with the purpose of providing protection from metal price fluctuations.

The net value of hedging instruments for Saudi Cable Company amounted to 91.0, 79.2 and 45.3 million Saudi riyals as of December 31 of the financial years 2018, 2019G and 2020G, respectively. These instruments achieved a loss of 1.7 thousand Saudi riyals in the fiscal year 2018 and profits of 2.7 million Saudi riyals in the fiscal year 2019, and profits of 4.2 million Saudi riyals in the fiscal year 2020. These profits and losses were adjusted for fluctuations in the prices of the purchased metals so that exposure to the mentioned fluctuations is not affected.

### Copper

The cost of copper metal decreased by 63.1% from 434.2 million SAR in fiscal year 2018G to 160.1 million SAR in fiscal year 2019G, as a result of the decrease in the sold quantities of copper cables during the same period by 61.5% from 16.4 thousand tons to 6.3 thousand tons in addition to the decrease in the global copper metal prices, which led to their decline as a percentage of revenue from 50.2% to 42.0% during the same period.

The cost of copper metal increased by 8.4% to reach 173.6 million Saudi riyals in the fiscal year 2020 due to the increase in the sold quantities of copper cables during the same period by 12.7% to reach 7.1 thousand tons after the availability of the necessary liquidity as a result of the financing from the rights issue at the beginning of the fiscal year 2020.



### Aluminum

The cost of aluminum metal decreased by 26.7% from 9.3 million SAR in the fiscal year 2018G to 6.8 million SAR in the fiscal year 2019G, as a result of the decrease in the sold quantities of aluminum cables during the same period by 25.0% from 1.2 thousand tons to 887 tons, in addition to the decrease in the global aluminum metal prices. Despite the decline, the cost of aluminum metal as a percentage of revenue increased from 1.1% to 1.8% during the same period due to the decline in copper revenue overall during the same period. The cost of aluminum metal increased by 73.8% to reach 11.9 million Saudi riyals in the fiscal year 2020 due to the increase in the sold quantities of aluminum cables during the same period by 81.3% to reach 1.6 thousand tons after the availability of the necessary liquidity as a result of the financing from the rights issue at the beginning of the fiscal year 2020.

### Lead

The cost of lead metal increased by 22.9% from 22.6 million Saudi riyals in the fiscal year 2018 to 27.8 million Saudi riyals in the fiscal year 2019, due to the increase in global lead metal prices despite the decrease in the sold quantities of medium and high voltage cables, which usually include lead for insulation materials. The cost of lead metal decreased by 48.9% to reach 14.2 million Saudi riyals in the fiscal year 2020 due to the decrease in the sold quantities of high voltage cables during the same period.

### Non-Metallic Materials and Other Materials

The item of non-metallic materials and other materials includes any materials used in the production of cables and electrical wires other than copper, aluminum and lead, which mainly include copper tapes and plastic derivatives that include high and medium density polyethylene (HDPE and MDPE), fire retardant materials (FR) and polypropylene (PP) yarns and polyvinyl chloride (PVC) and cross-linked polyethylene (XLPE). The cost of non-metallic materials and other materials decreased by 61.4% from 235.8 million Saudi riyals in the fiscal year 2018 to 91.1 million Saudi riyals in the fiscal year 2019, due to the decrease in sales during the same period Where the sharp drop in the level of sales affected the cost of non-metallic materials and other materials. The cost of non-metallic materials and other materials increased by 4.0% to reach 94.8 million Saudi riyals in the fiscal year 2020 due to the increase in sales of the Saudi Cable Company by 14.3% from 258.6 million Saudi riyals to 295.6 million Saudi riyals during the same period.

### Personnel Costs

Personnel costs decreased by 4.0% from 77.8 million Saudi riyals in the fiscal year 2018 to 74.7 million Saudi riyals in the fiscal year 2019, due to the decrease in the number of employees by about 295 employees during the same period due to the restructuring of employees, especially in Elimsan Company due to the problems faced by the company Saudi Cables in financing its subsidiaries, the decrease in sold quantities led to the increase in the cost of employees as a percentage of revenue from 9.0% to 19.6% during the same period. Personnel costs increased by 3.9% to reach 77.6 million Saudi riyals in the fiscal year 2020 due to the increase in the average cost of employees per employee from 78.0 thousand Saudi riyals to 81.7 thousand Saudi riyals as a result of the increase in government fees for employees, which led to the increase in personnel costs as a percentage of revenues to 21.1 % during the same period.

### Depreciation

Depreciation expenses decreased by 34.7% from 42.6 million Saudi riyals in the fiscal year 2018 to 27.8 million Saudi riyals in the fiscal year 2019 as a result of the company selling its entire stake in Demirer Kablo Company in August of the fiscal year 2018, after excluding its assets. The decrease in sold quantities led to an increase in depreciation cost as a percentage of revenue from 4.9% to 7.3% during the same period. Depreciation expenses increased by 13.9% to reach 31.7 million Saudi riyals in the fiscal year 2020 due to the reclassification of some depreciation within different asset classes, which led to the increase in the depreciation cost as a percentage of revenue to 8.6% during the same period.

### Consumables

Consumables consist of spare parts, dyes, and tools, which are related to the sold quantities annually. Expenses of consumables decreased by 46.9% from 12.4 million Saudi riyals in the fiscal year 2018 to 6.6 million Saudi riyals in the fiscal year 2019, due to the decrease in the sold quantities of cables,



which led to an increase as a percentage of revenue from 1.4% to 1.7% during the same period. Expenses of consumables increased by 11.7% to reach 7.4 million Saudi riyals in the fiscal year 2020 due to the increase in the sold quantities of cables, which led to the increase as a percentage of revenues to reach 2.0% during the same period due to the increase in the sold quantities during the same period.

### Benefits

Benefit cost is related to produced quantities and occupancy rates of machinery and equipment. Benefit expenses decreased by 42.9% from 12.1 million Saudi riyals in the fiscal year 2018 to 6.9 million Saudi riyals in the fiscal year 2019 in line with the decrease in operating rates as a result of working capital restrictions and financial obligations of the parent company "Saudi Cable Company" and its subsidiaries during the period. The decrease in the sold quantities led to the increase in the cost of benefits as a percentage of revenue from 1.4% to 1.8% during the same period. Benefit expenses continued to decline to reach 6.7 million Saudi riyals in the fiscal year 2020G due to the implementation of operational improvements to improve the efficiency of facilities consumption. Despite this decline, the cost of benefits as a percentage of revenue stabilized at 1.8% during the fiscal year 2020.

### Other expenses

Other expenses include executive consulting expenses, training expenses, travel expenses, professional fees and other incidental expenses. Other expenses decreased by 39.1% from 23.8 million SAR in fiscal year 2018G to 14.5 million SAR in fiscal year 2019G. This decrease was mainly driven by the decrease in the cost of the insurance policy after renegotiating its terms with the insurance company due to the financial obligations of the company and its subsidiaries, in addition to other provisions relating to direct cost. Despite this, the decrease in the sold quantities led to the increase in the cost of other expenses as a percentage of revenue from 2.8% to 3.8% during the same period. Other expenses decreased by 40.7% to reach 8.6 million Saudi riyals in the fiscal year 2020G as a result of the decrease in other petty cash during the same period.

### 6.5.3 Total Loss

Table No. (13) Total loss/ profit by company for the fiscal years 2018G, 2019G and 2020G

(SAR in 000's)	2018G	2019G	2020G	Annual Change 2018G-2019G	Annual Change 2019G-2020G	Compound Annual Growth 2018G-2020G
<b>Saudi Cable (Company)</b>	(34,295)	(33,288)	(48,935)	(2.9%)	47.0%	19.5%
<b>Mass Company</b>	4,325	11,428	6,359	164.2%	(44.4%)	21.3%
<b>Saudi Cable - UAE</b>	21	-	-	(100.0%)	-	(100.0%)
<b>Elimsan Company</b>	(69,409)	(13,317)	(15,086)	(80.8%)	13.3%	(53.4%)
<b>Demirer Kablo Company</b>	2,493	-	-	-	-	-
<b>Total</b>	<b>(95,866)</b>	<b>(35,177)</b>	<b>(57,662)</b>	<b>(63.3%)</b>	<b>63.9%</b>	<b>(22.4%)</b>
Margin profit / (loss)	2018G	2019G	2020G	percentage point 2018G-2019G	percentage point 2019G-2020G	percentage point 2018G-2020G
<b>Saudi Cable (Company)</b>	(4.0%)	(8.7%)	(13.3%)	(4.7)	(4.6)	(9.3)
<b>Mass Company</b>	0.5%	3.0%	1.7%	2.5	(1.3)	1.2
<b>Saudi Cable - UAE</b>	0.0%	0.0%	0.0%	-	-	-
<b>Elimsan Company</b>	(8.0%)	(3.5%)	(4.1%)	4.5	(0.6)	3.9
<b>Demirer Kablo Company</b>	0.3%	0.0%	0.0%	(0.3)	-	(0.3)
<b>Total</b>	<b>(11.1%)</b>	<b>(9.2%)</b>	<b>(15.6%)</b>	<b>1.9</b>	<b>(6.4)</b>	<b>(4.5)</b>

Source: The Company and its subsidiaries



The profit margin is affected by the cost of insulation materials and other materials that depend on international petrochemical prices such as polyvinyl chloride (PVC), cross-linked polyethylene (XLPE) and other materials that the company does not hedge against fluctuations in their prices, knowing that the company seeks to maintain its profits from fluctuations in the prices of base metals such as copper, aluminum and lead by using hedging tools. Accordingly, changes in global copper and aluminum prices do not affect the overall profit. The gross profit is also affected by other costs such as personnel costs, benefits, depreciation and others, which are often relatively fixed in nature other than what is sold during the year.

The total loss decreased by 63.7% from the loss of 96.9 million Saudi riyals in the fiscal year 2018G to the loss of 35.2 million Saudi riyals in the fiscal year 2019G as a result of the absence of adjustments to the revenues of Elimsan Company that were recorded in the fiscal year 2018, in addition to the increase in the total profit of Mass Company by 164.2% from 4.3 million Saudi riyals to 11.4 million Saudi riyals during the same period, which was offset by the company's sale of its entire stake in Demirer Kablo Company in August of the fiscal year 2018. This resulted in the decrease in the margin of loss from 11.2% to 9.2% during the same period. The total loss also increased by 63.9% to reach the loss of 57.7 million Saudi riyals in the fiscal year 2020 as a result of the change in the mix of products with costs for the Saudi Cable Company, in addition to the increase in losses for most of the subsidiaries due to the inability to exploit the full operational capacity as a result of working capital restrictions. The liquidity shortfall also worsened when the group's operations were affected by the COVID-19 pandemic.

#### 6.5.4 General and Administrative Expenses

Table No. (14) General and administrative expenses for the fiscal years 2018G, 2019G and 2020G

(SAR in 000's)	2018G (Audited consolidated)	2019G (Audited consolidated)	2020G (Audited consolidated)	Annual Change 2018G-2019G	Annual Change 2019G-2020G	Compound Annual Growth 2018G-2020G
Salaries and related benefits	39,526	34,301	33,184	(13.2%)	(3.3%)	(8.4%)
Legal fees	8,327	7,332	14,174	(11.9%)	93.3%	30.5%
Repair and maintenance	2,456	2,354	3,306	(4.2%)	40.4%	16.0%
Depreciation and amortization	12,045	1,223	1,858	(89.8%)	51.9%	(60.7%)
Bank charges	1,426	718	2,080	(49.6%)	189.7%	20.8%
Public utilities	1,651	1,056	1,357	(36.0%)	28.5%	(9.3%)
Rent and insurance	1,354	956	1,389	(29.4%)	45.3%	1.3%
Printing, stationery and advertisements	104	175	831	68.3%	374.9%	182.7%
Travel and transportation expenses	1,767	1,661	565	(6.0%)	(66.0%)	(43.5%)
Training	71	-	-	-	-	-
Others	8,113	1,593	3,950	(80.5%)	148.0%	(30.5%)
<b>Total</b>	<b>76,840</b>	<b>51,369</b>	<b>62,694</b>	<b>(33.1%)</b>	<b>22.0%</b>	<b>(9.7%)</b>
As a percentage of revenues	2018G (Audited consolidated)	2019G (Audited consolidated)	2020G (Audited consolidated)	percentage point 2018G-2019G	percentage point 2019G-2020G	percentage point 2018G-2020G
Salaries and related benefits	4.6%	9.0%	9.0%	4.4	-	4.4
Legal fees	1.0%	1.9%	3.8%	0.9	1.9	2.8
Repair and maintenance	0.3%	0.6%	0.9%	0.3	0.3	0.6
Depreciation and amortization	1.4%	0.3%	0.5%	(1.1)	0.2	(0.9)
Bank charges	0.2%	0.2%	0.6%	-	0.4	0.4



Public utilities	0.2%	0.3%	0.4%	0.1	0.1	0.2
Rent and insurance	0.2%	0.3%	0.4%	0.1	0.1	0.2
Printing, stationery and advertisements	0.0%	0.0%	0.2%	-	0.2	0.2
Travel and transportation expenses	0.0%	0.0%	0.2%	-	0.2	0.2
Training	0.0%	-	-	-	-	-
Others	0.9%	0.4%	1.1%	0.5	0.7	0.2
Total	8.9%	13.50%	17.0%	4.6	3.5	8.1
Number of employees	217	186	188	(31)	2	(29)
Average salary per employee	182,147	184,414	176,511	1.2%	(4.3%)	(1.6%)

Source: Audited consolidated financial statements for fiscal years 2018G, 2019G and 2020G and Management information.

### Salaries and Related Benefits

Salaries and related benefits expenses decreased by 13.2% from 39.5 million Saudi riyals in the fiscal year 2018 to 34.3 million Saudi riyals in the fiscal year 2019 as a result of the decrease in the number of employees by about 31 employees due to the restructuring of the board of directors and executives of the subsidiaries during the same period. Salaries and related benefits expenses continued to decrease by 3.3% to reach 33.2 million Saudi riyals in the fiscal year 2020 as a result of the decrease in the average salary per employee by 4.3% from 184.4 thousand Saudi riyals to 176.5 thousand Saudi riyals during the same period due to government initiatives related to the epidemic to bear some burdens related to employment during the Corona pandemic.

### Legal and Professional Fees

The expenses of legal and professional fees relate to the expenses of legal, accounting and banking advice. The expenses of legal and professional fees decreased by 11.9% from 8.3 million Saudi riyals in the fiscal year 2018 to 7.3 million Saudi riyals in the fiscal year 2019, as a result of the decrease in banking advice after the approval of the restructuring of loans and financial obligations of the company. The expenses of legal and professional fees increased by 93.9% to reach 14.2 million Saudi riyals in the fiscal year 2020 due to the expenses of legal, accounting and financial advice related to the company's subscription to initial rights shares, in addition to legal advice expenses related to some cases of subsidiaries in Turkey and legal advice related to tax and zakat matters.

### Repair and Maintenance

Repairs and maintenance expenses represent general company maintenance expenses in addition to MySAP ERP system maintenance expenses. Repairs and maintenance expenses decreased by 4.2% from 2.5 million SAR in fiscal year 2018G to 2.4 million SAR in fiscal year 2019G due to the decrease in repair costs related to MySAP ERP system during the same period. Repairs and maintenance expenses increased by 40.4% to reach 3.3 million Saudi riyals in the fiscal year 2020, part of which relates to previous periods.

### Depreciation and Amortization

Depreciation and amortization expenses decreased by 89.8% from 12.0 million SAR in fiscal year 2018G to 1.2 million SAR in fiscal year 2019G as a result of non-capitalization of previously intangible assets that were under capital work in progress. These intangible assets (primarily development cost) were identified in the fiscal year 2018 and their value was capitalized through appropriate amortization recognition to date. Depreciation and amortization expenses increased by 51.9% to reach 1.9 million Saudi riyals in the fiscal year 2020 as a result of the additions from 2019G and 2020G, which entered into full implementation of the depreciation and amortization in the fiscal year 2020.

### Bank charges

Bank charges expenses decreased by 49.6% from 1.4 million Saudi riyals in the fiscal year 2018G to 718 thousand Saudi riyals in the fiscal year 2019 as a result of the company selling all of its stakes in Demirer Kablo Company in addition to the decrease in the number of bank transactions during the period due to the decrease in sales in general, which led to the decrease in bank transactions, bank credits, transfers, and others that affect bank expenses. Bank charges expenses increased by 189.7% to reach 2.1 million Saudi riyals in the fiscal year 2020 as a result of classifying some currency translation differences within Bank charges during the same period.

### Public Benefits

Depreciation and amortization expenses decreased by 89.8% from 12.0 million SAR in fiscal year 2018G to 1.2 million SAR in fiscal year 2019G as a result of non-capitalization of previously intangible assets that were under capital work in progress. These intangible assets (primarily development cost) were identified in the fiscal year 2018 and their value was capitalized through appropriate amortization recognition to date. Depreciation and amortization expenses increased by 51.9% to reach 1.9 million Saudi riyals in the fiscal year 2020 as a result of the additions from 2019G and 2020G, which entered into full implementation of the depreciation and amortization in the fiscal year 2020.

### Rent and Insurance

Rent and insurance expenses decreased by 29.4% from 1.4 million Saudi riyals in the fiscal year 2018 to 956 thousand Saudi riyals in the fiscal year 2019 due to the decrease in the rent amount related to the Demirer Kablo Company building after the company sold its entire stake in the Demirer Kablo Company in August of the fiscal year 2018. Rent and insurance expenses increased by 45.3% to reach 1.4 million Saudi riyals in the fiscal year 2020 as a result of the increase in personnel accommodation rental costs.

### Printing, Stationery and Advertising

Printing, stationery and advertising expenses increased by 68.3% from 104 thousand Saudi riyals in the fiscal year 2018G to 175 thousand Saudi Riyals in the fiscal year 2019G due to the increase in advertising expenses during the same period. Printing, stationery and advertising expenses continued to increase by 374.9% to reach 831 thousand Saudi riyals in the fiscal year 2020 as a result of the increase in expenses for printing, stationery and advertisements for conferences that were attended to develop the performance of the company and its subsidiaries.

### Travel and Transportation Expenses

Travel and transportation expenses decreased by 6.0% from 1.8 million SAR in the fiscal year 2018G to 1.7 million SAR in the 2019G as a result of controlling the expenditure aspects approved by the company's management and its subsidiaries. Travel and transportation expenses continued to decline by 66.0% to reach 565 thousand Saudi riyals in the fiscal year 2020 due to the curfew and travel ban as a result of the consequences of the Corona pandemic.

### Training

The training item amounted to 71 thousand Saudi riyals and relates to limited, non-recurring training, as this item was reclassified during the fiscal years 2019 and 2020.

### Other

Other expenses decreased by 80.5% from 8.2 million SAR in the fiscal year 2018G to 1.6 million SAR in the fiscal year 2019G due to the company selling its entire stake in Demirer Kablo in August of the fiscal year 2018. Other expenses also increased by 148.0% to reach 4.0 million Saudi riyals in the fiscal year 2020 as a result of the liquidation provisions of Zika Company, which are due during the fiscal year 2020.

### 6.5.5 Selling and Distribution Expenses

Table No. (15) Selling and distribution expenses for the fiscal years 2018, 2019 and 2020

(SAR IN 000'S)	2018 (Audited consolidated)	2019 (Audited consolidated)	2020 (Audited consolidated)	Annual Change 2018 - 2019	Annual Change 2019 - 2020	Compound Annual Growth 2018 - 2020
<b>Salaries and Related Benefits</b>	11,788	6,709	7,002	(43.1%)	4.4%	(22.9%)
<b>Shipping, Insurance and Transportation</b>	15,783	6,360	5,143	(59.7%)	(19.1%)	(42.9%)
<b>Depreciation and Amortization</b>	42	4,821	3,514	11,378.6%	(27.1%)	814.7%
<b>Other</b>	7,807	2,966	957	(62.0%)	(67.7%)	(65.0%)
<b>Total</b>	<b>35,420</b>	<b>20,856</b>	<b>16,616</b>	<b>(41.1%)</b>	<b>(20.3%)</b>	<b>(31.5%)</b>
As a percentage of revenues	2018 (Audited consolidated)	2019 (Audited consolidated)	2020 (Audited consolidated)	Percentage Points 2018 - 2019	Percentage Points 2019 - 2020	Percentage Points 2018 - 2020
<b>Salaries and Related Benefits</b>	1.4%	1.8%	1.9%	0.4	0.1	0.5
<b>Shipping, Insurance and Transportation</b>	1.8%	1.7%	1.4%	(0.1)	(0.3)	(0.4)
<b>Depreciation and Amortization</b>	0.0%	1.3%	1.0%	1.3	(0.3)	1.0
<b>Other</b>	0.8%	0.8%	0.3%	-	(0.5)	(0.6)
<b>Total</b>	<b>4.1%</b>	<b>5.5%</b>	<b>4.5%</b>	<b>1.4</b>	<b>(1.0)</b>	<b>0.4</b>
Number of Employees	71	45	47	(26)	2	(24)
Average salary per employee	166,028	149,089	148,979	(10.2%)	(0.1%)	(5.3%)

Source: Audited consolidated financial statements for fiscal years 2018G, 2019G and 2020G and Management information.

#### Salaries and Related Benefits

Salaries and related benefits expenses decreased by 43.1% from 11.8 million Saudi riyals in the fiscal year 2018 to 6.7 million Saudi riyals in the fiscal year 2019 as a result of the decrease in the number of employees by about 26 employees due to the company selling its entire stake in Demirer Kablo Company in August of the fiscal year 2018. Salaries and related benefits expenses increased by 4.4% to reach 7.0 million Saudi riyals in the fiscal year 2020 as a result of an increase in the number of employees by about 2 employees during the same period.

#### Shipping, Insurance and Transportation

Shipping, insurance and transportation expenses decreased by 59.7% from 15.8 million Saudi riyals in the fiscal year 2018 to 6.4 million Saudi riyals in the fiscal year 2019 in line with the decrease in the sales of the company and its subsidiaries during the same period, in addition to selling the company's entire stake in Demirer Kablo Company in August of the fiscal year 2018. Shipping, insurance and transportation expenses continued to decrease by 19.1% to reach 5.1 million Saudi riyals in line with the decrease in the sales of the company and its subsidiaries during the same period affected by the Corona pandemic.



### Depreciation and Amortization

Depreciation and amortization expenses increased by 11,378.6% from 42 thousand SAR in the fiscal year 2018G to 4.8 million SAR in the fiscal year 2019G, due to the reclassification of the amortization related to Elimsan Company. Depreciation and amortization expenses decreased by 27.1% to reach 3.5 million Saudi riyals in the fiscal year 2020 due to the complete amortization/depreciation of some assets at the end of the fiscal year 2019 and during the fiscal year 2020.

### Repair and Maintenance

Repair and maintenance expenses amounted to 98 thousand Saudi riyals in the fiscal year 2018G and relate to non-recurring repairs. It is worth noting that this item was reclassified within the other expenses account in the fiscal years 2019 and 2020.

### Benefits

The benefits expenses amounted to 97 thousand Saudi riyals in the fiscal year 2018, and it is worth noting that this item was reclassified within the other expenses account in the fiscal years 2019 and 2020.

### Printing, Stationery and Advertising

Printing, stationery and advertising expenses amounted to 39 thousand Saudi riyals in the fiscal year 2018, and it is worth noting that this item was reclassified within the other expenses account in the fiscal years 2019 and 2020.

### Other

Other expenses decreased by 62.0% from 7.8 million Saudi riyals in the fiscal year 2018 to 3.0 million Saudi riyals in the fiscal year 2019, due to the lack of calculating additional costs as a result of recording the wrong revenues in Elimsan Company in the fiscal year 2018. Other expenses decreased by 67.7 % to reach 957 thousand Saudi riyals in the fiscal year 2020 as a result of the effects of the Corona pandemic.

### 6.5.6 Other revenue – Net

Table No. (16): Other revenues for the fiscal years 2018, 2019 and 2020

(SAR IN 000'S)	2018 G (Standard audit)	2019 G (Standard audit)	2020 G (Standard audit)	Annual change 2018 G – 2019 G	Annual change 2019 G – 2020 G	Compound annual growth rate 2018 G – 2020 G
Reversed Entry of legal allocation	-	-	89,743	-	-	-
Reversed Entry of other provisions and payables	-	450,027	21,930	-	(51.3%)	-
Net gain/(loss) of foreign exchange	344	(954)	16,333	(377.3%)	(1812.1%)	589.1%
Gains from restructuring loans with commercial banks	228,827	17,607	-	(92.3%)	-	-
Income from common services	-	3,233	-	-	-	-
Reversed allowance for doubtful accounts	4,748	-	-	-	-	-



Other revenue (losses)	(5,820)	5,656	5,054	(197.2%)	(10.6%)	-
Total	228,099	70,569	133,060	(69.1%)	88.6%	(23.6%)

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020

#### Reversed Entry of legal allocation

Reversed Entry of legal allocation amounted to SAR 89.7 million in the fiscal year 2020. It related to a court decision issued in the Turkish Court in favor of Mass Kablo Yatirim VT TechAS, which is a subsidiary of a case filed by the majority shareholders against AlMasan Salt Seihazlay, Ketrimekaneksan and Tek AS. This case was filed by the company's shareholders objecting to the court's decision. Based on the opinion of the legal advisor, who sees that the court's decision will not change after raising the objection of the company's shareholders, the "provisions no longer required" was reversed, which was previously recorded at a value of SAR 89.7 million. It is worth noting that the company recorded a contingent liability of SAR 53 million during the same period.

#### Reversed Entry of other provisions and payables

Reversed Entry of other provisions and payables' clause amounted to SAR 45.0 million in the fiscal year 2019. It includes a reversal of previous zakat provisions amounted to SAR 32.8 million. Zakat assessments have been settled with the Zakat, Tax and Customs Authority (refer to the sub clause No. (3.5.6.6) "Zakat"). It also includes a provision for customers advance that were not claimed by customers, which amounted to SAR 7.1 million and a provision is made to accrued related parties amounted to SAR 1.8 million to the Turkish company Demirer Kablo, whose entire stake if Demirer Kablo was sold in August of the fiscal year 2018. In addition to other provisions amounting to SAR 3.3 million.

Reversed Entry of other provisions and payables' clause amounted to SAR 21.9 million in the fiscal year 2020. It includes previous tax provisions amounted to SAR 13.2 million, provision for unclaimed trade creditors of SAR 7.1 million and other provisions amounted to SAR 1.6 million, as a result of the reversed entry of some existing long-term provisions and credits that are no longer required during the same period.

#### Net gain/(loss) of foreign exchange

Profits from foreign currency transactions amounted to SAR 344 thousand in the fiscal year 2018. It decreased by 377.3% to reach losses of SAR 954 thousand in the fiscal year 2019. This is due to the rise of the Turkish lira value during the same period, as this rise led to a rise in the company's commitments in the Turkish lira currency. Profits from foreign currency transactions amounted to SAR 16.3 million in the fiscal year 2020. This is due to the decline of the Turkish lira value during the same period, as this decline led to a decrease in the company's commitments in the Turkish lira currency.

#### Gains from restructuring loans with commercial banks

Gains from restructuring commitments and loans with commercial banks amounted to SAR 228.9 million in the fiscal year 2018. The company entered into a final settlement agreement with BNP Paribas, on the basis of which the company paid an amount of SAR 40 million. The loan balance was reduced from SAR 142 million to SAR 25 million. The company also entered into other settlement agreements with the National Commercial Bank and Bank AlJazira, on the basis of which the company paid an amount of SAR 110 million, in return for waiving the outstanding balance of SAR 203 million. Accordingly, gains resulting from the restructuring of commitments and loans with commercial banks were recorded at a value of SAR 228.9 million in the fiscal year 2018 and SAR 17.6 million in the fiscal year 2019.

#### Income from common services

Income from common services amounted to SAR 3.2 million in the fiscal year 2019. Income from common services relates to profit divided among groups of Saudi Cable Company - UAE, which relates to orders provided by the parent company but they are facilitated by the subsidiary.





### Reversed allowance for doubtful accounts

Profits from reversed allowance for doubtful accounts amounted to SAR 4.7 million in the fiscal year 2018, due to the fact that some customers paid their dues to the company and its subsidiaries during the same period.

### Other revenue (losses)

Other losses amounted to SAR 5.8 million in the fiscal year 2018, which mainly relate to the loss resulting from closing the operational hedging of Demirer Kablo (a former subsidiary). Other income amounted to SAR 5.7 million in fiscal year 2019 and SAR 5.0 million in fiscal year 2020, which mainly relates to rental revenue from investment property previously owned by Demirer Kablo and accrued in accordance with related contracts.

### 6.5.7 Zakat and Income Tax

Table No. (17): Zakat and income tax for the fiscal years 2018, 2019 and 2020

(SAR IN 000'S)	2018 G (Standard audit)	2019 G (Standard audit)	2020 G (Standard audit)	Annual change 2018 G – 2019 G	Annual change 2019 G – 2020 G	Compound annual growth rate 2018 G – 2020 G
Zakat charged for the year	11,000	11,666	8,585	6.1%	(26.4%)	(11.7%)
Income tax	(5,591)	(26)	(855)	(99.5%)	3188.5%	(60.9%)
Zakat and income tax charged for the year	5,409	11,640	7,730	115.2%	(33.6%)	19.5%

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

### Zakat charged for the year

The zakat charged for the year increased by 6.1% from SAR 11.0 million in fiscal year 2018 to SAR 11.7 million in fiscal year 2019. This is due to the commitment of the company and its subsidiaries to increase the zakat provision despite the decrease in the zakat base in order to pay potential zakat obligations for previous financial years that may reach SAR 183 million (for more information, refer to sub clause No. (6.6.5.3) "Zakat" of this section). It is worth noting that the company received some zakat assessments from Zakat, Tax, and Customs Authority, whereby the authority demanded additional zakat obligations in the amount of SAR 201.9 million regarding zakat assessments for previous years, which the company objected to. These additional obligations relate to the parent company "Saudi Cable Company", Mass Centers for Electrical Equipment Distribution Company Ltd., Mass Energy and Communication Projects Company Ltd. and Saudi Cable Marketing Company Ltd. On this basis, the zakat charged for the year decreased by 26.4% to reach SAR 8.6 million in the fiscal year 2020.

### Income tax

Income tax decreased by 99.5% from SAR 5.6 million in the fiscal year 2018 to SAR 26 thousand in the 2019 as a result of the decrease in the losses of AlMasan Company during the same period. Then, the income tax increased by 3,188.5% to reach SAR 855 thousand in the fiscal year 2020 as a result of the increase in the losses of AlMasan Company during the same period.

### 6.5.8 Net income / (loss) for the year

Table No. (18): Net income / (loss) for the fiscal years 2018, 2019 and 2020

(SAR IN 000'S)	2018 G (Standard audit)	2019 G (Standard audit)	2020 G (Standard audit)	Annual change 2018 G – 2019 G	Annual change 2019 G – 2020 G	Compound annual growth rate 2018 G – 2020 G
Operating loss for the year	(208,126)	(109,333)	(169,811)	(47.5%)	52.6%	(10.5%)
Financing costs, net	(43,981)	(13,551)	(12,774)	(69.2%)	(5.7%)	(46.1%)
Share of results of an associate company	(86,490)	395	1,524	(100.5%)	285.8%	-
Gain from disposal of a subsidiary	47,280	-	-	(100.0%)	-	(100.0%)
Other revenue, net	228,099	70,569	133,060	(69.1%)	88.6%	(23.6%)
Loss before zakat and income tax	(63,218)	(51,920)	(48,001)	(17.9%)	(7.5%)	(12.9%)
Zakat	(11,000)	(11,666)	(8,585)	6.1%	(26.4%)	(11.7%)
Income tax	5,591	26	855	(99.5%)	3188.5%	(60.9%)
Net loss for the year	(68,627)	(63,560)	(55,731)	(7.4%)	(12.3%)	(9.9%)
Other comprehensive income:						
Changes in foreign currency reserve	365	300	(126)	(17.8%)	(142.0%)	-
Actuarial profit (re- measurement of employee benefit obligation)	2,277	(5,570)	(8,292)	(344.6%)	48.9%	-
Hedge reserve	12,608	(132)	7,806	(101.0%)	(6013.6%)	(21.3%)
Total comprehensive loss for the year	(53,377)	(68,962)	(56,343)	29.2%	(18.3%)	2.7%

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

### Net income / (loss) for the year

The net loss for the year decreased by 7.4% from SAR 68.6 million in fiscal year 2018 to SAR 63.6 million in fiscal year 2019. This is mainly due to the decrease in the total loss for the year by 63.3% from SAR 95.9 million in the fiscal year 2018 to SAR 35.2 million in fiscal year 2019, the decrease in operating expenses in consonance with the company's sale of its entire stake in Demirer Kablo Company, in addition to a reversed provisions amounted to SAR 45.0 million, which contributed to the decrease in the net loss during the same period. The margin of loss for the year increased from 7.9% in fiscal year 2018 to 16.7% in fiscal year 2019.

Net loss for the year decreased by 12.3% to reach SAR 55.7 million in fiscal year 2020. This is mainly due to a reversed legal allocation amounted to SAR 89.7 million and gains from foreign currencies amounted to SAR 16.3 million during the same period, which led to a decrease in the loss margin for the year to reach 15.1% in the fiscal year 2020.

### 6.6 Consolidated statement of financial position

Table No. (19): Consolidated statement of financial position for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Assets			



<b>Non-current assets</b>			
Property, plant and equipment	393,380	330,415	301,593
Investment property	3,053	2,975	39,865
Intangible assets	2,500	25,764	23,125
Right-of-use assets	-	8,096	8,449
Investing in an associate company	321,982	318,180	319,117
Financial assets at fair value through other comprehensive income	45	45	45
Retention receivable, net	35,738	32,077	44,862
Deferred tax	8,408	8,346	9,086
<b>Total non-current assets</b>	<b>765,106</b>	<b>725,898</b>	<b>746,142</b>
<b>Current assets</b>			
Inventory	112,287	98,879	105,726
Receivables and accounts receivable	289,867	202,894	197,667
Prepaid expenses and other balances	169,288	166,401	146,060
Unbilled contract assets	18,845	46,213	20,998
Due from a related party	25,709	187	113
Cash and bank balance	15,488	7,064	18,793
<b>Total current assets</b>	<b>631,484</b>	<b>521,638</b>	<b>489,357</b>
<b>Total assets</b>	<b>1,396,590</b>	<b>1,247,536</b>	<b>1,235,499</b>
<b>Shareholders' equity</b>			
Capital	110,614	110,614	360,614
Hedge reserve	958	826	8,632
Reserve foreign currency	(6,703)	(6,403)	(6,529)
actuarial valuation reserve	2,277	(3,320)	(11,612)
Retained earnings (accumulated losses)	55,006	(7,409)	(62,421)
Equity attributable to the shareholders of the parent company	162,152	94,308	288,684
Non-controlling interest	(355)	(2,543)	(3,262)
<b>Total shareholders' equity</b>	<b>161,797</b>	<b>91,765</b>	<b>285,422</b>
<b>Non-current liabilities</b>			
Term loans and advances	183,658	378,181	353,647
Retained accounts payable	7,018	8,066	3,175
Employee benefit obligations	42,264	52,168	61,372
Lease commitments	469	8,623	7,881
<b>Total non-current liabilities</b>	<b>233,409</b>	<b>447,038</b>	<b>426,075</b>
<b>Current liabilities</b>			
Term loans and advances	238,865	220,850	156,630
Provision for zakat and income tax	101,946	69,435	37,377
Due to related parties	50,749	56,022	65,565
Accounts payable, accrued expenses and other liabilities	608,721	361,333	262,669
Lease commitments	1,103	1,093	1,761



Total current liabilities	1,001,384	708,733	524,002
Total Liabilities	1,234,793	1,155,771	950,077
Total liabilities and shareholders' equity	1,396,590	1,247,536	1,235,499
The most important main indicators of the Consolidated statement of financial position for the fiscal years 2018, 2019 and 2020			
Ratio of current assets to current liabilities (Current Liquidity Ratio)	63.1%	73.6%	93.4%
Ratio of total liabilities to total assets (leverage ratio)	88.4%	92.6%	76.9%
Ratio of debt to shareholders' equity	2.6	6.5	1.8

Source: Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020 and management information.

#### Non-current assets

Non-current assets decreased from SAR 765.1 million as of 31 December 2018 to SAR 725.9 million as of 31 December 2019. This is due to a decrease in property, plant and equipment from SAR 393.4 million as on 31 December 2018 to SAR 330.4 million as in December 2019 as a result of the exclusion of fully depreciated property, plant and equipment during the same period, and also a decrease in the balance of capital work in progress by SAR 30.8 million during the same period, which led to a decline in property, plant and equipment. In addition to a decrease in the account balance of the investment in an associate company by SAR 3.8 million during the same period in line with the performance of the associate company during the same period.

Non-current assets increased to SAR 746.1 million as of 31 December 2020, as a result of the increase in investment properties due to the entitlement and reclassification of properties (villas) related to Demirer Kablo Company in Turkey within investment properties from the account of expenses paid in advance after completing the legal requirements by the company.

#### Current assets

Current assets decreased from SAR 631.5 million as of 31 December 2018 to SAR 521.6 million as of 31 December 2019. This is due to: (1) Receivables decreased from SAR 225.7 million as on 31 December 2018 to SAR 138.9 million as on 31 December 2019 in compliance with the decrease in sales in the same period in addition to the decrease in receivables related to Demirer Kablo, which resulted from the company's sale of its entire stake in Demirer Kablo, (2) Decrease in inventory from SAR 112.3 million as on 31 December 2018 to SAR 98.9 million as on 31 December 2019 because of the company's decisions to reduce production and quantities due to working capital restrictions.

Current assets continued to decline to reach SAR 489.4 million as of 31 December 2020. This is due to the decrease in the unbilled contracts assets from SAR 46.2 million as on 31 December 2019 to SAR 21.0 million as on 31 December 2020 due to a decrease in sales and the projects number during the same period. In addition to the decrease in prepaid expenses and other debit balances from SAR 166.4 million as on 31 December 2019 to SAR 146.1 million as on 31 December 2020 due to a decrease in receivable balances of a subsidiary sales. This clause relates to Turkey villas owned by Demirer Kablo, whose shares were sold in 2018. It is worth noting that these villas were included in the investment properties account after they became due.

#### Shareholders' equity

Shareholders' equity decreased from SAR 161.8 million as of 31 December 2018 to SAR 91.8 million as on 31 December 2019. This is due to the decrease in the retained earnings of profits with an amount of SAR 55.0 million as on 31 December 2018 to accumulated losses of SAR 7.4 million as on 31 December 2019, due to the loss incurred by the company and its subsidiaries during the same period, in addition to actuarial losses of comprehensive income of SAR 5.6 million during the same period. Shareholders' equity increased to reach SAR 285.4 million as of 31 December 2020 as a result of a capital increase of SAR 250.0 million. This is due to the increase in the capital of the parent company through the initial issuance rights by the issuance of 25 million shares at a value of 10 riyals per share during the same period, in addition to the increase in the hedging reserve from SAR 826 thousand to SAR 8.6 million in line with fluctuations in the prices of basic commodities. The company has hedging contracts of copper and aluminum products.



### Non-current liabilities

Non-current liabilities increased from SAR 233.4 million as on 31 December 2018 to SAR 447.0 million as on 31 December 2019. This is due to an increase in term loans and advances from SAR 183.7 million as on 31 December 2018 to SAR 378.2 million on 31 December 2019, in line with the company's restructuring of debts and obligations during the same period. In addition to the increase in the employee benefits obligation from SAR 42.3 million as on 31 December 2018 to SAR 52.2 million as on 31 December 2019 due to actuarial losses resulting from the re-measurement of employee benefits during the same period.

Non-current liabilities decreased to SAR 426.1 million as on 31 December 2020. This is due to a decrease in term loans and advances from SAR 378.2 million as on 31 December 2019 to SAR 353.6 million as on 31 December 2020 due to payments to repay loans amounting to SAR 72.9 million in addition to the recognition of fair value gains of SAR 15.9 million.

### Current liabilities

Current liabilities decreased from SAR 1,001.4 million as of 31 December 2018 to SAR 708.7 million as of 31 December 2019. This is due to the decrease in accounts payable, accrued expenses and other liabilities from SAR 608.7 million as of 31 December 2018 to SAR 361.3 million as of 31 December 2019. This decrease is due to a decrease in advance payments from customers in line with the decrease in the company's revenues and activities and a decrease in the accrued financing burdens as a result of the company's return of debts and obligations during the same period. In addition, the company sold its entire stake in Demirer Kablo in August of the fiscal year 2018 and the decrease in the current portion of long-term loans in line with the company's restructuring of debts and commitments during the same period.

Current liabilities continued to decline to reach SAR 524.0 million as of 31 December 2020 as a result of a decrease in payables, accrued expenses and other liabilities. This decrease was driven by a reversed advance payments from customers amounted to SAR 89.7 million. This amount was recorded within other income during the same period. The decrease in accounts payable from SAR 116.5 million as on 31 December 2019 to SAR 104.4 million as on 31 December 2020 due to the due payment to the company's suppliers and its subsidiaries.

#### 6.6.1 Non-current assets

Table No. (20): Non-current assets for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Property, plant and equipment	393,380	330,415	301,593
Investment property	3,053	2,975	39,865
Intangible assets	2,500	25,764	23,125
Right-of-use assets	-	8,096	8,449
Investing in an associate company	321,982	318,180	319,117
Financial assets at fair value through other comprehensive income	45	45	45
Retained amounts receivable, net	35,738	32,077	44,862
Deferred tax	8,408	8,346	9,086
<b>Total non-current assets</b>	<b>765,106</b>	<b>725,898</b>	<b>746,142</b>

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

#### 6.6.2 Property, plant and equipment

Property, plant and equipment principally comprises of uncultivated land for AlMasan Company, buildings, machinery and vehicles. It represents approximately 86% of the total fixed assets of the company and its subsidiaries as of 31 December 2020. The company and its subsidiaries have 5 main factories (4 of them are related to the company and are located in the Kingdom of Saudi Arabia and one factory belongs to AlMasan Company in Turkey).

The company's production facilities are located in Jeddah Industrial City and were established on leased lands for a period ranging between 10 and 25 years based on a contract for each facility. The company and its subsidiaries also own an administrative building in Jeddah Industrial City, in addition to residential units.

Approved and contracted capital commitments are machinery and equipment under periodic maintenance and associated work. The company has a periodic maintenance plan for factory machinery and equipment to maintain the efficiency and quality of production. It is worth noting that some assets with a net book value of SAR 130.0 million were mortgaged as a guarantee for some loans in the fiscal year 2020.

Table No. (21): Property, machinery and equipment for the financial years ending on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Plots of land	142,293	142,293	142,293
Buildings	88,769	82,467	74,197
Machines, equipment and vehicles	119,470	95,491	73,983
Furniture, fixtures and office equipment	5,505	3,506	2,748
Capital work in progress	37,343	6,658	8,372
<b>Total</b>	<b>393,380</b>	<b>330,415</b>	<b>301,593</b>

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

Table No. (22): Additions to property, plant and equipment for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Buildings	12	4	-
Machines, equipment and vehicles	1,978	1,500	83
Furniture, fixtures and office equipment	382	82	17
Capital work in progress	29,720	84	4,499
<b>Total</b>	<b>32,092</b>	<b>1,670</b>	<b>4,599</b>

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

Table No. (23): Asset depreciation ratios for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	2018 G Number of years	2019 G Number of years	2020 G Number of years	Depreciation ratio 2018 G	Depreciation ratio 2019 G	Depreciation ratio 2020 G
Buildings	15 – 50	15 - 50	15 - 50	2% - 6.67%	2% - 6.67%	2% - 6.67%
Machines, equipment and vehicles	4 – 20	4 - 20	4 - 20	5% - 25%	5% - 25%	5% - 25%
Furniture, fixtures and office equipment	4 – 10	4 - 10	4 - 10	10% - 25%	10% - 25%	10% - 25%

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

Table No. (24): Movement of projects under implementation for the fiscal years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Balance at the beginning of the year	31,900	37,343	6,658
Additions during the year	29,720	84	4,499
Transferred to property, plant and equipment	(24,277)	(30,769)	(2,785)
<b>Balance at the end of the year</b>	<b>37,343</b>	<b>6,658</b>	<b>8,372</b>



Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

The book value of the lands includes uncultivated lands for AlMasan Company, which amounted to SAR 130.1 million as on 31 December 2020, in addition to a land for the Saudi Cable Company employee housing complex, which amounted to SAR 12.2 million. The value of the lands stabilized as on 31 December 2018, 2019 and 2020, which are amounted to SAR 142.3 million. This is due to the absence of any additions to the lands during the same period.

The net book value of the buildings decreased from SAR 88.8 million as on 31 December 2018 to SAR 82.5 million as on 31 December 2019 as a result of annual depreciation expenses amounting to SAR 5.9 million as on 31 December 2019. The net book value of the buildings decreased to SAR 74.2 million as on 31 December 2020, as a result of depreciation of SAR 7.4 million during the same period.

The net book value of machines, equipment and vehicles decreased from SAR 119.5 million as on 31 December 2018 to SAR 95.5 million as on 31 December 2019 as a result of depreciation of SAR 26.5 million in addition to disposals of SAR 27 thousand during the same period. The net book value of machines, equipment and vehicles continued to decline to reach SAR 74.0 million as of 31 December 2020, as a result of depreciation of SAR 24.7 million, offset by transfers of SAR 3.2 million that were previously included in the clause of buildings.

The net book value of furniture, fixtures and office equipment decreased from SAR 5.5 million as on 31 December 2018 to SAR 3.5 million as on 31 December 2019 and then to SAR 2.7 million as on 31 December 2020 as a result of depreciation expenses during the same period in addition to excluding furniture, fixtures and office equipment related to Demirer Kablo Company.

The net book value of capital work in progress relates to repairs and maintenance of buildings, equipment and machines. The net book value of capital work in progress decreased from SAR 37.3 million as on 31 December 2018 to SAR 6.7 million as on 31 December 2019 as a result of transferring amounts of SAR 30.8 million to other clauses, development costs of SAR 27.0 million and licensing rights related to intangible assets amounted to SAR 3.8 million. The net book value of capital work in progress increased to reach SAR 8.4 million as a result of additions of SAR 4.5 million, offset by the transfer of amounts of SAR 2.9 million to other clauses during the same period.

#### 6.6.1.2 Investment property

Investment property relates to real estate (villas) owned by subsidiaries in Turkey. The net book value of investment properties decreased from SAR 3.1 million as on 31 December 2018 to SAR 3.0 million as on 31 December 2019 as a result of the company's sale of its entire stake in Demirer Kablo Company in August 2018. Investment properties increased to reach SAR 39.9 million as of 31 December 2020, as a result of the company's acquisition of investment properties (villas related to Demirer Kablo in Turkey) as a settlement after the company completed all legal requirements related to these properties during the same period. It is worth noting that an investment property of SAR 3.0 million was mortgaged to a bank in Turkey in exchange for a term loan obtained by a subsidiary company.

#### 6.6.1.3 Intangible assets

Table No. (25): Intangible assets for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Development costs	-	19,863	17,745
Rights and licenses	2,500	5,901	5,380
Total	2,500	25,764	23,125

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

The intangible assets relate to the costs of developing electronic switches and electromechanical goods in several countries that comply with the applicable regulatory frameworks and controls of the target markets.

The book value of the development costs decreased from SAR 19.9 million as on 31 December 2019 to SAR 17.7 million as on 31 December 2020 due to amortization costs that amounted to SAR 2.1 million during the same period.



The book value of the rights and licenses increased from SAR 2.5 million as on 31 December 2018 to SAR 5.9 million as of 31 December 2019. This is due to the transfer of amounts of capital work in progress amounting to SAR 3.8 million during the same period. The book value of the rights and licenses decreased to SAR 5.4 million as of 31 December 2020, due to amortization costs of SAR 521 thousand during the same period.

#### 6.6.1.4 Investment in an associate company

Table No. (26): Investment in an associate company for the fiscal years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
01 January	416,844	321,982	318,180
Share of results of an associate, net	(86,490)	395	1,524
Share of other comprehensive income, net	17,561	(4,497)	6,326
Dividends received during the year	(25,933)	-	(6,787)
Foreign currency transfers	-	300	(126)
<b>Total</b>	<b>321,982</b>	<b>318,180</b>	<b>319,117</b>

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

The net investment value in an associate decreased from SAR 322.0 million as on 31 December 2018 to SAR 318.2 million as on 31 December 2019. This is due to the losses through foreign currency translation that was offset by the profits of Midal Cables Ltd. WLL in the State of Australia of SAR 790 thousand in the fiscal year 2019, compared to losses of SAR 173.0 million in the fiscal years 2018. The net investment value in an associate company increased to SAR 319.1 million as of 31 December 2020 in line with the profit of Midal Cables Ltd. WLL amounting to SAR 5.7 million that was offset by the distribution of profits of SAR 6.8 million during the same period.

#### 6.6.2 Current assets

##### 6.6.2.1 Total working capital

Table No. (27): Total working capital for the fiscal years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Inventory	112,287	98,879	105,726
Receivables and accounts receivable	289,867	202,894	197,667
Prepaid expenses and other balances	169,288	166,401	146,060
Unbilled contract assets	18,845	46,213	20,998
Due from a related party	25,709	187	113
Cash and bank balances	15,488	7,064	18,793
Accounts payable, accrued expenses and other liabilities	(608,721)	(361,333)	(262,669)
Due to related parties	(50,749)	(56,022)	(65,565)
<b>Working capital</b>	<b>(27,986)</b>	<b>104,283</b>	<b>161,123</b>
Receivables due days	106	175	141
Inventory due days	87	135	127
Accounts payable due days	136	232	126

Source: Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020 and the information of the company and its subsidiaries.





### Inventory

The inventory balance decreased from SAR 112.3 million as of 31 December 2018 to SAR 98.9 million as of 31 December 2019. This is due to the decrease in production and quantities due to capital restrictions in addition to the decrease in the average costs of raw materials during the same period, which led to an increase in the inventory due days from 87 days to 135 days during the same period.

The inventory balance increased to reach SAR 105.7 million as of 31 December 2020, due to the increase in the company's inventory related to accessories, in addition to the increase in the average cost of copper metal during the same period. This was offset by a slight decrease in inventory due days to 127 days during the same period.

### Receivables and accounts receivable

Receivables and accounts receivable decreased from SAR 289.9 million as of 31 December 2018 to SAR 202.9 million as of 31 December 2019 in line with the decrease in sales in the same period. In addition to the decrease in the receivables related to Demirer Kablo, which resulted from the company's sale of its entire stake in Demirer Kablo in August of the fiscal year 2018. As a result, receivables due days increased from 106 days to 175 days.

Receivables and accounts receivable decreased to SAR 197.7 million as of 31 December 2020 in line with the decrease in sales during the same period, where the receivables due days were 141 days.

### Prepaid expenses and other balances

Prepaid expenses and other balances decreased from SAR 169.3 million as of 31 December 2018 to SAR 166.4 million as of 31 December 2019. This is due to a decrease in advances to suppliers from SAR 31.0 million to SAR 26.7 million, and a decrease in prepaid expenses from SAR 9.0 million to SAR 8.4 million due to the restrictions of working capital, in addition to the company's sale of its entire stake in Demirer Kablo in the fiscal year 2018.

Prepaid expenses and other balances continued to decrease to reach SAR 146.0 million as of 31 December 2020 due to a decrease in receivable balances of sales of a subsidiary from SAR 77.2 million to SAR 41.3 million. This clause relates to Turkey's villas owned by Demirer Kablo, whose shares were sold in the fiscal year 2018. It is worth noting that these villas were included in the investment property account after they became due.

### Unbilled contract assets

The assets of the unbilled contracts relate to the completed work of MASS company's projects, for which a service sheet has not been submitted to date. The unbilled contract assets increased from SAR 18.8 million as on 31 December 2018 to SAR 46.2 million as on 31 December 2019 as a result of the increase in the revenues of MASS Company during the same period. The unbilled contract assets decreased to SAR 21.0 million due to the decrease in the number of projects and the volume of revenues during the same period.

### Due from a related party

The balance due from a related party decreased from SAR 25.7 million as on 31 December 2018 to SAR 187 thousand as on 31 December 2019, as a result of the decrease in the required from Demirer Kablo Company, where all shares were sold during the fiscal year 2018. Then it decreased to SAR 113 thousand as on 31 December 2020 as a result of receiving payment of some related parties.

### Cash and bank balances

Cash and bank balances consist of cash at banks and cash in hand. The balance of cash and bank balances decreased from SAR 15.5 million as on 31 December 2018 to SAR 7.1 million as on 31 December 2019 due to a decrease in advance payments from customers from SAR 89.3 million to SAR 49.4 million in line with the decrease in the company's sales during the same period. Cash and bank balances increased to SAR 18.8 million as of 31 December 2020, as a result of the company receiving cash proceeds of the initial rights issue during the same period.

#### Accounts payable, accrued expenses and other liabilities

Accounts payable, accrued expenses and other liabilities decreased from SAR 608.7 million as of 31 December 2018 to SAR 361.3 million as of 31 December 2019. This is due to a decrease in the account payable balance of Demirer Kablo as a result of the company's sale of its entire shares in Demirer Kablo in August of the fiscal year 2018 and to the decrease in the company's operating ratios, which led to a decrease in the level of purchases due to working capital restrictions. Due days of accounts payable increased from 136 days to 232 days during the same period.

Accounts payable, accrued expenses and other liabilities continued to decrease to SAR 262.7 million as of 31 December 2020. This decrease was offset by reverred advance payments from customers amounting to SAR 89.7 million related to specific cases in Turkish companies. This amount was recorded within other revenues during the same period, in addition to the company's payment of some outstanding trade payables from the proceeds of the initial rights issue in the fiscal year 2020, which led to a decrease in the accounts payable due days to 126 days during the same period.

#### Due to related parties

The balance due to related parties mainly relates to Xenel Industries Ltd., where Xenel Industries Ltd. granted the company and its subsidiaries a loan to finance the operating and administrative expenses (without interest) in addition to transactions with Hidada Contracting Co. Ltd, Kim International Ltd., and Zakka Multitec for Information Technology. The balance due to related parties increased from SAR 50.7 million as on 31 December 2018 to SAR 56.0 million as on 31 December 2019. This is due to the increase in the balance owed to Midal Cables related to the purchase of raw materials, remuneration of board members and dividends from SAR 3.4 million to SAR 9.1 million during the same period.

The balance owed to related parties continued to rise to reach SAR 65.6 million as of 31 December 2020, as a result of the increase of the balance owed to Midal Cables related to the purchase of raw materials during the same period.

#### 6.6.2.2 Inventory

Table No. (28): Inventory for the fiscal years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Raw materials	54,780	43,587	50,595
Finished goods	42,890	37,490	41,579
Work under implementation	32,622	20,397	23,573
Spare parts and wooden reels	37,623	39,515	32,254
Total inventory	167,915	140,989	148,001
Less: provision for slow moving and obsolete inventory	(55,628)	(42,110)	(42,275)
Net stock	112,287	98,879	105,726
Inventory due days	87	135	127

Source: Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020 and the information of the company and its subsidiaries.

Table No. (29): Inventory ages of the Saudi Cable Company "the Company" for the fiscal year ended on 31 December 2020

(SAR IN 000'S)	Price difference of mineral raw materials	less than one year	1-2 years	2-3 years	3-4 years	More than 4 years	Total
Raw materials	534	21,083	5,503	1,769	2,074	1,060	32,023
Finished goods	2,002	20,987	249	252	276	2,821	26,587
Spare parts	-	-	31	1,216	2,330	28,144	31,721
Work under implementation	1,235	8,924	-	-	-	-	10,159



Commercial merchandise	-	11,749	-	-	-	-	11,749
Scrap	-	437	-	-	-	-	437
Total inventory of Saudi Cable Company	3,771	63,179	5,783	3,237	4,680	32,025	112,675
As a percentage of total inventory of Saudi Cable Company	3.3%	56.1%	5.1%	2.9%	4.2%	28.4%	100.0%
Total inventory of AlMasan Company							32,543
Mass company's total inventory							2,783
Total Inventory of Saudi Cable Company - UAE							-
Allocation							(42,275)
Total inventory							105,726

Source: Company information and its subsidiaries.

The balance of raw materials decreased from SAR 54.8 million as on 31 December 2018 to SAR 43.6 million as on 31 December 2019 due to a decrease in the amount of copper metal inventory. The balance of raw materials increased to reach SAR 50.6 million as of 31 December 2020 in line with the increase in the level of production and operational processes during the same period.

The balance of finished goods decreased from SAR 42.9 million as on 31 December 2018 to SAR 37.5 million as on 31 December 2019, due to the company's decisions to increase the efficiency of delivering finished goods to customers faster. The balance of finished goods increased to SAR 41.6 million as on 31 December 2020, as a result of the increase in the quantity of finished aluminum goods from 94 tons to 684 tons during the same period. The balance of work under implementation decreased from SAR 32.6 million as on 31 December 2018 to SAR 20.4 million as on 31 December 2019 as a result of the decrease in operating ratios and sales in general. The balance of work under implementation increased to reach SAR 23.6 million as of 31 December 2020 in line with the increase in the level of production and operational process during the same period.

The balance of spare parts and wooden reels increased from SAR 37.6 million as on 31 December 2018 to SAR 39.5 million as on 31 December 2019, due to purchasing an inventory of spare parts and wooden reels by AlMasan Company in the fiscal year 2019. It did not need to an inventory of spare parts and wooden reels during the fiscal year 2018. The inventory of spare parts and wooden reels was completely consumed by AlMasan Company during the fiscal year 2020, decreasing the balance to SAR 32.3 million as on 31 December 2020.

The company follows a policy of provisions for slow moving inventories whereby 50% of the value of the obsolete inventory over two years is allocated and 100% is allocated to the obsolete inventory more than 4 years except for the metal part (i.e. copper, aluminum, lead and other metals used in cable manufacturing) which is either recycled or sold. The value of provision for obsolete and slow moving inventory amounted to SAR 55.6 million, SAR 42.1 million and SAR 42.3 million as on 31 December 2018, 2019 and 2020, respectively.

### 6.6.2.3 Receivables and accounts receivable

Table No. (30): Receivable for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Total trade receivable	373,347	288,518	306,304
Less: provision for expected credit losses	(147,633)	(149,564)	(161,075)
Trade receivables, net	225,714	138,954	145,229
Current portion of accounts receivable	64,153	63,940	52,438
Total	289,867	202,894	197,667
Trade receivables due days	106	175	141

Source: Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020 and the information of the company and its subsidiaries.

Table No. (31): Movement of the provision for expected credit losses for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
In the beginning of the year	158,648	147,633	149,564
Reversed provision	(4,748)	-	-
Provision charged during the year	-	1,931	19,330
Write-off of the expected credit loss provision	(6,267)	-	-
Expected credit loss provision balance	147,633	149,564	161,075

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

The net trade receivables decreased from SAR 225.7 million as on 31 December 2018 to SAR 139.0 million as on 31 December 2019 during the same period in line with the decrease in sales of the same period. In addition to the decrease in the receivables related to Demirer Kablo, which resulted from the company's sale of its entire shares in Demirer Kablo. Accordingly, the number of days due for trade receivables reached 106 days and 175 days, respectively, during the same period.

The net trade receivables increased to reach SAR 145.2 million as on 31 December 2020 as a result of the increase in sales of the Saudi Cable Company. This was accompanied by the collection of less funds as a result of the effects of the Coronavirus pandemic. The trade receivables due days became 141 days.

MASS Energy and Communications Projects Company implements drilling and installation projects, which its extracts depend on the percentage of completion in each period. On this basis, the main contractor, for each project, deducts a portion of each extract (ranging between 5% and 10% depending on the nature of the project) as a guarantee for proper implementation. The full balance shall be settled upon completion of the project and the end of the guarantee period. The current portion of the accounts receivable shall be settled at about SAR 64 million as on 31 December 2018 and 2019 as a result of the projects not being completed during the same period and the receipt of the amounts. Then, the balance decreased to SAR 52.4 million as of 31 December 2020, mainly as a result of the decrease in the projects of MASS Company, in addition to the completion of some projects, for which the balances of the debit reservations were received.

Table No. (32): Aging of accounts receivable for the fiscal year ended on 31 December 2020

(SAR IN 000'S)	Not receivable yet	0 - 90 days	91 - 180 days	181 - 270 days	271 - 360 days	Over 360 days	Total
Saudi Cable Company	16,667	11,531	31,853	3,149	8,091	138,664	209,955
Mass company	4,195	7,196	598	246	574	41,892	54,701



Total for Saudi Cable Company and MASS Company	20,862	18,727	32,451	3,395	8,665	180,556	264,656
AlMasan company	-	-	-	-	-	-	35,426
Saudi Cable Company - UAE	-	-	-	-	-	-	3,888
Saudi Cable Marketing Company	-	-	-	-	-	-	2,334
Demirer Kablo Co.	-	-	-	-	-	-	-
Provision for doubtful accounts	-	-	-	-	-	-	(161,075)
Total	-	-	-	-	-	-	145,229

Source: Company information and its subsidiaries.

According to the receivables aging table:

- The total balances of undue receivables to Saudi Cable Company and Mass Company amounted to SAR 20.9 million, which is equivalent to 7.9% of the total receivables.
- The total balances of the due receivables between zero and 360 days to Saudi Cable Company and Mass Company amounted to SAR 63.2 million, which is equivalent to 23.9% of the total receivables.
- The total balances of the due receivables for more than 360 days to Saudi Cable Company and Mass Company amounted to SAR 180.6 million, which is equivalent to 68.2% of the total receivables.

Table No. (33): Accounts receivable of the subsidiary company for the fiscal years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Saudi Cable Company "The Parent Company"	72,790	62,168	69,843
Mass company	73,853	46,346	42,542
AlMasan company	52,359	26,902	30,442
Saudi Cable Company - UAE	22,893	1,420	1,235
Saudi Cable Marketing Company	2,118	2,118	1,167
Demirer Kablo Co.	1,702	-	-
Total	225,714	138,954	145,229
Receivable due days for Saudi Cable Company "The Parent Company"	74	95	82
Receivables due days for Mass company	423	244	279
Receivable due days for AlMasan Company	262	551	1,635
Receivable due days for Saudi Cable Company – UAE	109	694	56
Receivables due days for Demirer Kablo	7	-	-
Receivable due days for the company and its subsidiaries	106	175	141

Source: Company information and its subsidiaries.



The receivables balance of Saudi Cable Company decreased from SAR 72.9 million as of 31 December 2018 to SAR 62.2 million as on 31 December 2019. This is due to the decrease in sales during the period, which led to a change in the receivables due days of Saudi Cable Company from 74 days to 95 days during the same period. The balance of accounts receivable for the Saudi Cable Company increased to SAR 69.8 million as of 31 December 2020 as a result of the increase in the sales of the Saudi Cable Company. This was offset by a slight decrease in receivables due days to reach 82 days in the same period.

The balance of receivables for MASS decreased from SAR 73.9 million as on 31 December 2018 to SAR 46.3 million as on 31 December 2019. This is due to paying part of the due amount by some major clients of MASS of the government sector due to the closeness of the client's project end, which led to a change in the receivables due days of MASS from 423 days to 244 days during the same period. The balance of receivables for MASS Company continued to decline to reach SAR 42.5 million as of 31 December 2020 due to the decrease in the revenues of MASS Company. In addition to losses related to impairment amounting to SAR 4.4 million were charged to the provision for debts of MASS Company, which made the receivables due days up to 279 days in the same period.

The balance of receivables for AlMasan Company decreased from SAR 52.4 million as on 31 December 2018 to SAR 26.9 million as on 31 December 2019 as a result of the decrease in sales of AlMasan Company, which led to a change in the receivables due days from AlMasan Company from 262 days to 551 days during the same period. The balance of receivables for AlMasan Company increased to SAR 30.4 million as of 31 December 2018 as a result of the delay in collecting receivables related to Al-Maysan Company due to the impact of the Coronavirus pandemic, which made the receivables due days up to 1,635 days in the same period.

The balance of accounts receivable of Saudi Cable Company - UAE decreased from SAR 22.9 million as of 31 December 2018 to SAR 1.4 million as on 31 December 2019. This is due to the decrease in sales, which led to a change in the receivables due days of Saudi Cable Company - UAE from 109 days to 694 days during the same period. The balance of accounts receivable for Saudi Cable Company - UAE continued to decline to reach SAR 1.2 million as of 31 December 2020. This is due to the impairment losses amounting to SAR 697 thousand that were charged to the debt provision of Saudi Cable Company - United Arab Emirates, which made the receivables due days up to 56 days in the same period.

The balance of receivables for the Saudi Cable Marketing Company amounted to SAR 2.1 million as of 31 December 2018 and 31 December 2019, related to a one-time sale of a government entity outside the Kingdom of Saudi Arabia for the sale of cables during the fiscal year 2012, part of which was collected in the fiscal year 2020 leading to a decrease in the balance to become SAR 1.2 million.

The balance of the accounts receivable of Demirer Kablo Company amounted to SAR 1.7 million as on 31 December 2018, and decreased to nil as on 31 December 2019 as a result of the company's sale of its entire shares in the company during the same period.

#### 6.6.2.4 Prepaid Expenses and Other Debits

Table No. (34): Prepaid expenses and other balances for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Receivable from sales of subsidiary	75,000	77,170	41,250
Guarantee and deposit margin	31,856	30,516	30,649
Advances to suppliers, net	30,963	26,682	41,613
Derivatives gain and prepaid expenses	9,070	8,375	16,310
Value added tax, net	6,894	10,457	3,180
Other receivables	15,505	13,201	13,058
<b>Total</b>	<b>169,288</b>	<b>166,401</b>	<b>146,060</b>

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.



Prepaid expenses and other balances decreased from SAR 169.3 million as of 31 December 2018 to SAR 166.4 million as of 31 December 2019. This is due to a decrease in payments made to suppliers from SAR 31.0 million to SAR 26.7 million, and a decrease in the derivatives gain and prepaid expenses from SAR 9.0 million to SAR 8.4 million due to the restrictions of working capital, in addition to the company's sale of its entire stake in Demirer Kablo in the fiscal year 2018.

Prepaid expenses and other balances continued to decrease to reach SAR 146.1 million as of 31 December 2020 due to a decrease in receivable balances of sales of a subsidiary from SAR 77.2 million to SAR 41.3 million. This clause relates to villas in Turkey owned by Demirer Kablo, whose shares were sold in the fiscal year 2018. It is worth noting that these villas were included in the investment property account, as they became due after the completion of legal procedures.

### 6.6.2.5 Due from related parties

Table No. (35): Due from related parties for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	Nature of relationship	Nature of transaction	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Hidada Contracting Co. Ltd	Sister company	Merchandise sales	187	187	113
Demirer Kablo Tesleri Sanayi and Tigarat Anonim Cherkati	Previously subsidiary	Merchandise sales and expenses	25,522	-	-
<b>Total</b>			<b>25,709</b>	<b>187</b>	<b>113</b>

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

The balance due from related parties decreased from SAR 25.7 million as on 31 December 2018 to SAR 187 thousand as on 31 December 2019 as a result of the decrease in the required from Demirer Kablo, as the company sold its entire stake in Demirer Kablo in August of the fiscal year 2018.

The receivable from a related party continued to decline to reach SAR 113 thousand as of 31 December 2020. These amounts were related to Hidada Contracting Co. Ltd, and the receivable decreased due to the settlement of dues by an amount of SAR 74 thousand during the same period.

### 6.6.2.6 Cash and bank balances

Table No. (36): Cash and cash equivalents for the fiscal years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Cash on hand	716	1,119	588
Balances at banks in current accounts	14,772	5,945	18,205
<b>Total</b>	<b>15,488</b>	<b>7,064</b>	<b>18,793</b>

Source: Source: the Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

Cash and bank balances consist of cash at banks and cash in hand. The balance of cash and bank balances decreased from SAR 15.5 million as on 31 December 2018 to SAR 7.1 million as on 31 December 2019 due to a decrease in advance payments from customers from SAR 89.3 million to SAR 49.4 million in line with the decrease in the sales of the company and its subsidiaries during the same period, in addition to the company's sale of its entire stake in Demirer Kablo during the fiscal year 2018. Cash and bank balances increased to SAR 18.8 million as of 31 December 2020, as a result of the company receiving dividends from the associate company amounting to SAR 6.8 million, in addition to the company receiving cash proceeds from the initial rights issue during the same period.

### 6.6.3 Shareholders' Equity

Table No. (37): Shareholders' equity for the financial years ended on 31 December 2018, 2019 and 2020

(SAR IN 000'S)	As on 31 December 2018 (Audited consolidated)	As on 31 December 2019 (Audited consolidated)	As on 31 December 2020 (Audited consolidated)
Capital	110,614	110,614	360,614
Hedge reserve	958	826	8,632
Reserve foreign currency	(6,703)	(6,403)	(6,529)
Actuarial valuation reserve	2,277	(3,320)	(11,612)
Retained earnings (accumulated losses)	55,006	(7,409)	(62,421)
Shareholders' equity of the parent company	162,152	94,308	288,684
Non-controlling share	(355)	(2,543)	(3,262)
Total shareholders' equity	161,797	91,765	285,422

Source: The Audited consolidated financial statements for the fiscal years 2018, 2019 and 2020.

#### Capital

In accordance with the resolution of the Board of Directors on 04 June 2017, Saudi Cable Company and its subsidiaries have amortized the accumulated losses estimated at SAR 355.9 million by reducing the company's capital. Therefore, the company's capital amounted to SAR 404.1 million as on 31 December 31, 2017. The capital also decreased to SAR 110.6 million as on 31 December 2018 as a result of the company's decision issued on 02 August 2018 to amortize the accumulated losses by an amount of SAR 293.5 million by reducing the company's capital.

On 16 April 2019, the company's board of directors recommended increasing the capital of the parent company through issuance rights with a total amount of SAR 250.0 million. As a result, the company's capital increased to SAR 360.6 million as on 31 December 2020.

It is worth noting that the capital has not been adjusted for any of the subsidiaries during the three fiscal years 2018, 2019 and 2020. The capital of the subsidiaries as of 31 December 2020 is as following:

Table No. (38): The capital of the company and its subsidiaries as on 31 December 2020

Company	Relationship	(SAR IN 000'S)	Actual ownership percentage as on 31 December 2020
Local:			
Saudi Cable Company	Parent company	360,614	100%
Saudi Cable Marketing Company Ltd.	Subsidiary	10,000	100%
Mass Power and Communications Projects Co. Ltd. "MAS"	Subsidiary	10,000	100%
Mass Centers Company for the Distribution of Electrical Tools Ltd.	Subsidiary	44,500	100%
International:			
Mass Kablo Yatirim and Tijara Anonim Shirkati "Mass Kablo"	Subsidiary	477,270	100%
Mass International Trading Ltd. (No activity)	Subsidiary	581	100%





Saudi Cable Company (UAE)	Subsidiary	1,022	100%
Elmusan Salt Sihazlay and Electromechanical San and Tec AS	Subsidiary	216,855	94%
AlMasan Metallurgy and McKinney San and Tech SA	Subsidiary	2,618	100%
Fairhaven Holdings Limited	Subsidiary	188	100%
Cable Holding Company Ltd.	Subsidiary	8	100%
Jozo Jayriminkule Anonymous Shirkati	Subsidiary	31	100%
Valletta Jayrimincol Anonymous Cherkati	Subsidiary	31	100%

Source: Company information and its subsidiaries.

### Hedging reserve

The hedging reserve mainly represents the unrealized gains (and losses) arising from the fair value of the derivatives. The hedging reserve decreased from SAR 958 thousand as on 31 December 2018 to SAR 826 thousand as on 31 December 2019, then increased to SAR 8.6 million as on 31 December 2020. This is due to fluctuations in commodity prices, especially copper and aluminum, which represent the profits and losses of hedging contracts at the end of each period.

### Reserve foreign currency translation

The foreign currency translation reserve increased from negative SAR 6.7 million as on 31 December 2018 to negative SAR 6.4 million as on 31 December 2019 and then decreased slightly to negative SAR 6.5 million as on 31 December 2020, due to changes in currency rates during the period.

### Actuarial valuation reserve

The actuarial valuation reserve represents the employee benefits plan reserve through the company and its subsidiaries' actuarial valuation of employee benefits, which showed a loss of SAR 8.3 million as of 31 December 2020.

### Retained earnings (accumulated losses)

The retained earnings decreased from SAR 55.0 million to become accumulated losses of SAR 7.4 million as on 31 December 2019 and accumulated losses of SAR 62.4 million as on 31 December 2020, as a result of the continued losses of the company and its subsidiaries during the fiscal years 2018, 2019 and 2020.

### Non-controlling interest

The non-controlling interest relates to Saudi Cable Company's stake in AlMasan Company, where the Company owns 94.4% of AlMasan Company. Accordingly, the non-controlling interest represents the proportion of the other partners in the results of AlMasan Company amounting to 5.6%. The loss for the non-controlling interest increased from SAR 355 thousand as on 31 December 2018 to SAR 2.5 million as of 31 December 2019. The loss of the non-controlling interest continued to rise to reach a loss of SAR 3.3 million as of 31 December 2020 in line with the losses of AlMasan Company during the period.



#### 6.6.4 Non-current liabilities

Table No. (40): Non-current liabilities for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
<b>Term Loans and Advances</b>	183,658	378,181	353,647
<b>Outstanding Retained Amounts</b>	7,018	8,066	3,175
<b>Employee Benefits Liabilities</b>	42,264	52,168	61,372
<b>Leases Liabilities</b>	469	8,623	7,881
<b>Total non-current liabilities</b>	<b>233,409</b>	<b>447,038</b>	<b>426,075</b>

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

##### 6.6.4.1 Loans and credit facilities

Table No. (41): Short term loans for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
Local banks	3,141	16,076	700
Lenders of Subsidiaries (Outside KSA)	47,351	308	248
<b>Total</b>	<b>50,492</b>	<b>16,384</b>	<b>948</b>

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

Table No. (42): Long term loans for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
Restructured loans from commercial banks	261,892	264,176	245,613
Lenders of Subsidiaries (Outside KSA)	889	44,630	38,770
Suppliers' Finance	0	166,551	119,656
Saudi Industrial Development Fund Loan	109,250	107,290	105,290
<b>Total long term loans</b>	<b>372,031</b>	<b>582,647</b>	<b>509,329</b>
Less: Current part of long term loans	(188,373)	(204,446)	(155,682)
<b>Non-current. part of long term loans</b>	<b>183,658</b>	<b>378,181</b>	<b>353,647</b>

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

On 23 February 2016G, the Company and its subsidiaries entered into restructuring contracts with four major lenders that require the Company and its subsidiaries to adhere to additional commitments and allow the Company and its subsidiaries to restructure the repayment of its debts over a period of seven years ending by a final payment to be made at the end of December 2022G possibly subject to certain additional requirements. Through a final settlement entered into in December 2018G, a settlement was made with two banks while Al Rajhi Bank was retained as the seat of the syndicated loan. During the current year, the Company entered into murabaha facilities agreements with Al Rajhi Bank to restructure an outstanding balance as a part of the syndicated loan through the payment of the outstanding amount in two tranches: (A) A trench to be paid on two years and shall not result in an interest; (B) A trench will result in three-month SAIBOR in addition to 3% to be payable for an extendable period of 6 years.

Loans were restructured from Saudi Industrial Development Fund in December 2019G so that they could be payable on three-year period starting from December 2020G and shall result in semi-annual fees. This loan is secured against factory building and machinery.

Loans provided by external banks form facilities make available to subsidiaries. Such loans are denominated by USD and also secured against industrial factory land carrying an interest which ranges from 5%-7% p.a. At a rate of 11% p.a. For facilities denominated by TRY.

During the last years, the Company has a credit facility agreement with Nobel International Pty Ltd to purchase raw materials (on deferred batches). Such agreement obliged the Company to pay finance cost in case of default of payment within the stated timeframe. In July 2020G, the facility was restructured and the Company asked for amendment of terms so that payment could be made on installments up to October 2022G as such facility is unsecured and results currently in fixed finance cost at 7.75% p.a. The Management reevaluated this facility from the quantitative and qualitative aspects according to international standards. As a result of such evaluation, restructuring process became a new finance and hence the Company derecognized the previous finance and recognized the new finance at fair value in effective date of finance. This led to a loss of SAR 5,4m and third party gains will be amortized during the remaining period of loan using effective interest rate.

Table No. (43): Timetable for repayment of long term loans of Saudi Cable as of 31 December 2020G

(SAR .000)	Balance as of							
	31 December 2020G	31 March 2021G	31 December 2022G	31 December 2023G	31 March 2024G	31 December 2025G	31 December 2026G	31 March 2027G
Al Rajhi Bank (A)	48,583	9,717	-	-	-	-	-	-
Al Rajhi Bank (B)	197,030	205,877	175,991	134,419	92,944	51,570	10,301	-
Nobel International Pty Ltd	119,656	54,486	-	-	-	-	-	-
Saudi Industrial Development Fund	105,290	75,290	45,290	-	-	-	-	-
<b>Total facilities of Saudi Cable</b>	<b>470,559</b>	<b>345,369</b>	<b>221,281</b>	<b>134,419</b>	<b>92,944</b>	<b>51,570</b>	<b>10,301</b>	<b>-</b>
<b>Total facilities of subsidiaries</b>	<b>38,770</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total facilities</b>	<b>509,329</b>							

Source: Company and subsidiaries information

Total outstanding amounts of long term finance were SAR 353,6m as of 31 December 2020G where current part was SAR 156,6m. Outstanding amounts included balances of:

- Trench (A) of Al Rajhi Bank finance to fund working capital at SAR 48,6m as of 31 December 2020G, which is expected to be repaid in full in the financial year of 2020G.
- Trench (B) of Al Rajhi Bank finance to fund working capital at SAR 197.0m as of 31 December 2020G, which is expected to be repaid in full in the financial year of 2027G.
- A finance from Nobel International Pty Ltd at SAR 119,7m as of 31 December 2020G to purchase raw materials where such finance will be paid in full in the financial year of 2022G.
- A finance from Saudi Industrial Development Fund at SAE 105,3m as of 31 December 2020G to fund capital projects. Finance will be paid in full in the financial year of 2023G.

Table No. (44): Details of credit facilities

Financier	Amount	Balance as of 31 December 2020G	Guarantees	Finance expenses	Purpose of loan	Finance date	Terms and conditions
Al Rajhi Bank	SAR 58,3m	SAR 48,6m	Endorsement is secured by promissory notes	N/A	Working capital loan	Restructured in the financial year 2020G	Debt service ratio (operating cash flows to debt service) is not less than 1: 1.



Al Rajhi Bank	SAR 205,9m	SAR 197,0m	Endorsement is secured by promissory notes	SAIBOR + 3,0%	Working capital loan	Restructured in the financial year 2020G	Days sales outstanding (DPO) of nor less than 100 days. Days inventory outstanding (DIO) of nor less than 75 days. Test frequency of such financial covenants will be twice p.a. (i.e. June and December for 12 months p.a.) and will start on 30 June 2022.
Saudi Industrial Development Fund	SAR 107,3m	SAR 105,3m	Factory building and machinery	N/A	Capital expansion finance	Restructured in the financial year 2020G	N/A
Total from local banks	371,466	350,902					
Nobel International Pty Ltd	SAR 180,8m	SAR 119,7m	N/A	N/A	Working capital loan	Restructured in the financial year 2016G	N/A
Kuveyt Turk Bank	SAR 6,8m	SAR 6,6m	N/A	6.6%	Working capital loan	Restructured in the financial year 2019G	N/A
Vakif Bank	SAR 6,4m	SAR 5,1m	N/A	6.0%	Working capital loan	Restructured in the financial year 2019G	N/A
Deniz Bank	SAR 8,9m	SAR 9,2m	N/A	7.0%	Working capital loan	Restructured in the financial year 2019G	N/A
Is Bankasi Bank	SAR 9,5m	SAR 8,3m	N/A	10.29%	Working capital loan	Restructured in the financial year 2019G	N/A
Yapi Kredi Bank	SAR 7,1m	SAR 7,7m	N/A	7.2%	Working capital loan	Restructured in the financial year 2019G	N/A
Asia Bank	SAR 5,6m	SAR 9,1m	N/A	6.6%	Working capital loan	Restructured in the financial year 2019G	N/A
Total foreign banks and lenders	225,186	158,426					
Total credit facilities	596,652	509,329					

Source: Company and subsidiaries information

#### 6.6.4.2 Leases Liabilities

Table No. (45): Leases liabilities for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
Minimum rental payments	1,744	1,519	705
Less: Unearned finance fees	(172)	(307)	(75)
Current value of minimum rental payments	1,572	1,212	630
Less: Current part	(1,103)	(524)	(574)
Non-current part	469	688	56

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

Table No. (46): Rental liabilities (IFRS 16) 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
In the beginning of the year	-	-	8,504
Amendments of IFRS Transformation	-	9,168	-
Derecognition of rental liabilities	-	382	1,884
Payments	-	(1,046)	(1,376)
<b>In the end of the year</b>	-	8,504	9,012
Current leases liabilities	-	569	1,187
Non-current leases liabilities	-	7,935	7,825

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

Leases related to rental agreement of industrial equipment for 5 year or less. Company and subsidiaries have the option to buy equipment with its nominal value in the end of lease term. It is worthy to mention that obligations of the Company and subsidiaries of leases are secured by landlord title deed of rented assets. Rented assets were acquired under arrangements of financial leasing contracts at a total rent of SAR 5,7m. Remaining balance for SAR 630,000 shall be paid on equal monthly installments. Current value of minimum lease payments was set at an actual interest rate of 4,0% p.a.

#### 6.6.4.3 Potential liabilities and arrangements

Table No. (47): Potential liabilities and arrangements for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
Real estate mortgage and guarantees	167,313	171,068	142,560
Outstanding balances relating to metal purchase forward contracts	91,036	79,180	45,327
Potential liabilities related to contracts execution guarantees and tenders guarantees	54,849	44,433	100,422
Approved and contracted capital liabilities	4,222	3,738	12,383
Total potential liabilities and arrangements	317,420	298,419	300,692

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

#### 6.6.4.4 Employee Benefits Liabilities

Table No. (48): Employee Benefits Liabilities for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
In the beginning of the year	56,269	44,464	54,368

Listed in profit and loss statement	8,456	6,761	6,888
Amendments resulting from subsidiary exclusion	(2,335)	-	-
Listed in other comprehensive statement of income	(2,277)	5,570	8,292
Paid benefits	(15,645)	(2,427)	(5,085)
Outstanding benefits of external clients	-	-	(891)
<b>Total Employee Benefits Liabilities</b>	<b>44,464</b>	<b>54,368</b>	<b>63,572</b>
Advance payments against employee benefits liability	(2,200)	(2,200)	(2,200)
<b>Net Employee Benefits Liabilities</b>	<b>42,624</b>	<b>52,168</b>	<b>61,372</b>

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

The Company and subsidiaries have a certain after sale benefits plan according to the Saudi Labor Law. These awards depend on final employee salaries, bonuses and their accumulated service years as provided for in KSA labor laws. According to the international accounting standards applicable from the financial year of 2017G, employee benefits provision was calculated according to the actuary report where future assumptions are made so that they could be used to calculate the provision such as discount rate, annual salary increment rate and price inflation rate. Net employee benefits provision increased from SAR 42,3m as of 31 December 2018G to SAR 52,2m as of 31 December 2019G due to such burdens sustained during the financial year of 2019G and actuary losses recognized through other comprehensive income of the same period. Net employee benefits provision increased to SAR 61,4m as of 31 December 2020G as a result of salary increments throughout the period in addition to actuary losses at SAR 8,3m which were added to statement of comprehensive income during the same period.

## 6.6.5 Current liabilities

### 6.6.5.1 Payables, outstanding expenses and other liabilities

Table No. (49): Payables for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
Payables	276,574	116,471	104,360
Advance payments of clients	89,326	49,445	55,689
Local invoices in addition to value of completed works	32,182	32,178	37,724
Outstanding expenses	61,745	39,925	24,664
Provision of legal claims	16,391	15,803	13,643
Outstanding finance charges	25,595	6,652	6,924
Current part of outstanding retained amounts	-	-	4,211
Outstanding amounts to subsidiary shareholders	89,745	89,745	-
Other	17,163	11,114	15,454
<b>Total</b>	<b>608,721</b>	<b>361,333</b>	<b>262,669</b>
Maturity days of payables	122	172	95

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G & Company and subsidiaries information.

Payables reduced from SAR 276.6m as of 31 December 2018G to SAR 116,5m as of 31 December 2019G due to sale by the Company of its total shares in Demirer Capello Company in August of the financial year 2018G together with reduction of operating ratios of the Company. This has led to reduction of purchasing levels due to working capital restrictions and caused maturity days of payables to increase from 122 days to 172 days during the same period.



Payables continued their reduction to reach SAR 104,4m due to payment of overdue amounts to Company suppliers and subsidiaries. This caused maturity days of payables to reduce to 95 days during the same period.

Advance payments of clients reduced from SAR 89,3m as of 31 December 2018G to SAR 49,5m as of 31 December 2019G in line with reduction of Company sales. Advance payments increased to SAR 55,7m as of 31 December 2020G conditional upon operations of Al-Masan Company during the year where Al-Masan Company sales are funded through its clients advance payments.

Interim invoices clause in any excess of value of completed works at value of completed works relates to Mass Company installation projects which depend on completion ratio. Interim invoices clause in any excess of value of completed works at value of completed works stabilized at SAR 32,2m as of December 2018G and 2019G due to non-completion of additional stages of existing projects due to working capital restrictions of the Company and subsidiaries. Interim invoices clause in any excess of value of completed works increase to SAR 37,7m as of 31 December 2020G thanks to completion by Mass of additional stages of existing projects during the same period.

Outstanding expenses reduced from SAR 61,7m as of 31 December 2018G to SAR 39,9m as of 31 December 2019G due to sale by the Company of its shares in full in Demirer Capello Company in August of the financial year 2018G. Outstanding expenses continued to reduce to SAR 24,7m as of 31 December 2020G due to derecognition of previous tax provisions during the same period and they reached SAR 13,2m. It is worthy to mention that such amount was calculated as a part of other revenues during the financial year of 2020G.

Legal claims provision relates to any potential judicial claims to be made against the Turkish Al-Masan Company. Legal claims provision reduced from SAR 16,4m as of 31 December 2018G to SAR 15,8m and then to SAR 13,6m as of 31 December 2020G due to maturity of legal settlements paid by Al-Masan towards judicial claims during the same period.

Outstanding finance liabilities relate essentially to Saudi Cable and include finance charges of loans, suppliers' finance interests and Saudi Industrial Development Fund loan fees. Outstanding finance charges reduced from SAR 25,6m as of 31 December 2018G to SAR 6,7m as of 31 December 2019G and SAR 6,9m as of 31 December 2020G due to restructuring by the Company of debts and obligations during the same period.

Current part of outstanding amounts reached SAR 4,2m as of 31 December 2020G and relates to guarantees towards Mass Company upon completion by the Company of stages in the project.

Outstanding balance of subsidiary shareholders reached SAR 89,7m as of 31 December 2018G and 2019G. Such balance relates to obligations paid to non-controlling equities in Salt Sihazlay Al-Masan, Electric Mechanic San and Tek AS under share purchase agreement by Mass Capello. According to such agreement, Mass Capello shall pay 90% of net shareholder profit in Al-Masan up to the year ending December 2014G. Nevertheless, in case no profits were generated during the said period, Mass Capello shall pay USD 14,3m (i.e. equivalent to SAR 53,6m) and USD 5m (i.e. equivalent to SAR 18,8m) in the end of each of 2015G and 2016G. This amount was paid during the financial year of 2020G.

Outstanding balance of subsidiary shareholders amounted to nil due to a court decision issued by a Turkish court in favor of Mass Capello Yatirim V Tech AS for a case brought by majority shareholders of Al-Masan Salt Sihazlay, Electric Mechanic San and Tek AS. Such shareholders brought this case to object the court decision and upon the opinion of the legal advisor that sees that the court decision after such objection brought by Company shareholders will not be different. "Provision which purpose is satisfied" which was previously recorded at SAR 89,7m was derecognized. It is worthy to mention that the Company recorded an incidental obligation at SAR 53m during the same period and that such amount was recorded as a part of other revenues under derecognition of legal provisions clause during the same period.



Other expenses essentially include net VAT costs, metal hedging credits, dividends, expenses related to Zeka Company, guarantee provisions and expected excess costs of current projects. These expenses decreased from SAR 17,2m as of 31 December 2018G to SAR 11,1m as of 31 December 2019G mainly thanks to metal hedging credits that were previously debited within other debit balances. Other expenses increased later to reach SAR 15,5m as of 31 December 2020G due to increased net VAT costs of production and additional liquidation provisions of Zeka Company on account of estimated Zakat and operating expenses.

#### 6.6.5.2 Outstanding amounts to related entities

Table No. (50): Due amounts of related entities for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	Nature of Relationship	Nature of Dealing	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
Medal Cables W.L.L	Associate company	Purchase of raw materials - members bonus - distribution of profits - other	3,374	9,101	18,644
Xenel Industries Limited	shareholder	Company and subsidiaries expenses	43,540	43,531	43,531
Kim International Ltd	Sister company	Costs incurred by Company and subsidiaries	664	664	664
Hidada Limited Company	Sister company	Costs incurred by Company and subsidiaries	1,452	1,452	1,452
Zaka International Information Technology Company	Associate company	Costs incurred by Company and subsidiaries	1,719	1,274	1,274
<b>Total</b>			<b>50,749</b>	<b>56,022</b>	<b>65,565</b>

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

Outstanding balance of related entities pertain essentially to Xenel Industries Limited as Xenel and its subsidiaries was granted a loan to fund operating and administrative fees (interest free) in addition to certain transaction made with Hidada Limited Company, Kim International Ltd (sister company) and Zaka International Information Technology Company. Outstanding balance of related entities increase from SAR 50,7m as of 31 December 2018G to SAR 56,0m as of 31 December 2019G due to outstanding balance of Medal Cables W.L.L in relation to purchase of raw materials, bonus of directors and dividends which increased from SAR 3,4m to SAR 9,1m during the same period.

Outstanding balance of related entities continues to increase to reach SAR 65,6m as of 31 December 2020G due to increase of outstanding balance of Medal Cables W.L.L in relation to purchase of raw materials during the same period.

#### 6.6.5.3 Zakat

Table No. (51): Tax basis for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
1 January	4,821	8,408	8,346
Carried to the year	5,591	26	855
Amendments	(2,004)	(88)	(115)
<b>Total Zakat basis</b>	<b>8,408</b>	<b>8,346</b>	<b>9,086</b>

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G





Table No. (52): Zakat provision for the financial years ending as of 31 December 2018G, 2019G and 2020G

(SAR .000)	as of 31 December 2018G (Audited consolidated)	as of 31 December 2019G (Audited consolidated)	as of 31 December 2020G (Audited consolidated)
Balance in the beginning of the year	101,946	101,946	69,435
Provision carried to the year	11,000	11,666	8,585
Amounts paid during the year	(11,000)	(11,387)	(40,643)
Derecognition of provision	-	(32,790)	-
<b>Balance in the end of the year</b>	<b>101,946</b>	<b>69,435</b>	<b>37,377</b>

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

## Saudi Cable

During the financial year of 2020G, the Company compromised with Zakat, Tax and Customs Authority and paid SAR 65,8m for the years from 2005 to 2012 through Zakat and Tax Dispute Settlement Committee. According to settlement conditions, the Company paid an advance payment a percentage of 10% at SAR 30,4m in the financial year of 2020G and the remaining balance will be paid on installments during the financial year of 2021G.

During the financial year of 2022G, Zakat, Tax and Customs Authority issued a re-assessment for the financial years from 2015G to 2018G and required an additional Zakat obligation for SAR 148m and the Company brought an objection against this re-assessment. It is worth mentioning that the Company received an advice from its Zakat advisor in relation to essential terms of the Authority re-assessment and that it is not possible to assess the results since they depend on multiple objections and appeal as a basis for such objections. Therefore, and due to difficult determination, no Zakat provision was assigned.

## Mass Centers for Distribution of Electrical Products Limited

Zakat, Tax and Customs Authority issued Zakat re-assessments for the financial years from 1998G to 2007G and required an additional Zakat obligation for SAR 1m and the Company submitted tax returns for the financial years from 2008G to 2010G. Zakat, Tax and Customs Authority issued no re-assessments to date. The Company's activity is suspended but it is about to submit tax returns for the financial years from 2011G to 2020G.

## Mass Projects for Power and Telecommunications Ltd

Zakat, Tax and Customs Authority issued Zakat re-assessments for the financial years from 1999G to 2004G and required an additional Zakat obligation for SAR 3,2m. Mass Projects for Power and Telecommunications Ltd brought an objection against this re-assessment before Zakat, Tax and Customs Authority. Primary Objections Committee applied a discount of SAR 2,1m and the Company brought an objection to the same and such objection is still under revision.

Zakat, Tax and Customs Authority issued Zakat re-assessments for the financial years from 2005G to 2012G and required an additional Zakat obligation for SAR 34,7m. Mass Projects for Power and Telecommunications Ltd brought an objection to such evaluations of Zakat, Tax and Customs Authority which applied in light of such objection a discount to the above obligation at SAR 7,9m. The objection was escalated to Primary Objections Committee is still under revision.

Zakat, Tax and Customs Authority issued a Zakat re-assessment for the financial year of 2017G and required thereby an additional Zakat obligation for SAR 2,7m. The Company brought an objection before Tax Dispute Settlement Committee. Zakat, Tax and Customs Authority requested additional information and documents for the financial years from 2017G to 2019G for the issuance of final re-assessment.

## Saudi Cable Company Marketing Ltd

Zakat, Tax and Customs Authority issued Zakat re-assessments for the financial years from 1999G to 2004G and required an additional Zakat obligation for SAR 17m. Saudi Cable Company Marketing Ltd brought an objection against such re-assessments. To date, Saudi Cable Company Marketing Ltd received no decision in this regard.

Saudi Cable Company Marketing Ltd submitted its Zakat returns for the financial years from 2005G to 2007G. To date, Zakat, Tax and Customs Authority issued no Zakat re-assessments for such period. Although Saudi Cable Company Marketing Ltd practices no activity but it is about to submit its Zakat returns for the financial years from 2008G to 2020G.

(For more information on the Zakat situation of the Company and subsidiaries, please see the Risk No. (2.1.18) "Risks of Potential Zakat Dues and Additional Claims" in Section (2) "Risk Factors" hereof).

## 6.7 Consolidated Statement of Cash Flows

Table No. (53): Statement of Consolidated Cash Flows for the financial years 2018G, 2019G and 2020G

(SAR .000)	2018G (Audited consolidated)	2019G (Audited consolidated)	2020G (Audited consolidated)
Year loss before Zakat and Income Tax	(63,218)	(51,920)	(48,001)
Amendments for profit settlement of before Zakat and Income Tax to net cash flows			
Depreciation of properties, machinery, investment real properties and usable assets	50,338	34,756	35,577
Potential credit losses	(4,748)	1,931	32,839
(Derecognition) of slow inventory provision	(8,976)	(13,518)	(165)
Gain(s) from loan restructuring with commercial banks	(228,827)	(17,607)	-
Loss of sale of properties, machinery and equipment	-	32	-
Amortization of intangible assets	4,395	8,311	2,639
Original deferred tax	2,004	88	115
Group share in associate company, net	86,490	(395)	(1,524)
Employee Benefits Liabilities Provision	8,456	6,761	6,888
Finance cost	43,981	13,551	12,774
Derecognition of provisions entry	-	(45,027)	(111,673)
Fair value gains of financial liabilities	-	-	(15,854)
Profit generated by subsidiary exclusion	(47,280)	-	-
<b>Changes to Operating Assets and Liabilities:</b>			
Inventory	146,462	26,926	(6,682)
Payables and retained amounts (outstanding)	102,975	88,703	(36,353)
Prepaid expenses and other balances	5,952	5,590	(19,057)
Outstanding amounts from related entities	(25,522)	25,522	74
Unbilled revenues	29,712	(27,368)	23,002
Payables, outstanding expenses and other liabilities	(29,043)	(50,366)	5,650
Outstanding amounts to related entities	(13,814)	5,273	9,543
Cash of operating activities	59,337	11,243	(110,208)
Paid Zakat	(11,000)	(11,387)	(40,643)
Paid finance costs	(42,499)	(11,954)	(9,665)
Paid employee benefits	(17,849)	(2,427)	(5,085)



Net cash used in available operating activities	(12,011)	(14,525)	(165,601)
Cash flows of investment activities			
Additions to properties, machinery and equipment	(32,092)	(1,670)	(4,599)
Additions to intangible assets	(1,455)	(780)	-
Traffic of financial assets at fair value through other comprehensive income	616	-	-
Dividends received from associate company	25,933	-	6,787
Proceed of investment sale in a subsidiary	175,125	-	-
Net cash used in investment activities	168,127	(2,450)	2,188
Cash flows of finance activities:			
Net traffic of long and short term loans	(207,118)	9,957	(72,900)
Net traffic of liabilities under financial leasing contracts	(17,136)	(1,406)	(1,958)
Proceeds of primary issuance rights	-	-	250,000
Net change to restricted cash	362	-	-
Net cash used in available finance activities	(223,892)	8,551	175,142
Net increase/ (reduction) in cash and the like	(67,776)	(8,424)	11,729
Cash and the like in the beginning of the year	83,264	15,488	7,064
cash and bank balances in the end of the year	15,488	7,064	18,793

Source: Audited Consolidated Financial Statements for the financial years 2018G, 2019G and 2020G

### Cash Flows from Operating Activities

Net cash used from operating activities increased from SAR 12,0m in the financial year of 2018G to SAR 14,5m in the financial year of 2019G as a result of decrease of balances of payables, outstanding expenses and other liabilities at SAR 50,4m as a result of decrease in balance of payables of Demirer Capello Company due to sale by the Company of its total shares in Demirer Capello Company in August of the financial year 2018G together with reduction of operating ratios of the Company. This has led to reduction of purchasing levels due to working capital restrictions. Balances of unbilled contracts of assets increased at SAR 27,4m thanks to increase of revenues and projects of Mass company during the same period.

Net cash used from operating activities continued to increase to reach SAR 165,5m in the financial year of 2020G as a result of decrease of balances of payables, outstanding expenses and other liabilities at SAR 98,7m. This decrease was supported by derecognition of advance payments of clients at SAR 89,7m related to certain cases of the Turkish companies and increase of inventory balances at SAR 6,7m thanks to increase of the Company's inventory related to accessories and increase of average cost of copper during the same period.

### Cash Flows from Investment Activities

Net cash generated by investment activities reduced from SAR 168,1m in the financial year of 2018G to net cash used in investment activities at SAR 2,5m in the financial year of 2020G essentially due to the cash flow generated by investment sale in a subsidiary at SAR 175,1m in the financial year of 2018G related to Demirer Capello Company together with additions to properties, machinery and equipment at SAR 1,7m in the financial year of 2019G.

Net cash used in investment activities to net cash generated by investment activities reduced by SAR 2,2m due to dividends from an associate company at SAR 6,8m during the same period.

### Cash flows from Finance Activities

Net cash used in finance activities reduced from SAR 223,9m in the financial year of 2018G to net cash generated by finance activities at SAR 8,6m in the financial year of 2019G due to decrease of payments towards loans and liabilities affected by restructuring by the Company of loans and liabilities during the same period.

Net cash generated by finance activities increased to SAR 175,1m in the financial year of 2020G thanks to issuance by the Company of preemptive rights at SAR 250,0m towards outgoing cash flows to repay loans and liabilities at SAR 72,9m during the same period.

## 7 Using the Proceeds of the Offering and Future Projects

### 7.1 Net Offering Proceeds

Total proceeds of the Preemptive Rights Offering are estimated at five hundred million (SAR 500,000,000) Saudi Riyals, about eight million seven hundred thirty-two thousand five hundred eighty-seven (SAR 8,732,587) Saudi Riyals of which will be paid to cover the Offering costs, which include the fees of the financial advisor, underwriting manager, underwriters, legal advisor, auditor, marketing, printing, distribution and other underwriting-related expenses.

Net proceeds of the Offering will amount to about four hundred ninety-one million two hundred sixty-seven thousand four hundred thirteen (SAR 491,267,413) Saudi Riyals, which will be used mainly to restructure capital and inject new funds for the making available of working capital so that that the Company could be able to increase operating capacity and boost future activity. Shareholders will not receive any proceeds from such Offering. In the event of any deviation of (5%) or more between the actual use of the proceeds of the Offering and what was disclosed in this Prospectus, the Company will disclose such a deviation to the public on the Saudi Stock Exchange (Tadawul) website as soon as it becomes aware of it. This is in accordance with Paragraph (b) of Article (55) of the Rules on the Offer of Securities and Continuing Obligations which stipulates: "The issuer must, in the event of any deviation of 5% or more from actual use of the proceeds of the issuance of preemptive rights and what was disclosed in the prospectus, disclose each such case to the public once it becomes aware of it".

### 7.2 Using the Proceeds of the Offering

Net proceeds of Offering will be used mainly to restructure capital and inject new funds for the making available of working capital so that that the Company could be able to increase operating capacity and boost future activity. Shareholders will not receive any proceeds from such Offering.

Net proceeds of Offering will be used by the Company to:

- 1) **General Requirements:** To enhance operating capacity, it is required to upgrade the current operating system to a new system (known as "SAP HANA"), improve ventilation and cooling system and update other facilities of industrial utilities in full. It should be kept in mind that estimated cost will amount to SAR (1,612,000) and it is expected that action plan will be put into action in Q1 2022G and end by Q4 2022G.
- 2) **Optimizing the control system and energy consumption:** This forms a part of cost control procedure aimed to improve operating process efficiency and control power consumption together with development of supervision system. It should be kept in mind that estimated cost will amount to SAR (2,180,000) and it is expected that action plan will be put into action in Q1 2022G and end by Q4 2022G.
- 3) **Spare parts of equipment and machinery to cope with volume of targeted production:** To achieve required action plan, the Company needs to develop and replace main parts and equipment of certain machinery. It should be kept in mind that estimated cost will amount to SAR (7,515,000) and it is expected that action plan will be put into action in Q1 2022G and end by Q4 2022G.



- 4) **Purchase of equipment for internal transport of inventory:** This aims to improve transport of materials among factories and other division in manufacturing process. It should be kept in mind that estimated cost will amount to SAR (1,000,000) and it is expected that action plan will be put into action in Q1 2022G and end by Q4 2022G.
- 5) **Spare parts for maintenance and production:** Supply of tools and equipment for manufacturing process. It should be kept in mind that estimated cost will amount to SAR (5,644,000) and it is expected that action plan will be put into action in Q1 2022G and end by Q4 2022G.
- 6) **Development of system for electrical loads:** This aims to improve power system of old devices according to advanced technology. It should be kept in mind that estimated cost will amount to SAR (2,349,000) and it is expected that action plan will be put into action in Q1 2022G and end by Q4 2022G.
- 7) **Existing obligations:** This clause states the performance of certain existing obligations of the Company which have been formerly rescheduled. It should be kept in mind that estimated cost will amount to SAR (75,232,312) and it is expected that such obligations will be performed in Q1 2022G. Such obligations include (partial payment of outstanding and rescheduled loans for Saudi banks, payment of outstanding and rescheduled obligations for certain suppliers, partial payment of outstanding and rescheduled loans for Saudi Industrial Development Fund and partial payment of outstanding and rescheduled obligations for Zakat and Income Authority).
- 8) **Working capital:** This aims to boost working capital with the purpose to increase final products and support the Company inventory where working capital consists of raw materials (copper, aluminum, lead, etc.) and other production inputs which contribute to production of the finished and ready-for-sale product. This helps increase production quantities and contribute to increase of the Company's cash follows to ensure rotation and use of working capital in more than one cycle during the financial year and increase of the Company's inventory of products to meet sale orders received from clients. This will have positive impact on improvement of the Company performance. It should be kept in mind that estimated cost will amount to SAR (395,735,101) and it is expected that action plan will be put into action in Q1 2022G.
- 9) **Offering Costs:** This is to cover the Offering costs, which include the fees of the financial advisor, underwriting manager, underwriters, legal advisor, auditor, marketing, printing, distribution and other underwriting-related expenses. It should be kept in mind that estimated cost will amount to SAR (8,732,587) and it is expected to be paid in Q1 2022G.

The table below shows expected use of Offering proceeds:

Table No. (54): Expected use of Offering proceeds:

SAR	2022G				Total
	Q1	Q2	Q3	Q4	
General Requirements	300,000	600,000	500,000	212,000	1,612,000
Optimizing the control system and energy consumption	700,000	500,000	700,000	280,000	2,180,000
Spare parts of equipment and machinery to cope with volume of targeted production	3,000,000	2,500,000	1,000,000	1,015,000	7,515,000
Purchase of equipment for internal transport of inventory	500,000	300,000	200,000	-	1,000,000
Spare parts for maintenance and production	1,000,000	2,644,000	-	2,000,000	5,644,000
Development of system for electrical loads	1,349,000	1,000,000	-	-	2,349,000

Existing obligations	75,232,312		-	-	75,232,312
Working capital	180,000,000	180,000,000	35,735,101	-	1395,735,10
Offering Costs	8,732,587	-	-	-	8,732,587
<b>Total</b>	<b>270,813,899</b>	<b>187,544,000</b>	<b>38,135,101</b>	<b>3,507,000</b>	<b>500,000,000</b>

Source: Company

It is worth mentioning that the above projects will be exclusively funded by Offering Proceeds.



### 7.3 Offering Proceeds previously generated through the latest issuance process of preemptive rights shares

Total Offering Proceeds previously generated through the latest issuance process of preemptive rights shares is SAR two hundred fifty million (250,000,000) Saudi Riyals.

On 05/05/1441H (31/12/2019G), the Extraordinary General Assembly of the Company's Shareholders approved the capital increase from one hundred ten million six hundred fourteen thousand sixty (SAR 110,614,060) Saudi Riyals to three hundred sixty million six hundred fourteen thousand sixty (360,614,060) Saudi Riyals by way of issuance of (25,000,000) preemptive rights shares at a nominal value of ten (SAR 10) Saudi Riyals per share in a total amount of SAR two hundred fifty million (250,000,000) Saudi Riyals to restructure capital and inject new funds for the making available of working capital so that that the Company could be able to increase operating capacity and boost future activity. As disclosed in the related Prospectus, the Company intended to use such proceeds as follows:

Table No. (55): Use of Offering proceeds disclosed in the latest share issuance Prospectus.

Use	Amount (SAR)
Project of aluminum cable productivity increase	1,000,000
Project of power cable productivity increase	7,000,000
Project of production lines improvement	16,000,000
Project of accessory manufacturing	10,000,000
Working capital	211,000,000
Offering Costs	5,000,000
<b>Total</b>	<b>250,000,000</b>

Source: Company

#### Proceeds were actually used as follows:

Table No. (56): Actual use of Offering proceeds disclosed in the latest share issuance Prospectus.

Use	Amount (SAR)
Project of aluminum cable productivity increase	665,072
Project of power cable productivity increase	1,244,239
Project of production lines improvement	4,185,162
Project of accessory manufacturing	0
Working capital	238,543,027
Offering Costs	5,362,500
<b>Total</b>	<b>250,000,000</b>

Source: Company

Reason behind deviation of actual use of Offering proceeds from such use disclosed in the latest share issuance Prospectus is as follows:

**1. Project of aluminum cable productivity increase:**

This goes back to delayed delivery of parts of machinery by suppliers due to the outbreak of Covid-19 pandemic consequences and this led to non-use of relevant amount as planned.

**2. Project of power cable productivity increase:**

Production capacity increase was affected from 800 metric tons to 1600 metric tons due to the outbreak of Covid-19 pandemic and this led to decrease of power cables production capacity.

**3. Project of production lines improvement**

Required and planned equipment and tools for 2020G were affected due to decrease of loads arising from the outbreak of Covid-19 pandemic.

**4. Project of accessory manufacturing**

The Company started to search for strategic technology partnership to set up a production line for manufacture of accessories (electrical switches and breakers, transformers and related components, terminals, internal and external connections of power cables) but due to the outbreak of Covid-19 pandemic, the project was postponed.

For more clarification in relation to the above projects, impact resulted from the outbreak of Covid-19 pandemic to multiple business sectors and unclear vision of the end of the pandemic, this resulted in postponement of projects in multiple sectors. This led to uncertainty in relation to accomplishment of such projects in the said period according to such action plans developed before the outbreak of Covid-19 pandemic and demand of most clients is no longer existing. In addition to impediments arisen all over the world due to the outbreak of Covid-19 pandemic which led to complete or partial difficulty of business expectations in certain countries, this has adverse effect to work capacity and providing the Company with machinery, equipment and parts necessary for such projects due to difficulties and impediments related to supply by manufactures abroad including shipping operations.

**5. Working capital:**

Additional amounts were injected into raw materials (copper, aluminum, lead, etc.) and other production inputs in addition to other operating expenses (including: Staff wages, maintenance costs, electricity expenses, gas expenses, spare parts costs, rental expenses, insurance expenses, shipping and transportation expenses and administrative and legal consulting expenses).

**6. Offering Costs:**

Offering costs increased more than expected due to governmental and statutory costs together with such costs related to advisers and auditor.





## 8 Expert Statements

Written approval has been obtained from all the advisors and auditors set forth in Pages (D), (E) and (F) to include their names, logos, and statements in the form mentioned in this Prospectus, and such approvals have not been withdrawn as of the date of this Prospectus.

None of the above advisers - among the team providing the Company's services - or their employees or any of their relatives has any shareholding or interest of any kind in the Company up to the date of this Prospectus that may jeopardize their independence.

## 9 Declarations

As of at the date of this Prospectus, Board members declare that:

1. There was no disruption in the Company's business or any of its subsidiaries that may impact or has significantly impacted the financial condition during the last twelve (12) months.
2. No commissions, discounts, brokerage fees or other non-cash compensations were granted by the Company or any of its subsidiaries within the three years immediately preceding the date of submitting the application for listing and offering the securities in connection with the the issuance or offering of any securities.
3. Otherwise what was disclosed in Risk No. (28.1.2) "Risks of Accumulated Loss" in Section (2) "Risk Factors" in this Prospectus, there has been no material negative change in the financial and commercial condition of the company or any of its subsidiaries during The three years immediately preceding the date of submitting the application for listing and offering the securities subject hereto, in addition to the period covered by the auditor's report until the Prospectus is approved.
4. Otherwise what has been mentioned in pages (C, 107,29) hereof, and Risk No. (26.1.2) "Risks of related party transactions" in Section (2) "Risk Factors herein, not for Board members or any of their relatives any shares or interest of any kind in the company or in any of its subsidiaries.
5. The company did not maintain treasury shares, and the Extraordinary General Assembly of the Company did not approve the purchase of the company's shares.



## 10 Legal Information

### 10.1 The Company

Saudi Cable (hereinafter referred to as “the Company” or “the issuer” or “Saudi Cable”) was initially established as a limited liability company, and registered under Commercial Register No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G); on 22/01/1409H (corresponding to 03/09/1988G) it was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G). All of Company’s shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred ( SAR 100) Saudi riyals per share, were listed in the main Saudi stock market.

The Company’s head office is located in Jeddah, Industrial Area, Plot No. 12F, PO Box 4403, Jeddah 21491, Kingdom of Saudi Arabia.

The Company’s current capital is two hundred and sixty-two million three hundred and eleven thousand and sixty (262,311,060) Saudi riyals, divided into twenty-six million two hundred and thirty-one thousand and one hundred and six (26,231,106) ordinary shares, at a nominal value of ten (10) Saudi riyals per share, fully paid up.

### 10.2 The history of the company and the most important developments in its capital structure

- Initially, the Company was incorporated as a limited liability company and was registered in the Commercial Register under No. (4030009931) dated 27/04/1396H (corresponding to 26/04/1976G), with a capital of three million five hundred thousand (3,500,000) Saudi riyals, divided into thirty-five thousand (35,000) share, at a value of one hundred (100) Saudi riyals per share.
- On 13/12/1396H (corresponding to 04/12/1976G), partners agreed to increase the Company’s capital from three million and five hundred thousand (SAR 3,500,000) Saudi riyals to ten million and five hundred thousand (SAR 10,500,000) Saudi riyals, the value of each share is one hundred (SAR 100) Saudi riyals, by transferring a debt of seven million (SAR 7,000,000) Saudi riyals from Partners to seventy thousand new shares of Company’s Partners.
- On 12/05/1402H (corresponding to 07/03/1982G), partners agreed to increase the Company’s capital from ten million and five hundred thousand (SAR 10,500,000) Saudi riyals to seventy million (SAR 70,000,000) Saudi riyals, the value of each share is one hundred (SAR 100) Saudi riyals. The increase amount was paid in cash by Partners, on a proportion basis.
- On 16/06/1404H (corresponding to 18/03/1984G), partners agreed to increase the Company’s capital from seventy million (SAR 70,000,000) Saudi riyals to two hundred million (SAR 200,000,000) Saudi riyals divided into two million (2,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, and the increase was made through transferring undistributed profits to new shares.
- On 20/03/1407H (corresponding to 23/11/1986G), partners agreed to increase the Company’s capital from two hundred million (SAR 200,000,000) Saudi riyals to two hundred fifty million (SAR 250,000,000) Saudi riyals, divided into two million and five hundred thousand (2,500,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, and the increase was made through a private offering.
- On 11/05/1408H (corresponding to 01/01/1988G), partners agreed to increase the company’s capital from two hundred and fifty million (250,000,000) Saudi riyals to two hundred and seventy million (270,000,000) riyals divided into two million seven hundred thousand (2,700,000) shares, at a value of one hundred (100) Saudi riyals per share, all of which are ordinary shares.
- The company was transformed into a Saudi public joint stock company pursuant to the Ministerial Resolution No. (74) dated 22/01/1409H (corresponding to 03/09/1988G); all of Company’s shares of two million and seven hundred thousand (2,700,000) ordinary shares, with a nominal value of one hundred ( SAR 100) Saudi riyals per share, were listed on 22/01/1440H (corresponding to 03/09/1988G) after obtaining the approval of both Ministry of Commerce and the Saudi Arabian Monetary Agency (currently: Saudi Central Bank).
- On 27/11/1412H (corresponding to 28/05/1992G), the Shareholders EGM approved to authorize the Board of Directors to increase the Company’s capital from two hundred and seventy million (SAR 270,000,000) Saudi riyals to three hundred million (SAR 300,000,000) Saudi riyals, divided into three million (SAR 3,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, all of which are ordinary shares, through issuing three hundred thousand (300,000) ordinary shares, by transferring twenty-seven million (SAR 27,000,000) Saudi riyals from the retained earnings to be distributed to existing shareholders, representing two hundred and seventy thousand (270,000) ordinary shares, in



addition to issuing thirty thousand (30,000) ordinary shares at a value of three million (SAR 3,000,000) Saudi riyals, and these shares are offered for subscription of Company's employees through paying their value in cash.

- On 06/03/1418H (corresponding to 11/07/1997G), the Shareholders EGM approved to increase the Company's capital from three hundred million (SAR 300,000,000) Saudi riyals to five hundred million (SAR 500,000,000) Saudi riyals, divided into five million (5,000,000) shares, the value of each share is one hundred (SAR 100) Saudi riyals, all of which are cash ordinary shares. The increase took place in two phases: 1) the issuance of one million (1,000,000) rights shares, the value of each is one hundred (SAR 100) Saudi riyals, with a total of one hundred million (SAR 100,000,000) Saudi riyals distributed to shareholders wishing to subscribe, at the rate of one share for every three shares; Then 2) the issuance of one million (1,000,000) additional free shares, the value of each is one hundred (SAR 100) Saudi riyals, with a total of one hundred million (SAR 100,000,000) Saudi riyals distributed to shareholders, where every one free share is granted for every four shares owned by the shareholder.
- On 10/05/1425H (corresponding to 28/06/2004G), the Shareholders EGM approved the increase of the Company's capital from five hundred million (SAR 500,000,000) Saudi riyals to six hundred and forty million (SAR 640,000,000) Saudi riyals, divided into twelve million and eight hundred thousand (12,800,000) shares, the value of each share is fifty (SAR 50) Saudi riyals. Previously in 1998G, the General Assembly agreed to divide the Company's shares so that the nominal value of one share would become fifty (SAR 50) Saudi riyals instead of one hundred (SAR 100) Saudi riyals, all shares are ordinary, and the increase was made by: 1) the issuance of rights shares of one million seven hundred and eighty (1,780,000) shares; 2) the issuance of new shares of one million and twenty thousand (1,020,000) ordinary shares in the name of Xenel Industries Limited, with a nominal value of fifty (SAR 50) Saudi riyals per share, in fulfillment of a debt owed by the company with a value of fifty-one million (SAR 51,000,000) Saudi riyals.
- On 21/12/1426H (corresponding to 21/01/2006G), the Shareholders EGM approved to increase the Company's capital from six hundred and forty million (SAR 640,000,000) Saudi riyals to seven hundred and sixty million (SAR 760,000,000) Saudi riyals paid in full, divided into fifteen million and two hundred thousand (15,200,000) ordinary shares with a nominal value of fifty (50) Saudi riyals per share, and the increase was made by issuing two million and four hundred thousand (2,400,000) rights shares with a nominal value of fifty (50) Saudi riyals per share.
- On 09/09/1438H (corresponding to 04/06/2017), the Shareholders EGM approved to reduce the Company's capital (to amortize accumulated losses) by a reduction rate of (46.83%) of the Company's capital, from seven hundred and sixty million (SAR 760,000,000) Saudi riyals to four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals, divided into forty million four hundred and eleven thousand and four hundred (40,411,400) shares, the value of each is ten (10) Saudi riyals, all of which are ordinary shares. Previously in 2006, the General Assembly approved to divide the company's shares so that the nominal value of one share became ten (10) Saudi riyals instead of fifty (SAR 50) Saudi riyals, in compliance with the Cabinet's Resolution issued on 27/02/1427H, requiring the unification of the nominal value of the shares to become ten (10) riyals per share.
- On 22/12/1439H (corresponding to 02/09/2018G), the Shareholders' EGM approved to reduce the Company's capital (to amortize accumulated losses) by a reduction rate of (72.63%) of the Company's capital, from four hundred and four million one hundred and fourteen thousand (SAR 404,114,000) Saudi riyals to one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals divided into eleven million sixty-one thousand four hundred and six (11,061,406) shares, the value of each share is ten (10) Saudi riyals, all of which are ordinary shares.
- On 05/05/1441H (corresponding to 31/12/2019G), the Shareholders EGM approved to increase the company's capital from one hundred and ten million six hundred and fourteen thousand and sixty (SAR 110,614,060) Saudi riyals to three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals by issuing twenty-five million (25,000,000) rights shares with a nominal value of ten (10) Saudi riyals per share.
- On 19/11/1442H (corresponding to 29/06/2021G), the Board of Directors recommended the following:
  - 1) Reducing Company's capital by (27.26%), from three hundred and sixty million six hundred and fourteen thousand and sixty (SAR 360,614,060) Saudi riyals, to two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals. Thus, the number of shares shall be reduced from thirty-six million sixty-one thousand four hundred and six (36,061,406) ordinary shares, to twenty-six million



two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through canceling the number of nine million eight hundred and thirty thousand and three hundred (9,830,300) of company shares, i.e. a reduction of (1) share for every (3.6684) shares, in order to restructure the Company's capital to amortize the accumulated losses as at 31 March 2021, amounting to ninety-eight million three hundred and three thousand (98,303,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.

- 2) Increasing Company's capital by (190.61%) (after completing the capital reduction process as stated above), from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand sixty (762,311,060) Saudi riyals. Accordingly, the number of shares is increased from twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares to seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares of equal value, the value of each is ten (10) Saudi riyals, through Offering rights shares of fifty million (50,000,000) shares, with a value of five hundred million (SAR 500,000,000) Saudi riyals, after obtaining all necessary regulatory approvals and the approval of EGM.

### 10.3 Company purposes

- The Company's activities, according to the commercial register, are as follows:
  - Manufacture of wooden cable reels.
  - Manufacture of primary form of plastics.
  - Manufacture of Fiber optic cables.
  - Manufacture of insulated steel wires and cables.
  - Manufacture of insulated copper wires and cables.
  - Manufacture of insulated aluminum wires and cables.
  - Manufacture of electrical connections and conduits for extending plastic wires.
- In accordance with Article Three (3) of the Articles of Association, the company carries out and performs the following purposes:
  - 1) Manufacture of rods, conductors, cables, electrical wires and communications of copper, aluminum, optical fibers and others with all its voltages (electrical/technical) and their sizes and grounding conductors for electrical and communication uses, machines and compounds of plastic plastics, pulleys and wooden pallets and accessories for the extension of telephone cables and their electronic equipment, business systems, electrical and electronic appliances, communications, information, marketing and distribution.
  - 2) Contracting electrical, mechanical, electronic, and plastic works, communications and information systems, management, operation, installation, construction, maintenance and repair of the aforementioned works, owning and leasing them for the benefit of others and performing industrial services. Establishing various industrial projects after obtaining the necessary licenses from the competent authorities.
  - 3) Installation, operation, maintenance and management of local, extended and dedicated computer networks, messaging and communications integration systems, linking them through messaging integration systems, importing and marketing devices for connecting, protecting, distributing networks, and audio, video and information integration devices.
  - 4) Acquisition of lands, real estate, buildings, warehouses and exhibitions necessary to serve the purposes of the company and disposing them.
  - 5) Establishing and managing a training center for the company's workforce to develop industrial skills in the company's business field and acquiring industrial technology related to the company's purposes or cooperation with its owners or developers.
  - 6) Manufacturing raw materials related to the company's activities, on its own or in cooperation with the various productive sectors.
  - 7) Manufacturing circuit breakers, switches, transformers and their ancillary components, terminals, and internal and external connections for power cables.
  - 8) Commercial agencies, wholesale and retail trade in materials, tools, machinery, equipment and raw materials related to the company's activity and marketing.

The company exercises its activities in accordance with applicable laws and after obtaining the necessary licenses from the competent authorities, if any.

(For more information on Company's activity, please refer to subsection (4.3) "Company's Main Activities" of this prospectus)

## 10.4 Company Duration

Article Six (6) of the company's articles of association stipulates that the company's term shall be fifty (50) Gregorian years starting from the date of its registration in the commercial registry. This period may always be extended by a decision issued by shareholders' EGM at least five years before the expiry of its term. The EGM held on 18/04/1441H (corresponding to 15/12/2019G) approved to extend the term of the company for a similar period starting from 30/10/2024G.

## 10.5 Board of Directors

### 10.5.1 Board Composition

In accordance with Article fifteen (15) of the Company's Articles of Association, the Company shall be managed by a Board of Directors consisting of (9) nine members elected by the Ordinary General Assembly for a period not exceeding three years.

Table No. (39): Members of Board of Directors

Board Members								
The Company's Board of Directors appointed on 05/29/1442H (13/01/2021G) *								
Name	Position**	Membership status	Nationality	Age	Shares			
					Direct Number	Direct Percentage	Indirect Number	Indirect Percentage
Abdul Rahman Ibrahim Abdul Rahman Al Khayal	Chairman of Board of Directors	Independent Non-executive	Saudi	58	-	-	-	-
Noha Abdel Ghani Hamza Solimani	Deputy Chairman and Managing Director	Independent Executive	Saudi	44	-	-	-	-
Azhar Mido Mohieddin Kanji	Board member	Independent Non-executive	Saudi	57	-	-	-	-
Abd al-Hadi Abd al-Rahman Yahya Abu al-Khair	Board Member and CEO	Non-independent Executive	Saudi	51	7	0.0000277%	-	-
Saleh Abdullah Abdulaziz Al-Shathri	Board member	Independent Non-executive	Saudi	60	73	%0.0002773	-	-
Moiaser Anwar Muslim Noilati	Board member	Non-Independent Non-executive	Saudi	50	7	0.0000277%	-	-
Ali Mohamed Hussein Al-Attas	Board member	Independent Non-executive	Saudi	48	364	%0.0013865	-	-
Nael Samir Mohamed Kamel Fayez	Board member	Independent Non-executive	Saudi	47	-	-	-	-
Vacant***	-	-	-	-	-	-	-	-

Source: The Company

\* The EGM, in its meeting held on 29/05/1442H (corresponding to 13/01/2021G), agreed to elect the members of the Board of Directors mentioned above for the current session, which started on 01/06/1442H (corresponding to 14/01/2021G) for a period of three years ending on 01/07/1445H (corresponding to 13/01/2024G).



\*\* The Board of Directors decided, in its meeting held on 07/06/1442H (corresponding to 20/01/2021G) to appoint Mr. Moiaser Anwar Muslim Noilati as the Chairman and appoint Mr. Mahmoud Mansour Mahmoud Abdulghafar as Vice Chairman. On 14/10/1442H (corresponding to 26/05/2021G), the Board of Directors decided to dismiss Mr. Moiaser Anwar Muslim Noilati from his position as Chairman of the Board of Directors, and Mr. Mahmoud Mansour Mahmoud Abdul Ghaffar from his position as Vice Chairman, while keeping their positions as Board members. Mr. Abdul Rahman Ibrahim Abdul Rahman Al Khayyal was appointed as Chairman of the Board of Directors, and Mrs. Noha Abdul Ghani Hamza Soleimani was appointed as Vice Chairman; on 24/01/1443H (corresponding to 01/09/2021G) the Board of Directors decided to appoint Mrs. Noha Abdul Ghani Hamza Soleimani as a managing director and amend her membership status to be an executive member, starting from 25/01/1443H (corresponding to 02/09/2021G) until the end of the current session on 01/07/1445H (corresponding to 13/01/2024G).

\*\*\*\* On 19/12/1442H (corresponding to 29/07/2021G), the Company announced the resignation of its Director Mr. Mahmoud Mansour Mahmoud Abdulghafar who resigned from office as a Board member on 18/12/1442H (corresponding to 28/07/2021G) and his position is still vacant as of the date of this Prospectus.

The Company shall comply with the Companies Law and the Corporate Governance Regulations, as the number of the Board members shall not be less than (3) three members and not more than (11) eleven member. The Company also complies with Article (16) of the Corporate Governance Rules, stipulating that the majority of board members shall be non-executive, and that the independent members of the board shall not be less than two members or one third of the total number of board members, whichever is higher. However, the Company shall appoint a Board member to fill the vacant seat in compliance with Article 15 of the Company's Articles of Association.



### 10.5.2 Chairman, Vice President, Managing Director and Secretary

In accordance with Article twenty (20) of the Company's Articles of Association, the Board of Directors shall appoint from among its members a Chairman and a Vice Chairman, and may appoint a Managing Director. The position of Chairman and any other executive position in the Company shall not be combined. The Board of Directors shall appoint a secretary to be chosen from among its members or third parties.

The Company is bound by its Articles of Association, the Companies Law and the Corporate Governance Regulations with regard to appointments related to positions of Board members as follows:

Table no. (40): Positions of Board members

Name	Position
Abdul Rahman Ibrahim Abdul Rahman Al Khayal	Chairman of Board of Directors
Noha Abdel Ghani Hamza Solimani	Deputy Chairman and Managing Director
Bassem Abdel Rahim Saati	Secretary of the board of directors

Source: The Company

The powers of the Board of Directors have been defined in Article eighteen (18) of the Company's Articles of Association. The powers of the Chairman, Vice Chairman and Secretary have been detailed in Article twenty (20) of the Company's Articles of Association.

### 10.5.3 Board Remuneration

In accordance with Article (19) of the company's Articles of Association, the annual remuneration for Board members for the services they perform shall be determined in accordance with the provisions of paragraph (5) of Article (43) of the company's Articles of Association, and each member may receive, in addition, the fees for attending Board meetings with a maximum amount of six thousand (6,000) Saudi riyals per meeting Paragraph (5) of Article (43) of the Articles of Association stated that the remuneration of the Board of Directors shall be within the limits stipulated by the Companies Law and its regulations, taking into account Article (76) of the Companies Law. In the event that the company achieves profits, a percentage not exceeding (10%) of the rest of the net profit may be distributed after deducting the reserves decided by the General Assembly according to the provisions of the Companies Law and the Company's Articles of Association, following distributing a profit to shareholders not less than (5%) of the Company's paid capital, provided that the entitlement to such reward shall be proportional to the number of meetings attended by the member, and any estimate to the contrary shall be void.

The annual report of the Board of Directors to the Ordinary General Assembly of Shareholders shall also includes a comprehensive statement of all the Board members received during the fiscal year in terms of salary bonuses, share in profits, attendance allowance, expenses and other benefits, in addition to amounts received by Board members in their capacity as employees or administrators of the Company, or amounts received for technical, administrative or consulting work.

(For more information, please see subsection (5.4) "Compensation and Remuneration of Board Members and Senior Executives" hereof).

### 10.5.4 Board Meetings

According to Article (21) of the Company's Articles of Association, the Board of Directors shall meet at least twice a year, shall also meet whenever the interest of the Company requires such. The Board shall meet upon an invitation from the Chairman, which shall be accompanied by the meeting agenda. The Chairman shall invites the Board to a meeting upon the written request of two Board members. The invitation to the meetings shall be delivered by hand or sent to each member by registered mail, telegram, telex, fax or E-mail at least two weeks prior to the date of the meeting, unless the Board of Directors decided otherwise. The Board shall hold its meetings at the Company's head office, unless the Board of Directors decided otherwise.





## 10.6 Company Committees

The following is a description of the company's committees, their responsibilities and current members of each committee:

### 10.6.1 Audit Committee

The Ordinary General Assembly, in its meeting held on 05/07/1442H (corresponding to 02/17/2021G), approved the formation of the Audit Committee, determining its tasks, rules of work, remuneration of its members, and the term of their membership for the new term, which commencing on 29/05/1442H (corresponding to 01/13)/2021G) and ends on 07/01/1445H (corresponding to 01/13/2024G). On 07/03/1443H (corresponding to 10/13/2021G), the Ordinary General Assembly agreed to increase the number of audit committee members from (3) to (4) members, thus, the number of members of the Audit Committee will be (4) members. The following table shows the members of the Audit Committee:

Table no. (41): Members of the Audit Committee

Name	Position
Bassem Tayseer Hijaz *	Chairman
Azhar Mido Mohieddin Kanji	Member
Nael Samir Mohamed Kamel Fayez	Member
Mazen Khalaf Al-Zayer **	Member

Source: The Company

\* The Ordinary General Assembly held on 07/03/1443H (corresponding to 13/10/2021G) approved the appointment of Mr. Basem Tayseer Hijaz as a member of Audit Committee starting from the date of Assembly until the end of the current session on 01/07/1445H (corresponding to 13/01/2024G), in replacement of previous committee chairman, Mrs. Noha Abdul Ghani Hamza Soleimani, who resigned from her position as Audit Committee Chairman on 25/01/1443H (corresponding to 02/09/2021G) due to the Board of Directors' Resolution dated 24/01/1443H (corresponding to 01/09/2021G) to appoint her as a managing director as of 25/01/1443H (corresponding to 02/09/2021G).

\*\* The Ordinary General Assembly held on 07/03/1443H (corresponding to 13/10/2021G) approved to increase the number of audit committee seats from (3) to (4) seats, so that the number of audit committee members reaches (4) members, by appointing Mr. Mazen Khalaf Al-Zayer as a member of Audit Committee, starting from the date of the Assembly until the end of the current meeting on 01/07/1445H (corresponding to 13/01/2024G).

The work regulation of the Audit Committee was approved by the Ordinary General Assembly in its meeting held on 30/06/1442H (corresponding to 17/02/2021G). The Audit Committee held four (4) meetings during the year 2018G, four (4) meetings during the year 2019G, and five (5) meetings during the year 2020G.

### 10.6.2 Remuneration and Nomination Committee

The Board of Directors decided in its meeting held on 07/06/1442H (corresponding to 20/01/2021G) to form the Nominations and Remunerations Committee, determining its tasks, rules of work, the remuneration of its members and the term of their membership for the new term, which commencing on 14/01/1442H (corresponding to 14/01/2021G) and ends on 02/07/1445H (corresponding to 14/01/2024G). The table below shows the members of the Nominations and Remunerations Committee:

Table No. (42): Members of the Nominations and Remunerations Committee.

Name	Position
Saleh Abdullah Abdulaziz Al-Shathri	Chairman
Ali Mohamed Hussein Al-Attas	Member
Moiaser Anwar Muslim Noilati	Member
Abdul Rahman Ibrahim Abdul Rahman Al Khayal	Member

Source: The Company

\* On 19/12/1442H (corresponding to 29/07/2021G), the Company announced the resignation of Board Member, Mr. Mahmoud Mansour Abdel Ghaffar, as he submitted his resignation from his position as a Board Member and Chairman of the Nomination and Remuneration Committee on 18/12/1442H corresponding to 28/07/2021G. On 26/12/1442H (corresponding to 05/08/2021G), the Board of Directors decided to appoint Mr. Saleh Abdullah Al-Shathri as a replacement for Mr. Mahmoud Mansour Abdul Ghaffar as a member of Nomination and Remuneration Committee.

The Nomination and Remuneration Committee held two (2) meetings during the year 2018G, two (2) meetings during the year 2019G, and six (6) meetings during the year 2020G.



## 10.7 Executive Management

The table below shows the details of the Company's executive management:

Table no. (43): Executive Management

Name	Position	Nationality	Age	Date of appointment	Shares Owned **	
					Number	Direct Percentage
Abd al-Hadi Abd al-Rahman Yahya Abu al-Khair	Chief Executive Officer (CEO)	Saudi	51	01/06/2018G	7	0.0000277%
Vacant *	Financial Vice CEO	-	-	-	-	-
Vacant *	Commercial Vice CEO	-	-	-	-	-
Vacant *	Operations Vice CEO	-	-	-	-	-
Vacant *	Procurement Vice CEO	-	-	-	-	-
Basem Abdel Rahim Saati	General Manager of Compliance, Corporate Governance, Corporate Communication & Shareholders Affairs	Saudi	46	01/08/2019G	-	-
Hassan Asaad Karkadan	Senior General Manager of HR and Common Services	Saudi	43	01/02/2021G	-	-
Ahmed Hassan Shteivi	Corporate CFO	Jordanian	45	01/12/2019G	-	-
Khalil Al-Hayek	Production & Technology Manager	Jordanian	44	25/03/2017G	-	-
Rehan Hanif	Excellence Center Manager	Pakistani	63	01/01/2006G	-	-
Seddik Al-Saiedi	Treasury & Cash Manager	Saudi	67	01/06/2010G	-	-
Shahabuddin Sharif	Legal Manager	Sudanese	72	01/01/2008G	-	-
Hussam Farouk Al Alshi	Internal Audit Manager	Saudi	51	01/01/2019G	-	-

Source: The Company

\* It is expected that vacant positions referred to in the above table will be occupied during the first quarter of 2022G.

\*\* None of the executive management members have indirect ownership in the company as on the date of this Prospectus.

## 10.8 Corporate Governance

In accordance with the rules, regulations, and instructions issued by the Capital Market Authority, in particular, the Corporate Governance Regulations issued pursuant to the decision of the Authority Council pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by the Royal Decree No. (M/3), dated 28/01/1437H (corresponding to 10/11/2015G), as amended by Authority Council Resolution No. (1-7-2021), dated 06/01/1442H (corresponding to 14/01/2021G); A corporate governance guide was developed and approved by the Ordinary General Assembly at its forty-second meeting held on 09/23/1439H (corresponding to 07/06/2018G). The Company shall comply with all the mandatory articles in the corporate governance regulations as on the date hereof, except for what is described above in the formation of the Board of Directors in section (1.5.10) "Board Composition" herein.

## 10.9 Branches and subsidiaries

The Company owns two branches in the Kingdom of Saudi Arabia, one located in Al-Khobar with Commercial Registration No. 2051019701 dated 11/11/1442H (corresponding to 06/21/2021G), and the other located in Riyadh with Commercial Registration No. 1010037248 dated 29/05/1442H (corresponding to 13/01/2021G).

The Company also owns a number of subsidiaries inside and outside the Kingdom of Saudi Arabia, which will be detail in the following table:

Table No. (44): Government approvals and licenses for the Company and its subsidiaries

Country	Company name	Commercial Registration No.
Kingdom of Saudi Arabia	Saudi Cable Company for Marketing Ltd	4030036636
Kingdom of Saudi Arabia	Mass Projects for Power and Telecommunications Limited	4030114314
Kingdom of Saudi Arabia	Mass Centers for Distribution of Electrical Products Limited	4030113498
Turkey	Mass Kablo Yatirim Ve Ticaret Anonim Sirketi	222744
Ireland	Mass International Trading Limited	583295
UAE	Saudi Cable (UAE)	52085
Turkey	Elimsan Salt Cihazlari Ve Elektromekanik A.S.	19364
Turkey	Elimsan Metalurji ve Makina San. Tic. A.S	19367
Seychelles	Fairhaven Holdings Limited	214960
Malta	Cables Holding Company Limited	C93634
Turkey	Gozo Jayariminkul Anonim Shirkati Company	5-224338
Turkey	Valletta Jayriminkul Anonim Şerkat Company	5-225509

Source: The Company

#### 10.10 Government approvals and licenses for the Company and its subsidiaries

The Company and its subsidiaries have obtained several regulatory and operational licenses and certificates from the competent authorities, which renewed periodically. The table below shows the current licenses and approvals obtained by the Company and its subsidiaries:

Table No. (45): Government approvals and licenses for the Company and its subsidiaries

Type of License	License Holder	License No.	Issue/Renewal Date	Expiry Date	Issued by	Comments
<b>Saudi Cable (Parent Company)</b>						
Commercial Registration	Saudi Cable	4030009931	27/04/1396H (corresponding to 26/04/1976G)	30/05/1443H corresponding to 03/01/2022G)	Ministry of Commerce	
Chamber of Commerce Membership Certificate	Saudi Cable	82	27/04/1396H (corresponding to 27/04/1976G)	30/05/1443H corresponding to 03/01/2022G)	Jeddah Chamber of Commerce	
Certificate of participation in social insurance	Saudi Cable	38130959	01/09/1442H (corresponding to 13/04/2021G)	01/10/1442H (corresponding to 13/05/2021G)	General Organization for Social Insurance	Expired, renovation is in progress
Saudization Certificate	Saudi Cable	20002104011168	06/09/1442H (corresponding to 18/04/2021G)	08/12/1442H (corresponding to 18/07/2021G)	Ministry of Human Resources and Social Development	Expired, renovation is in progress
Domains Certificate	Saudi Cable	601-7867-9	01/09/1442H (corresponding to 13/04/2021G)	None	Ministry of Human Resources and Social Development	
Zakat Declaration	Saudi Cable	1110737369	21/09/1442H (corresponding to 03/05/2021G)	29/09/1443H (corresponding to 30/4/2022G)	General Authority of Zakat and Tax (GAZT)	



VAT Registration Certificate	Saudi Cable	300000619700003	15/05/1440H (corresponding to 21/01/2019G)	None	General Authority of Zakat and Tax (GAZT)	
Industrial Facility License	Saudi Cable	194017	28/03/1441H (corresponding to 25/11/2019G)	27/03/1444H (corresponding to 23/10/2022G)	Ministry of Industry and Mineral Resources	
Operating license	Saudi Cable	5871442625015658	-	27/12/1442H (corresponding to 06/08/2021G)	Saudi Authority for Industrial Cities and Technology Zones "MODON"	Expired, renovation is in progress
Operating license	Saudi Cable	5871442514014592	-	17/11/1442H (corresponding to 27/06/2021G)	Saudi Authority for Industrial Cities and Technology Zones "MODON"	Expired, renovation is in progress
Operating license	Saudi Cable	5871442514014590	-	25/05/1443H (corresponding to 29/12/2021G)	Saudi Authority for Industrial Cities and Technology Zones "MODON"	
Operating license	Saudi Cable	5871442124018872	-	15/12/1443H (corresponding to 14/07/2022G)	Saudi Authority for Industrial Cities and Technology Zones "MODON"	
ISO 45001:2018 Registration Certificate	Saudi Cable	16891/18190/BN	28/05/1442H (corresponding to 12/01/2021G)	12/06/1445H (corresponding to 25/12/2023G)	BSCIC (Company accredited to issue (ISO) certificates)	
ISO 9001:2015 Registration Certificate	Saudi Cable	AQ-ARE-RvA-2015-179019	29/07/1436H (corresponding to 18/05/2015G)	09/11/1445H (corresponding to 17/05/2024G)	DNV (Company accredited to issue (ISO) certificates)	
Environmental permit to operate	Saudi Cable	17503	11/08/1442H (corresponding to 24/03/2021G)	04/07/1445H (corresponding to 16/01/2024)	National Center for Environmental Compliance NCEC	
Environmental permit to operate	Saudi Cable	17505	11/08/1442H (corresponding to 24/03/2021G)	07/06/1445H (corresponding to 20/12/2023G)	National Center for Environmental Compliance NCEC	
<b>Saudi Cable Branch - Jeddah Branch</b>						
Commercial Registration	Saudi Cable Branch (Jeddah Branch)	4030009931	27/04/1439H (corresponding to 14/01/2018G)	30/05/1443H corresponding to 03/01/2022G)	Ministry of Commerce	
<b>Saudi Cable Branch - Riyadh Branch</b>						
Commercial Registration	Saudi Cable Branch (Riyadh Branch)	1010037248	29/05/1442H (corresponding to 13/01/2021G)	29/05/1443H corresponding to 02/01/2022G)	Ministry of Commerce	
Municipal license	Saudi Cable Branch (Riyadh Branch)	-	-	-	Ministry of Municipal and Rural Affairs and Housing (MOMRA)	It is being obtained
<b>Saudi Cable Branch - Al Khobar Branch</b>						
Commercial Registration	Saudi Cable Branch (Al Khobar Branch)	2051019701	11/11/1442H (corresponding to 21/06/2021G)	11/11/1443H (corresponding to 10/06/2022G)	Ministry of Commerce	



Municipal license	Saudi Cable Branch (Al Khobar Branch)	-	-	-	Ministry of Municipal and Rural Affairs and Housing (MOMRA)	It is being obtained
<b>Cable Company for Marketing Ltd (subsidiary)</b>						
Commercial Registration	Saudi Cable Company for Marketin g Ltd	4030036636	20/05/1403H (corresponding to 05/12/1982G)	29/05/1443H corresponding to 02/01/2022G)	Ministry of Commerce	
<b>Mass Projects for Power and Telecommunications Limited (subsidiary)</b>						
Commercial Registration	Mass Projects for Power and Telecommunications Limited	4030114314	16/04/1416H (corresponding to 11/09/1995G)	15/04/1444H (corresponding to 09/11/2022G)	Ministry of Commerce	
Municipal license	Mass Projects for Power and Telecommunications Limited	39111454209	None	14/04/1444H (corresponding to 08/11/2022G)	Ministry of Municipal and Rural Affairs and Housing (MOMRA)	
<b>Mass Centers for Distribution of Electrical Products Limited (subsidiary company)</b>						
Commercial Registration	Mass Centers for Distribution of Electrical Products Limited	4030113498	06/03/1416H (corresponding to 02/08/1995G)	05/03/1443H (corresponding to 11/10/2021G)	Ministry of Commerce	
<b>Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (Previously Mass Holding Anonim Sirketi) (subsidiary)</b>						
Commercial Registration	Mass Kablo Yatirim Ve Ticaret Anonim Sirketi	222744	02/07/1406H (corresponding to 13/03/1986G)	None	Istanbul Chamber of Commerce	
<b>Mass International Trading Limited (subsidiary)</b>						
Commercial Registration	Mass International Trading Limited	583295	06/04/1425H (corresponding to 25/02/2004G)	None	Dublin / Ireland	
<b>Saudi Cable (UAE) (subsidiary)</b>						
Commercial Registration	Saudi Cable (UAE)	52085	06/08/1419H (corresponding to 25/11/1998G)	19/04/1443H (corresponding to 24/11/2021G)	Dubai Economy	
Commercial license	Saudi Cable (UAE)	508973	06/08/1419H (corresponding to 25/11/1998G)	19/04/1443H (corresponding to 24/11/2021G)	Dubai Economy	
Membership certificate in Dubai Chamber of Commerce and Industry	Saudi Cable (UAE)	52332	06/08/1419H (corresponding to 25/11/1998G)	19/04/1443H (corresponding to 24/11/2021G)	Dubai Chamber of Commerce and Industry	
License to use the Emirates Quality Mark	Saudi Cable (UAE)	20-06-15460/Q20-06- 000613	08/11/1441H (corresponding to 29/06/2020G)	10/12/1444H (corresponding to 28/06/2023G)	Emirates Authority for Standardization and Metrology	
<b>Elmassan Salt Sihazlay and Electromechanical San and Tek AS (subsidiary)</b>						



Commercial Registration	Elimsan Salt Cihazlari Ve Elektromekanik A.S.	19364	20/05/1402H (corresponding to 16/03/1982G)	None	Chamber of Commerce of Turkey/Koceli	
<b>Elimsan Metalurji ve Makina San. Tic. A. S (subsidiary)</b>						
Commercial Registration	Elimsan Metalurji ve Makina San. Tic. A.S	19367	22/06/1408H (corresponding to 11/02/1988G)	None	Chamber of Commerce of Turkey/Koceli	
<b>Fairhaven Holdings Limited (subsidiary)</b>						
Commercial Registration	Fairhaven Holdings Limited	214960	11/01/1441H (corresponding to 10/09/2019G)	None	Register of International Business Companies in Sliema/Seychelles	
<b>Cables Holding Company Limited (subsidiary)</b>						
Commercial Registration	Cables Holding Company Limited	C93634	28/03/1441H/03/1441H (corresponding to 30/10/2019G)	None	Register of International Business Companies in Victoria/Malta	
<b>Gozo Jayariminkul Anonim Shirkati Company (subsidiary)</b>						
Commercial Registration	Gozo Jayariminkul Anonim Shirkati Company	5-224338	22/04/1441H (corresponding to 19/12/2019G)	None	Istanbul Chamber of Commerce	
<b>Valetta Jayriminkul Anonim Şerkat (subsidiary)</b>						
Commercial Registration	Valetta Jayriminkul Anonim Şerkat Company	5-225509	28/04/1441H (corresponding to 25/12/2019G)	None	Istanbul Chamber of Commerce	

Source: The Company

## 10.11 Continuing obligations imposed by government agencies on the Company as a "license holder"

### 10.11.1 Continuing obligations according to the requirements of Ministry of Commerce

- The company is committed to the commercial registry system in terms of registration with the Commercial Registry Department at the Ministry of Commerce. The commercial registry certificates have been issued for the cable company and its branches and subsidiaries. The company and its subsidiaries have also adhered to the commercial registry system, as they are registered with the Jeddah Chamber. The membership certificates in the chambers of commerce expire upon the expiration of the validity period of the commercial registry certificates referred to above.
- The Company owns trademarks that were registered in accordance with the regulations and procedures followed by the Trademarks Department in the Ministry of Commerce in the Kingdom of Saudi Arabia (whose validity was later transferred to the Saudi Authority for Intellectual Property), except for the trademarks that were clarified herein which registered outside the Kingdom (please refer to the subsection (14.10) "Trademarks" in Section 10 "Legal Information" hereof).
- As on the date of publishing this Prospectus, the Company shall comply with the Companies Law. The Company's Articles of Association have been updated in line with the new amendments made to the Companies Law, after obtaining the approval of the Ministry of Commerce.
- The Board members confirm that the Company continues to comply with the Ministry of Commerce requirements until the date hereof and undertakes to keep complying therewith.



#### 10.11.2 Continuing obligations according to the requirements of the Zakat, Tax and Customs Authority (ZATCA):

- The Company shall submit its zakat and tax returns within (120) one hundred and twenty days from the end of the fiscal year, like any other company, for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority. The Company was registered as a taxpayer under the distinguished tax number (3000006197). The company submitted its zakat declaration for the fiscal year ending on December 31, 2020, and obtained a zakat certificate from the Zakat, Tax and Customs Authority by No. (1110737369) on 21/09/1442H (corresponding to 03/05/2021G), and shall be valid until 29/09/1443H (corresponding to 30/4/2022G).
- The Company is committed to the value-added tax (VAT) system and its executive regulations, and it is registered with the Zakat, Tax and Customs Authority under the tax number (300000619700003) according to the certificate issued on 15/05/1440H (corresponding to 21/01/2019G).
- To view the zakat status of the group, please refer to Risk No. (18.1.2) “Risks of potential Shariah Zakat entitlements and additional claims” in Section (2) “Risk Factors” herein.

#### 10.11.3 Continuing obligations according to the requirements of the Ministry of Human Resources and Social Development (MHRSD)

- The work file for the Company and its subsidiaries has been made and the unified number of the labor office for the Company and its subsidiaries has been issued (7000011424) as indicated in the commercial registry certificate. As on the date of publishing this Prospectus, the Company benefits from MHRSD electronic services. The Saudization certificate has been issued to indicate that the Company and its subsidiaries are compliant with the required Saudization percentage according to the Nitaqat program, as the Company is currently located within the high green band. The approval of the Ministry of Human Resources and Social Development was also obtained for the Company's internal work regulation by No. (9-7867) dated 05/08/1440H (corresponding to 11/04/2019G).
- The Board members confirm that the Company continues to comply with the work system requirements and any instructions issued by the Ministry of Human Resources and Social Development until the date hereof and undertakes to keep complying therewith.

#### 10.11.4 Continuing obligations according to the requirements of Ministry of Industry and Mineral Resources

- The group, in accordance with the licenses it obtained and its commitments thereunder, shall abide by the conditions and instructions imposed by the Ministry of Industry and Mineral Resources, in particular, those imposed on companies that obtained industrial licenses. These conditions shall be written on the same industrial license, each according to its nature and requirements.
- The Board members confirm that the Company continues to comply with the Ministry of Industry and Mineral Resources requirements until the date hereof and undertakes to keep complying therewith.

#### 10.11.5 Continuing obligations according to the requirements of General Authority of Meteorology and Environmental Protection (PME)

- The group, in accordance with the permits it obtained and its commitments thereunder, shall comply with the conditions and instructions imposed by the General Authority of Meteorology and Environmental Protection on companies that have obtained environmental approvals to operate.
- The Board members confirm that the Company continues to comply with the the General Authority of Meteorology and Environmental Protection requirements until the date hereof and undertakes to keep complying therewith.

#### 10.11.6 Continuing obligations according to CMA's requirements

- The Authority obliges listed companies to abide by the rules for offering securities, continuing obligations, special instructions issued by the Authority, and listing rules, especially the obligation to periodically disclose material and financial developments and the Board of Directors'



report. The forms of announcements included in the instructions for companies' announcements of their financial results shall be adhered to, and the Company shall provide a statement of all reasons and effects of the change in the financial results of the current fiscal year with the comparison period, so that the reasons include all items of the financial results announcement.

- As of the date of publishing this prospectus, the Company has not violated any of the CMA requirements, and is compliant with CMA Law and its implementing regulations. The Board members confirm that the Company continues to comply with the requirements of the law, regulations and instructions of CMA until the date hereof and undertakes to keep complying therewith.

## 10.12 Essential Contracts

### 10.12.1 Contracts and dealings with related parties

The company obtained the approval of the Ordinary General Assembly at its meeting held on Tuesday 09/11/1441H (corresponding to 30/06/2020G) on the Company's transactions with related parties that will take place within a year from the date of the Ordinary General Assembly being held, as follows:

- 1- The business and contracts that will be concluded between the Company and Midal Cables Co., Ltd., in which a Board member of the company (Moiaser Anwar Noilati) has an indirect interest, which a raw materials purchases represented in purchasing financing expenses of a total amount of (13,329,000) Saudi riyals, noting that the transaction period is one year commencing from the date of the Ordinary General Assembly being held.
- 2- The business and contracts that will be concluded between the Company and Zainal Industries Ltd., in which the former Board members of the company (Khaled Ahmed Youssef Zainal Ali Reda - Youssef Ahmed Youssef Zainal Ali Reda) have an indirect interest, which an expenses incurred by the group with a total amount of (8,000,000) Saudi riyals, noting that the transaction period is one year from the date of the Ordinary General Assembly being held.
- 3- The business and contracts that will be concluded between the Company and Zakka International Company for Information Technology, in which the former Board member of the company (Youssef Ahmed Youssef Zainal Ali Reda) has an indirect interest, which an expenses incurred by the group with a total amount of (445,000) Saudi riyals, noting that the transaction period is one year from the date of the Ordinary General Assembly being held.

The Company also obtained the approval of the Ordinary General Assembly in its meeting held on Monday 18/11/1442H (corresponding to 28/06/2021G) on the transactions of the parties that will be conducted between the Company and Midal Cables Company, in which the Board members (Facilitator Anwar Noilati and Abdul Hadi Abdul Rahman Abu al-Khair) have an indirect interest, which consists of purchases of raw materials, remunerations of Board members, distribution of received dividends and expenses for financing the purchase of raw materials, which are normal businesses without preferential conditions or benefits. The duration of the transaction is one year from the date of the Ordinary General Assembly being held, by an amount of (62,688,000 riyals).

It is worth noting that all transactions with related parties do not include any preferential terms and that they were carried out in a regular and legal manner on an appropriate and fair competitive business basis. The approval of the General Assembly of the Company's shareholders was obtained based on these transactions, without the participation of the related parties in voting, in compliance with Articles (71) and (72) of the Companies Law, and Article (46) of the Corporate Governance Regulations.

For more information, please see the subsections (5.2.6.6) "Due from Related Entities", and (2.5.6.6) "Due to Related Entities" hereof.



### 10.12.2 Essential contracts with suppliers

The table below shows the essential contracts with suppliers.

Table No. (46): Essential Contracts with suppliers

Contracting party	Purpose of the Contract	Contract Value
Abdullah Hashim Industrial Gases Co.	liquid nitrogen gas supply	1,300,000 SAR
Union Copper Road Co., Ltd.	copper rods supply	According to the stipulated price for the number of copper rods per process

Source: The Company

### 10.12.3 Other Essential Contracts

In the normal course of its business, the Company has entered into a number of contracts and agreements. The table below shows the details of the essential contracts and agreements entered into by the Company:

Table No. (47): Other Essential Contracts

Contracting party	Purpose of the Contract	Contract commencing date	Contract expiry date	Contract Value
Amin Foundation for Land Transport	transportation services	29/01/1442H (corresponding to 17/09/2020G)	20/02/1444H (corresponding to 16/09/2022G)	According to the price list shown in the contract, which set a value for each transport, which varies according to the distance and equipment used
Ziad Samir Khushaim Law Office	Advocacy and legal advice services	22/09/1442H (corresponding to 04/05/2021G)	The contract expires upon the end of the services stipulated in the contract	The value is calculated based on the number of working hours as indicated in the contract
Ahmed bin Attia Al-Ghamdi	Representing the company and providing legal advice	20/08/1440H (corresponding to 25/04/2019G)	The contract expires upon the end of the services stipulated in the contract	879,384 SAR
Noon Al Ataa Company	cleaning chores	26/11/1442H (corresponding to 06/07/2021G)	06/12/1443H (corresponding to 05/07/2022G)	927,360 SAR
Noble Resources International (NRIPL) *	A settlement for scheduling the dues of the Company towards Noble Co. according to the supply contract signed between on 13/03/2013G and the amendments thereto.	08/12/1441ھ (corresponding to 29/07/2020G)	The contract expires upon the dues being paid	29,402,970 USD, plus an interest of 7.75% as per the installment schedule set out in the agreement
Al-Nawasi Gulf Trading Company **	purchasing cars	15/09/1442H (corresponding to 27/04/2021G)	60 month	SAR 281,567,925, 200 million riyals, plus an increase of 5% per year

Source: The Company

\*NRIPL has filed a claim with the International Chamber of Commercial Arbitration ("ICC"). As stated in the Contract, NRIPL may, in addition to debt, claim damages, arbitration fees and legal costs. Since the Company failed to pay the amounts due and defaulted The terms of the contract, accordingly, procedures to be taken to settle the amount as shown in the above table.

\*\* The company announced on 04/01/1443H (corresponding to 12/08/2021G) that the transaction referred to in the above table could not be implemented due to the failure of Al-Nawasi Gulf Trading Company to fulfill the contract requirements on the agreed dates and the subsequent deadlines were not met. Forcing Saudi Cable to submit an application for the execution of the promissory note of the advance payment in the Executive Court in Jeddah on 17/11/1442H (corresponding to 27/06/2021G), as a result of which the services of Al-Nawasi Gulf Trading Company were suspended and Saudi Cable is seeking as on the date hereof to file a lawsuit before the Commercial Court claiming the termination of the contract with Al-Nawasi Gulf Trading Company and claiming the amounts that it obtained unlawfully in addition to the penal clause and other related claims.

## 10.12.4 Contracts and transactions related to real estate assets

### 10.12.4.1 Real estate owned by the Company

The Company owns one property, which is a land and buildings on it that were used for housing its workers. It is vacant as on the date hereof . It is located in the city of Jeddah, Al-Montazat District, with an area of 48,900 square meters, according to the electronic deed No. (320217026776) dated 11/11/1442H issued by Ministry of Justice.

### 10.12.4.2 Real estate lease contracts

The Company has entered into a number of lease agreements as a lessee. The following is a summary of the lease contracts:

Table No. (48): Real estate lease contracts

SR	property type	property location	Lessor	Contract Date	Contract Duration	Contract Value (annually)
1	office	Riyadh	Mohamed Khaled Ayoub	08/08/1441H (corresponding to 01/04/2020G)	(2) two years	65,000 SAR
2	Residential Building	Jeddah / Al-Sanabel District	Darwish Muhammed Al Sayyar Real Estate Establishment	12/02/1442H (corresponding to 29/09/2020G)	(3) three years	28,000 SAR
3	Storage space	Warehousing and Re-Export Zone in Jeddah Islamic Port	Saudi Trade and Export Development Company	26/03/1440H (corresponding to 14/12/2018G)	(3) three years	195,000 SAR
4	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	11/10/1428H (corresponding to 23/10/2007G)	Twenty-three (23) years old	SAR 818 In addition to the consideration for operating costs and development costs for the facilities determined by the Authority
5	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	07/01/1431H (corresponding to 24/12/2009G)	Twenty (20) years	16,800 SAR
6	piece of land	Jeddah Industrial City	Saudi Authority for Industrial	03/02/1431H	Twenty (20) years	37,500 SAR



			Cities and Technology Zones "MODON"	(corresponding to 18/01/2010G)		
7	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	10/08/1431H (corresponding to 22/07/2010G)	Twenty (20) years	125,977 SAR
8	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	01/01/1433H (corresponding to 26/11/2011)	Twenty (20) years	7,200 SAR
9	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	16/01/1437H (corresponding to 29/10/2015G)	Five (5) years	156,000 SAR
10	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	25/12/1427H (corresponding to 15/01/2007G)	Twenty-five (25) years old	SAR 75 In addition to the consideration for operating costs and development costs for the facilities determined by the Authority
11	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	24/05/1436H (corresponding to 13/03/2015G)	Fifteen (15) years old	426,000 SAR
12	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	24/06/1440H (corresponding to 01/03/2019G)	Twenty (20) years	27,180 SAR
13	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	02/09/1438H (corresponding to 28/05/2017G)	Fourteen (14) years	206,415 SAR



14	piece of land	Jeddah Industrial City	Saudi Authority for Industrial Cities and Technology Zones "MODON"	16/01/1442H (corresponding to 04/09/2020G)	Five (5) years	153,360 SAR
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Source: The Company

#### 10.12.5 Credit facilities and loans

In the normal course of its business, the Company has entered into a number of financing and credit facilities agreements. The table below shows the details of the loans and credit facilities obtained by the Company:

Table No. (49): Details of credit facilities and loans

Bank Name	Financing type	Financing amount (SAR)	The guarantee provided by the Company	Payment dates
Saudi Industrial Development Fund	Loan	457,702,000	Promissory note per payment	According to the installment schedule
Al Rajhi Banking and Investment Company (Rescheduled)	resale for profit	264,320,483	Promissory note per payment	According to the installment schedule

Source: The Company

#### Company loan contract with Saudi Industrial Development Fund

The Company entered into a loan contract with Saudi Industrial Development Fund on 13/02/1433H, in which the Fund agreed to provide a loan of 457,702,000 Saudi riyals. The Company entered into an agreement to amend the aforementioned contract. Both parties agreed to restructure the loan installments to be in five payments set out in the contract. The Company issued five promissory notes to each payment, the factory building and machinery.

#### The Company's Resale for Profit Agreement with Al Rajhi Banking and Investment Company (Rescheduling)

The Company entered into a rescheduling of the bank facilities resulting from a bank facility agreement (Resale for Profit) with Al Rajhi Bank on 09/10/1441H (corresponding to 01/06/2020G), according to which Al Rajhi Bank provides the Company with bank facilities with a total value of 264,320,483 Saudi riyals. The financing consists of a multi-purpose facility of SAR 264,320,483 available to the Company. The facilities shall be available to the Company upon request and to a maximum according to the dates and amounts shown in the agreement at the end of every three months from 31/12/2020G until 31/03/2026G.

The Company presents a promissory note for an amount equal to the value of the resale for profit request according to each payment.

#### Loans granted to employees

The Company has provided two hundred and thirty-nine (239) loans to its employees, with a total amount of three million, one hundred and forty-five thousand, two hundred and thirty-one (3,145,231) Saudi riyals. The Company deducts monthly from the employees' salaries to repay the loans the total amounts of two hundred and nine thousand eight hundred and six (209,806) Saudi riyals, and the total amount remaining for payment is one million eight hundred and forty-five thousand six hundred and ninety-eight (1,845,698) Saudi riyals.

Except for what was mentioned above, the Company does not have any loans or bank facilities, and has not entered into any finance lease agreements with any of the Saudi or non-Saudi banks.

The Company also confirms that it did not provide a cash loan of any kind to the Board members, did not provide any guarantees for any loans to Board members or its employees with third parties, and did not open any bank credits.

### 10.13 Lawsuits and claims

As on the date hereof, the Group is a party to lawsuits and claims as a plaintiff, with a total value estimated at (29,964,560) Saudi riyals, and as a defendant, with a total value estimated at (25,875,261) Saudi riyals. The table below shows the details of the existing claims and lawsuits filed by and against the Company:

Table No. (50): Details of lawsuits and claims filed by and against the Company

SR	Plaintiff	Defendant	Litigants capacity	Court	Lawsuit subject matter	Lawsuit status
1	Saudi Cable	Kunouz Est. For General Contracting	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	due bills	A judgment was issued in favor of Saudi Cable in the amount of 7,035,076 riyals, and the implementation procedures are in the process of being implemented
2	Saudi Cable	Modern advanced products	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	due bills	A judgment was issued in favor of Saudi Cable in the amount of 765,753 riyals, and the implementation procedures are in the process of being implemented
3	Saudi Cable	Abdul Rahman Al Saqqaf Establishment	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	Demanding the defendant to pay the sums he admitted in the lawsuit filed by the Corporation for Supply and Modern Trade	A judgment was issued in favor of Saudi Cable in the amount of 1,884,160 riyals, In addition to an amount of 30,000 riyals as a litigation fee
4	Saudi Cable	Arab Arms Foundation	The defendant is a contractor working for the plaintiff	Jeddah Commercial Court	breach of contract	A judgment was issued in favor of Saudi Cable, and the implementation procedures are in the process of being implemented
5	Saudi Cable	bin Ladin Saudi group	The plaintiff is a seller and the defendant is a buyer	Riyadh Commercial Court	due bills	The value of the claim is 305,439 riyals, and it is still due and has not been paid
6	Saudi Cable	Yasser Ahmed Hegazy	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	due bills	The value of the claim is 186,349 riyals, and is still under consideration in court
7	Saudi Cable	Electric Power Company	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	breach of contract	The value of the claim is 311,787 riyals, and the procedures for submitting the claim are in progress

8	Saudi Cable	Sky International Company	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	due bills	The value of the claim is 2,582,591 riyals, and is still under consideration in court
9	Saudi Cable	First Planets Establishment	Defendant supplier for plaintiff	Jeddah Commercial Court	breach of contract	The value of the claim is 430,506 riyals, and is still under consideration in court
10	Saudi Cable	Nawal Al Zahrani Establishment	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	Executing a security	The value of the claim is 220,500 riyals, and the procedures for submitting the claim are in progress
11	Saudi Cable	Elements Trading Company	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	due bills	The value of the claim is 5,260,768 riyals, and the procedures for submitting the claim are in progress
12	Saudi Cable	Modern Ocean Corporation	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	Executing a security	The value of the claim is 7,715,994 riyals, and is still under consideration in court
13	Mass Projects for Power and Telecommunications Limited	Abdul Rahman Al Saqqaf Trading and Contracting Est	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	due bills	A Judgment was issued in favor of MAS for Power and Communications Projects in the amount of 214,500 riyals
14	Saudi Cable in UAE	Commodore Company - Dubai	The plaintiff is a seller and the defendant is a buyer	Dubai Commercial Court	due bills	The defendant is subject to liquidation procedures, and a judgment was issued in favor of Saudi Cable in the amount of 739,802 UAE dirhams
15	Saudi Cable in UAE	Mohammed Al Kayed Company - Dubai	The plaintiff is a seller and the defendant is a buyer	the police	Returned checks, the company was closed, and the owners left the country	The value of the claim is 347,198 UAE dirhams, and it was not possible to file a lawsuit as the defendant had left the country
16	Saudi Cable in UAE	Al Mulla Engineering Company - Dubai	The plaintiff is a seller and the defendant is a buyer	the police	The defendant was a contractor working for the plaintiff, and the plaintiff paid an amount of 353,491 UAE dirhams, but the defendant failed to abide by his work and when trying to deposit the check was rejected.	The value of the claim is 353,491 UAE dirhams, and it was not possible to file a lawsuit as the defendant had left the country
17	Saudi Cable in UAE	Tariq Abyad for Engineering Dubai	The plaintiff is a seller and the	the police	Returned checks, the company was closed,	pending with the police



			defendant is a buyer		and the owners left the country Amount of 380,663 UAE dirhams	
18	Saudi Cable in UAE	Professional Electrical Co. Dubai	The plaintiff is a seller and the defendant is a buyer	the police	Rejected check for 91,017 UAE dirhams	pending with the police
19	Saudi Cable in UAE	Super Style Company Dubai	The plaintiff is a seller and the defendant is a buyer	the police	Rejected check for 34,130 UAE dirhams	pending with the police
20	Saudi Cable in UAE	First Loral Technical Dubai	The plaintiff is a seller and the defendant is a buyer	the police	Rejected check for 96,656 UAE dirhams, and the company is closed	pending with the police
21	Saudi Cable in UAE	Mr. Pradeep Kumar Dubai	The defendant is an employee of the plaintiff	the police	The embezzlement of Company funds amounting to 915,917 UAE dirhams	pending with the police
22	Al-Guan Company	Mass Projects for Power and Telecommunications Limited	Plaintiff Sub-contractor of the plaintiff	Jeddah Commercial Court	Claim for unpaid invoices amounting to 2,106,186 UAE dirhams	The court considers the lawsuit
23	Algerian Ministry of Communications	Saudi Cable	The defendant is a buyer and the plaintiff is a seller	Commercial Court of Algeria	The plaintiff claimed that there was a difference in the specifications of the supplier of the agreed upon, and demanded to re-supply according to the specifications and to pay compensation of one million US dollars	A judgment was issued in favor of the plaintiff obligating the defendant to re-supply according to the specifications, with payment of 500,000 Algerian dinars
24	Electrical Contracting Company Kuwait	Saudi Cable	the plaintiff is a sub-contractor of the defendant	Kuwait Commercial Court	Claim for unpaid bills of KD 129,600	A judgment was issued in favor of Saudi Cable, and the plaintiff filed an appeal
25	Electrical Contracting Company Kuwait	Saudi Cable	the plaintiff is a sub-contractor of the defendant	Kuwait Commercial Court	Claim for unpaid amounts for project extension amounting to KD 430,769	The court considers the lawsuit, and an expert was appointed to consider the claim
26	Electrical Contracting Company Kuwait	Saudi Cable	the plaintiff is a sub-contractor of the defendant	Kuwait Commercial Court	Claim for unpaid amounts for project extension amounting to KD 1,339,590	The court considers the lawsuit, and an expert was appointed to consider the claim

27	19 shareholders of the Company	Saudi Cable	Plaintiffs are shareholders of the Company	Committee for the consideration of securities disputes in Saudi Arabia	The plaintiffs are demanding a refund of the sums they contributed with	Thirteen lawsuits were in favor of Saudi Cable, and six lawsuits are still pending
28	Modern Supply and Trade Corporation	Saudi Cable	The plaintiff is a seller and the defendant is a buyer	Jeddah Commercial Court	due bills	A judgment was issued against Saudi Cable to pay an amount of 1,167,491 riyals in favor of the plaintiff

Source: The Company

## 10.14 Trademark

The table below shows the main details of the registered trademarks of the Group.

Table No. (51): The registered trademarks of the group

Trademark image	Trademark category	Owning company	Registration No.	Registration Date	Protection commencement date	Protection expiration date
	6	Saudi Cable	1438009978	28/04/1438H (corresponding to 26/01/2017G)	27/04/1438H (corresponding to 25/01/2017G)	27/04/1448H (corresponding to 08/10/2026G)
	9	Saudi Cable	1438009980	28/04/1438H (corresponding to 26/01/2017G)	27/04/1438H (corresponding to 25/01/2017G)	27/04/1448H (corresponding to 08/10/2026G)
	9	Saudi Cable	083897	04/06/1428H (corresponding to 19/06/2007G)	03/11/1437H (corresponding to 06/08/2016G)	23/02/1448H (corresponding to 06/08/2026G)
	17	Saudi Cable	1438009981	28/04/1438H (corresponding to 26/01/2017G)	27/04/1438H (corresponding to 25/01/2017G)	27/04/1448H (corresponding to 08/10/2026G)
	20	Saudi Cable	1438009982	28/04/1438H (corresponding to 26/01/2017G)	27/04/1438H (corresponding to 25/01/2017G)	27/04/1448H (corresponding to 08/10/2026G)
	7	Saudi Cable for Marketing	1438012453	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)
	11	Saudi Cable for Marketing	1438012455	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)





	19	Saudi Cable for Marketing	1438012457	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)
	6	Mass Projects for Power and Telecommunications Limited	1438012458	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)
	7	Mass Projects for Power and Telecommunications Limited	1438012459	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)
	8	Mass Projects for Power and Telecommunications Limited	1438012461	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)
	9	Mass Projects for Power and Telecommunications Limited	1438012462	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)
	11	Mass Projects for Power and Telecommunications Limited	1438012463	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)
	17	Mass Projects for Power and Telecommunications Limited	1438012464	29/05/1438H (corresponding to 26/02/2017G)	29/05/1438H (corresponding to 26/02/2017G)	28/05/1448H (corresponding to 08/11/2026G)

Source: The Company

### 10.15 Insurance

The Company maintains insurance policies that cover various types of risks that may be exposed to. The table below summarizes the main details of the insurance policies maintained by the Company:

Table No. (52): Summary of insurance policies maintained by the Company

SR	Insurance company	Insured	Insurance Cover	Maximum Cover (SAR)	Cover validity
1	Bupa Cooperative Insurance Company	Company employees	medical insurance	500,000 per member	One year from 01/01/2021G
2	Gulf General	Saudi Cable	Group life insurance	65,244,636	One year from 01/04/2021G
3	Cooperative Insurance		Marine Cargo Insurance	1,500,000 per shipment	One year from 01/04/2021G
4	Company		Insurance for cash in the safe	1,000,000	One year from 01/04/2021G

5		Insurance for money during transportation	20,500,000	One year from 01/04/2021G
6		Third Party Damage Insurance	30,000,000	One year from 01/04/2021G
7		Breach of trust insurance policy	5,000,000	One year from 01/04/2021G
8		Marine Cargo Insurance	20,000,000 per shipment	One year from 01/04/2021G
9		Cars Insurance	10,000,000	One year from 13/04/2021G
10		All-risk property insurance	1,001,441,153	One year from 01/04/2021G

Source: The Company

### 10.16 Material information that has changed since the CMA's approval of the last share issue Prospectus

The following is a summary of the most important information that has been changed since the Authority's approval of the last prospectus (rights issue prospectus), which was issued on 05/04/1441H (corresponding to 02/12/2019G):

- **Articles of Association:** Has been updated in line with the amendments to the capital after the capital was increased from (110,614,060) Saudi riyals to (360,614,060) Saudi riyals through a rights issue of (250,000,000) Saudi riyals.
- **Capital:** On the date of \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G), the Company's Extraordinary General Assembly agreed to reduce the capital by (27.26%), from three hundred and sixty million six hundred and fourteen thousand sixty (360,614,060) Saudi riyals, to two hundred and sixty two million three hundred and eleven thousand and sixty (262,311,060) Saudi riyals, by canceling nine million eight hundred and thirty thousand three hundred (9,830,300) shares of the Company. The main reason for reducing the capital is due to the attempt to reduce the accumulated losses as on March 31, 2021G, and the Company obtained the prior approval of the Capital Market Authority. In addition, the Company's capital will be increased by (190.61%) by offering rights issue shares with a value of five hundred million (500,000,000) Saudi riyals, and the Company obtained the prior approval of the Capital Market Authority.
- **Board of Directors:** The occurrence of some changes related to the Board of Directors by appointing some members and the resignation of others through the approval of the General Assembly of shareholders (please refer to subsection (1.5.10) "Formation of the Board" of this section).
- **Company Committees:** Making some amendments (please refer to subsection (6.10) "Company Committees" of this section).
- **Executive Management:** Making some amendments (please refer to subsection (7.10) "Executive Management" of this section).
- **Use of the proceeds of the offering:** The EGM approved, on 05/05/1441H (corresponding to 31/12/2019G), to increase the Company's capital from one hundred and ten million six hundred and fourteen thousand sixty (110,614,060) Saudi riyals to three hundred and sixty million six hundred and fourteen thousand sixty (360,614,060) Saudi riyals by issuing twenty-five million (25,000,000) rights issue shares with a nominal value of ten (10) Saudi riyals per share, and with a total value of two hundred and fifty million (250,000,000) Saudi riyals, in order to restructure the capital and inject new funds to provide working capital so that the company can increase its operating capacity and support its future activity.

As disclosed in the relevant Prospectus, the Company intended to use these proceeds as follows:

Table No. (53): Using the proceeds of the offering disclosed in the latest share Prospectus

Use	Value (SAR)
Increasing the productivity of aluminum cables project	1,000,000
Increasing the productivity of power cables project	7,000,000
Production line improvement project	16,000,000
Accessories manufacturing project	10,000,000
Working capital	211,000,000



Offering Costs	5,000,000
<b>Total</b>	<b>250,000,000</b>

Source: The Company

**Those proceeds were actually used as follows:**

Table No. (54): Actual use of the proceeds of the offering disclosed in the latest share Prospectus

Use	Value (SAR)
Increasing the productivity of aluminum cables project	665,072
Increasing the productivity of power cables project	1,244,239
Production line improvement project	4,185,162
Accessories manufacturing project	0
Working capital	238,543,027
Offering Costs	5,362,500
<b>Total</b>	<b>250,000,000</b>

Source: The Company

**The reason for the difference in the actual use of the offering proceeds from what is mentioned in the latest prospectus is due to the following reasons:**

**1. Increasing the productivity of aluminum cables project:**

This is due to the delay in delivering machine parts from suppliers as a result of Covid-19 consequences, which led to failure to use the sum as planned.

**2. Increasing the productivity of power cables project:**

The increase in production capacity from 800 to 1,600 metric tons was affected due to Covid-19, which led to a reduction in the production capacity of power cables.

**3. Production line improvement project:**

The required equipment and tools planned for the year 2020G have been affected due to the reduced load resulting from Covid-19.

**4. Accessories manufacturing project:**

The company sought for a strategic technical partnership to establish a production line for manufacturing accessories (breakers, switches, transformers, associated components, terminals, and internal and external connections for power cables), but due to Covid-19 the project was postponed.

For more information on the above projects, due to Covid-19 consequences on several business sectors and lack of clarity regarding when Covid-19 will end, this has resulted in postponement of projects in several sectors, which led to uncertainty of obtaining such projects within this period according to the work plans developed before Covid-19; in addition, the demand is no longer available by most customers. In addition to the obstacles that occurred all over the world due to the pandemic, which led to the difficulty of anticipating the business, in whole or in part, in some countries, which affected the business capacity and providing the company with machinery, equipment and parts needed for such projects, as a result of difficulties and obstacles in supplying from manufacturers abroad, including shipping.

**5. Working capital:**

Additional amounts were injected into raw materials (copper, aluminum, lead, and others) and other production inputs in addition to other operating expenses (including: wages, maintenance costs, electricity expenses, gas expenses, spare parts costs, rental expenses, insurance expenses, freight and transportation expenses, and administrative and legal consultancy fees).

## 6. Offering Costs:

The offering costs were higher than expected due to the governmental and regulatory costs in addition to advisors and auditor's fees.

### 10.17 Declarations of Board members regarding legal information

In addition to the other declarations referred to herein, the Board members acknowledge the following:

- a) The Prospectus is compliant with relevant laws and regulations in Saudi Arabia.
- b) The Prospectus does not prejudice any of the contracts or agreements to which the Company or its subsidiaries are a party.
- c) All material legal information relating to the Company and its subsidiaries have been disclosed herein.
- d) Otherwise what mentioned in Section (12.10) "Lawsuits and Claims" hereof, the Company and its subsidiaries are not a party of any lawsuits or subject to any legal actions that alone or in the aggregate may materially affect the business of the Company or its subsidiaries or their financial condition.
- e) Otherwise what mentioned in Section (12.10) "Lawsuits and Claims" hereof, Company's Board members are a party of any lawsuits or subject to any legal actions that alone or in the aggregate may materially affect the business of the Company or its subsidiaries or their financial condition.



## 11 Underwriting

The Company entered into an underwriting agreement with the Underwriters (FALCOM Financial Services Company and Bloom Investment Company) to cover the subscription of fifty million (50,000,000) ordinary shares, at a price of ten (10) Saudi riyals per share, and with a total value of five hundred million (500,000,000) Saudi riyals, representing (100%) of the rights issue shares offered for subscription ("Underwriting Agreement").

### 11.1 Underwriters

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#### FALCOM Financial Services

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P.O Box 884 Riyadh 11421

Kingdom of Saudi Arabia

Tel:+966 8004298888

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#### Blominvest Saudi Arabia

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Kingdom of Saudi Arabia

Tel: +966 11 4949555

Fax: +966 11 4949551

Email: info@blom.sa

Website: www.blom.sa



### 11.2 Summary of the Underwriting Agreement

Pursuant to terms and conditions of the underwriting agreement:

- 1) The company undertakes to the underwriters that on the allocation date, it will issue and allocate to the Underwriters all rights issue shares pledged to be covered in this subscription, which have not been subscribed by the eligible shareholders as additional shares, at the Offer price.
- 2) The Underwriters of the Company undertake that on the allocation date, they will purchase the shares pledged to be covered in this subscription, which have not been subscribed to by the eligible shareholders as additional shares, at the Offer price.
- 3) Underwriters shall receive a specific amount of money in return for their undertaking to cover, which will be paid from the Offering proceeds.

## 12 Exemptions

The Company has not submitted any exemption request to the Capital Market Authority in connection with the offering.



## 13 Details on Shares and Offering Terms and Conditions

The Company has filed an application for the registration and offering of the new shares to the CMA and to Tadawul for listing the new shares. All the requirements were fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Shareholders and holders of acquired Rights must read the subscription terms and conditions carefully before electronic subscription, submission of the subscription application through a Broker, or filling out the Rump Offering application form. The submission of the Subscription Application or the signing and delivery of the Rump Offering Subscription application form constitutes acceptance of the mentioned terms and conditions.

### 13.1 Offering

The Offering is an increase in the Company's capital through issuing rights shares with a value of five hundred million (500,000,000) Saudi Riyals, divided into fifty million (50,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share and an offer price of ten (10) Saudi Riyals per share.

### 13.2 How to Apply for Subscription to the Rights (New Shares)

The Registered Shareholders and those wishing to subscribe to the Rights shall submit the subscription application during the Offering Period through the investment portfolio on trading platforms through which sale and purchase orders are entered, in addition to the possibility of subscribing through any other means provided by the Broker and shares Custodian in the Kingdom during the Offering Period. If there is a Rump Offering Period, Subscription Application Forms can also be submitted during such a period by Institutional Investors for any Rump shares only.

By subscribing, the subscriber:

- ✓ Agrees to subscribe for the Company's shares in the number of such shares specified in the Subscription Application Form.
- ✓ Declares that they have read the Prospectus and understood all of its contents.
- ✓ Accepts the Company's Bylaws and the terms mentioned in the Prospectus.
- ✓ Declares that it has not subscribed for the same shares under this offering and the Company has the right to reject all of their applications if it is proven that they submitted more than one application.
- ✓ Accepts the number of shares allocated thereto and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form.
- ✓ Warrants not to cancel or amend the Subscription Application Form after submitting it to the Broker.

### 13.3 Subscription Application

The Registered Shareholders wishing to exercise their full right and subscribe to all entitled Rights shall subscribe through the investment portfolio on trading platforms through which sale and purchase orders are entered, or through any other means provided by the Broker and shares Custodian.

The number of shares entitled to an Eligible Person will be calculated based on the number of Rights held thereby. The subscription monies that the subscriber must pay are calculated by multiplying the number of existing Rights owned prior to closing of the Subscription Period by ten (10) Saudi Riyals.

### 13.4 Trading Period, Subscription Period and Rump Offering Period

The Eligible Shareholders wishing to subscribe to the Rights shall submit the subscription application during the Offering Period, which begins on \*\*/\*\*/1441H (corresponding to \*\*/\*\*/\*\*\*\*G) and ends on \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G).



The EGM held on \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G) approved the recommendation of the Board of Directors to increase the Company's share capital through a Rights Issue. Under this Prospectus, fifty million (50,000,000) ordinary shares will be offered for subscription in the Rights Issue, representing (190.61%) of the Company's share capital prior to the offering, at an offer price of ten (10) Saudi Riyals per share, and nominal value of ten (10) Saudi Riyals, with a total offering value of one hundred and five hundred million (500,000,000) Saudi Riyals. The new shares will be issued with at (1) share for every one Right to shareholders. Subscription of the rights offered to the shareholders registered in the Company's shareholders register as of the close of the second trading day following the date of the EGM on \*\*/\*\*/\*\*\*\*H (Corresponding to \*\*/\*\*/\*\*\*\*G), and for eligible persons who have purchased the Rights during the trading period, including registered shareholders who have purchased additional rights in addition to the rights they already own.

If Eligible Persons have not exercised the Rights by the end of the Offering Period, the Rump shares resulting from non-exercise or sale of those rights will be offered to Institutional Investors in the Rump Offering Period.

Registered Shareholders may trade the Rights deposited in their portfolios via the Saudi Stock Exchange (Tadawul). These Rights are considered to be the acquired right of all shareholders registered in the Company's shareholders register as of the close of the second trading day following the date of the EGM on capital increase. Each Right grants its holder eligibility to subscribe for one new share at the offer price. The Rights will be deposited after the EGM. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights Issue. Then, Registered Shareholders will be informed of the deposit of the Rights in their portfolios.

The schedule for the sequence and details of the Rights issue process will be as follows:

- 1) **Eligibility Date:** End of trading on the day of the EGM on \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G).
- 2) **Trading Period and Subscription Period:** The trading period and Subscription offering period start on \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G). The trading period will end on \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G), while the Subscription offering period will continue until the end of the day \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G).
- 3) **Rump Offering Period:** starts from 10:00 AM on \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G) until 05:00 PM of the next day on \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G). During this period, the remaining shares will be offered to a number of Institutional Investors ("Investment Institutions"), provided that such Institutional Investors shall submit offers to purchase the Rump shares. The Rump shares shall be allocated to Institutional Investors with the highest offer, then to the next one, provided that price will not be less than the offer price, and the allocation of those shares to Institutional Investors submitting the same offer will be on pro-rata basis. Fractional shares shall be added to the Rump shares and treated in the same way. The subscription price of the new unsubscribed Shares for this period will be offered at the offer price, as the minimum price. In case the sale price of such shares is higher than the offer price, the difference (if any) shall be distributed as compensation to the Rightsholders who did not exercise their rights in the subscription in proportion to their respective rights.
- 4) **Final Allocation of Shares:** Shares will be allocated to each investor based on the number of Rights properly and fully exercised by them. As for those entitled to fractional shares, fractional shares will be collected and offered to Institutional Investors during the Rump offering period. The total offer price of the Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares, without any charges or deductions, (in excess of Offer Price) shall be distributed to the Eligible Persons not later than \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G).
- 5) **Trading of the New Shares on Tadawul:** Trading in the new shares will start on Tadawul upon the completion of all procedures relating to the registration, allocation, and listing of the new shares.

The Company applied to the CMA to register and offer the new shares, and the Company has also applied to the Saudi Stock Exchange (Tadawul) to accept its listing.



### 13.5 Allocations and Refunds

The Company and the Lead Manager will open an Escrow Account in which the proceeds will be deposited. Rights issue shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly and fully exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total offer price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of offer price) shall be distributed to the Eligible Persons not later than \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G). Noting that investors who did not subscribe to or sell his/her rights, and those holding fractional shares, may not receive any consideration in case of sale at offer price during the rump share period. In the event that new shares remain unsubscribed to, they will be purchased by and allocated to the underwriters. Final notice for the number of shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager is expected to take place by depositing the shares into the accounts of subscribers. Eligible Persons shall contact the Broker through which the application is submitted for further information. Allocation of shares will be announced no later than \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G). Oversubscriptions (remaining proceeds from the Offering process exceeding the Offering Price) (if any), and the compensation amount (if any) will be refunded to the Eligible Persons who have not exercised their right to subscribe in whole or in part to the new shares and to those who are entitled to fractional shares without any deductions, no later than \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G).

### 13.6 Supplementary Prospectus

The Company must submit to CMA a Supplementary Prospectus, in accordance with the requirements of the rules for the Offering of securities and Continuing Obligations, if the Company becomes aware at any time after the date of the publication of this Prospectus and before the completion of the Offering of any of the following:

- The existence of a significant change in material matters mentioned in this Prospectus.
- Any important issues have emerged that should have been included in this Prospects.

The investor who subscribed for the new shares prior to the publication of the Supplementary Prospectus may cancel or amend his/her subscription for these shares before the end of the Offering period.

### 13.7 Suspension or cancellation of the Offering

The Financial Market Authority may, at any time, issue a decision to suspend or cancel the Offering if it deems that the Offering may result in a breach of the stock market system, its implementing regulations, or the market’s rules. In addition, the offer will be canceled if the Extraordinary General Assembly does not approve any of the details of the offer.

The following figure shows the mechanism for trading and underwriting traded rights:

Figure no. (2): The mechanism for trading and underwriting traded rights.



Source: Tadawul

## 13.8 Q&A related to Rights

### What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the EGM for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

### Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the EGM to increase the capital.

### When are the Rights deposited?

Following the EGM and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. The New Rights appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

### How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

### How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

### What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the EGM. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is, therefore, (1.91) shares for each (1) share held by registered shareholders on eligibility date; for example, if a registered shareholder owns (1,000) shares on eligibility date, then (1.910) shares will be allocated to him/her in consideration of his/her shareholding.

### Will these Rights be tradable under a different name/ symbol of the Company's shares?

The Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Priority Rights", they will be deposited in a new symbol for these rights.

### What is the value of the Right upon commencement of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is twenty-five (25) Saudi Riyals (SAR 25) and the Offer Price is ten (10) Saudi Riyals (SAR 10), the opening price of the Rights upon the commencement of trading will be fifteen (15) Saudi Riyals (SAR 15), the difference between the two mentioned prices.



### **Who is the Registered Shareholder?**

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the EGM.

### **Can Registered Shareholders subscribe for additional shares?**

Yes. Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

### **Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the EGM and vote on raising the capital through a rights issue?**

Yes, the Shareholder loses his/her eligibility to subscribe if he sells his/her shares on the day of the Extraordinary General Meeting or one working day before it.

### **How does the Subscription take place?**

Subscription Applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediaries and custodian.

### **Can an Eligible Person subscribe to more shares than the Rights owned by him/her?**

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

### **If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?**

The rights will be deposited in the same portfolio in which the shares of the Company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to one thousand (1,046) rights, as each share is eligible for a right) will be deposited. Therefore, eight hundred (851) rights will be deposited in portfolio (a) and two hundred (213) rights will be deposited in portfolio (b).

### **Are share certificate holders allowed to subscribe and trade?**

Yes, they are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company (Edaa) and introducing the necessary documents.

### **Are additional Rights purchasers entitled to trade them once again?**

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

### **Is it possible to sell a part of these Rights?**

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

### **When can a Shareholder subscribe for the Rights he/she purchased during the Trading Period?**

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

### **Can the Eligible Person sell or assign the Right after the expiry of Trading Period?**

No. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

### **What happens to the Rights that are unsold or unsubscribed for during the Trading and Subscription Periods?**

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value and any other expenses according to the criteria defined by this Prospectus. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

### **Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?**

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the EGM, shall have the right to attend the EGM and vote on increasing the Issuer's share capital through Rights Issue.

### **When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?**

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

### **If an investor buys securities on the date of the EGM, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?**

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

### **If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?**

The investor's shares will be distributed to their portfolios according to the percentage of shareholding in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

### **What are the Trading and Offering Periods?**

Trading in and subscription for the Rights shall commence at the same time until the end of trading on the sixth day. However, subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

### **Is it possible to subscribe during the weekend?**

No.

### **Can investors, who are not Registered Shareholders, subscribe for the Rights Shares?**

Yes. Investors can subscribe to the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

### **Additional assistance:**

In case of any inquiries, please contact the Company at the e-mail ([scc@saudicable.com](mailto:scc@saudicable.com)). For legal reasons, the company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal, or investment advice. For more information on the terms, conditions and instructions for the subscription, please refer to Section (13) "Details on Shares and Offering Terms and Conditions" and other information contained herein.



### 13.9 Decisions and approvals according to which shares will be offered

The Company's Board of Directors recommended, in its meeting held on 19/11/1442H (corresponding to 29/06/2021G) following reducing the capital from Three hundred and sixty million six hundred and fourteen thousand sixty (360,614,060) Saudi riyals, to two hundred and sixty two million three hundred eleven thousand sixty (262,311,060) Saudi riyals, with an increase in the Company's capital from two hundred and sixty two million three hundred eleven thousand sixty (262,311,060) Saudi riyals to Seven hundred and sixty-two million three hundred and eleven thousand and sixty (762,311,060) Saudi riyals, after obtaining all the necessary statutory approvals and the approval of the Extraordinary General Assembly.

On \*\*/\*\*/\*\*\*\*H (corresponding to \*\*/\*\*/\*\*\*\*G), the company's EGM approved to increase the company's capital through issuing rights shares of fifty million (50,000,000) new ordinary shares at an offer price of ten (10) Saudi riyals per share, and at a nominal value of ten (10) Saudi riyals per share, in order to increase the company's capital from two hundred sixty-two million three hundred and eleven thousand and sixty (SAR 262,311,060) Saudi riyals to seven hundred sixty-two million three hundred eleven thousand sixty (762,311,060) Saudi riyals, and increase the number of shares from Twenty-six million two hundred and thirty-one thousand one hundred and six (26,231,106) ordinary shares to seventy-six million two hundred and thirty-one thousand one hundred and six (76,231,106) ordinary shares.

Saudi Stock Exchange (Tadawul) approved the request to list the new shares on 01/02/1443H (corresponding to 08/09/2021G), it also approved to publish this prospectus and all supporting documents requested by CMA on the date of its announcement on CMA website on 03/06/1443H (corresponding to 06/01/2022G).

#### 13.10 Miscellaneous Terms

- The Subscription application form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignees, executors, administrators and heirs. Except as specifically indicated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.
- These instructions, conditions and receipt of any Subscription application forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus may be distributed in Arabic and English. In case of conflict between the two texts, the Arabic text of the Prospectus shall prevail.

#### 13.11 Statement of any arrangements in place to prevent disposal of certain shares

There are no arrangements in place to prevent disposal of any shares.

## 14 Change in share price due to capital increase

The Company's Board of Directors recommended in its meeting held on 19/11/1442H (corresponding to 29/06/2021G) following reducing the capital from Three hundred and sixty million six hundred and fourteen thousand sixty (360,614,060) Saudi riyals, to two hundred and sixty two million three hundred eleven thousand sixty (262,311,060) Saudi riyals, with an increase in the Company's capital from two hundred and sixty two million three hundred eleven thousand sixty (262,311,060) Saudi riyals to Seven hundred and sixty-two million three hundred and eleven thousand and sixty (762,311,060) Saudi riyals, through offering rights shares of five hundred million (500,000,000) Saudi riyals, after obtaining all the necessary statutory approvals and the approval of the Extraordinary General Assembly.

In the event that the Extraordinary General Assembly approves the process of reducing the capital and then increasing it as indicated above in the recommendation of the Company's Board of Directors, the Company's share price will rise as a result of the capital decrease, as the Company's share price reached on the day of the Extraordinary General Assembly (\*\*\*) Saudi riyals, and it is expected to increase by (\*\*%) to be (\*\*\*) Saudi riyals, then, as a result of the capital increase, the share price will decrease by (\*\*%) from (\*\*\*) Saudi riyals to (\*\*\*) Saudi riyals at the opening of the market after two trading days (T+2) from the date of the Extraordinary General Assembly (due to the procedures for suspending the trading of the share as a result of the capital reduction).

In the event that any of the shareholders registered in the Company's shareholders register at the Depository Center fails to subscribe at the end of the second trading day following the date of the Extraordinary General Assembly, such will lead to a decrease in its ownership percentage in the Company.

The method of calculating the Company's share price as a result of the process of reducing and increasing the capital is as follows:

First: Calculating the share price after reducing the capital

The expected share price after the capital reduction = the market value of the Company's shares prior to the capital reduction / the number of shares after the capital reduction

The market value of the Company's shares prior to the capital reduction = the share price prior to the capital reduction "closed on the day of the Extraordinary General Assembly" x the number of shares prior to the capital reduction

First: Calculating the share price after increasing the capital

The expected share price after the capital increase = the market value of the Company's shares prior to the capital increase + the value of the shares offered) / (the number of shares after the capital increase)

The market value of the Company's shares prior to the capital increase = the expected share price after the capital reduction x the number of shares after the capital reduction



## 15 Covenants relating to the Subscription

### 15.1 Overview of the Subscription Application and the Covenants

It is possible to subscribe using trading platforms or through any other means provided by the agent to the investors. The new shares will be subscribed to in one stage, according to the following:

- 1) During this period, all Registered Shareholders and New Investors will be allowed to subscribe to the New Shares.
- 2) The Registered Shareholder will be entitled to subscribe directly to the whole or part of his / her shares during the Subscription Period. If the Registered Shareholder buys new Rights, the Registered Shareholder will be able to subscribe to them by the end of the settlement period (two working days).
- 3) New investors will be entitled to subscribe to the new shares immediately after settling the rights purchase (two working days).
- 4) Subscription will be available electronically through investment portfolios in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

Each Right entitles its holder to subscribe to one new share at the Offer Price. Subscriber to the new shares declares the following:

- ✓ His/Her acceptance of all the subscription terms and conditions stated in this Prospectus.
- ✓ That he/she has read this Prospectus and all its contents carefully and understood its content.
- ✓ His/Her acceptance of the Company By-Laws.
- ✓ He/She is committed not to cancel or amend the subscription application after its submission

### 15.2 Allocation Processes

Rights issue shares shall be allocated to the Eligible Persons based upon the number of Rights that they properly and fully exercised. As for Shareholders entitled to fractional shares, these shall be accrued and offered to Institutional Investors during the Rump offering. The total offer price of the of Rump shares shall be paid to the Company, and all the remaining proceeds resulting from the sale of Rump shares and fractional shares (in excess of offer price) shall be distributed to the Eligible Persons not later than \*\* \*\*/\*\*/\*\*\*\*H (corresponding to \*\* \*\*/\*\*/\*\*\*\*G). In the event that shares remain unsubscribed to, such shares will be purchased by and allocated to the underwriter.

Eligible Persons should contact the agent through which they were subscribed to obtain any additional information. Allocation of shares will be announced no later than \*\* \*\*/\*\*/\*\*\*\*H (corresponding to \*\* \*\*/\*\*/\*\*\*\*G).

### 15.3 Saudi Stock Exchange (Tadawul)

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading is conducted on each business day, from Sunday to Thursday, at one go from 10 a.m. until 3:00 p.m., during which orders are executed. Beyond such times, orders are permitted to be inserted, amended, and cancelled from 9:30 a.m. until 10 a.m.

The transactions are executed through automatic order matching, and orders are received and prioritized according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the timing of the entry.

Tadawul system distributes a comprehensive range of information through different channels, most notably Tadawul website, where up-to-date market information is provided immediately to famous information providers such as Reuters. Transactions are automatically settled within two business days (T + 2). The Company must disclose all decisions, material, and important information through Tadawul. Tadawul is responsible for monitoring the market in order to ensure fairness of trading and efficiency of market operations.

#### 15.4 Trading of the Company shares on the Saudi Stock Exchange

An Application has been submitted to CMA to register and list the Rights in the Saudi Stock Exchange and a request has been submitted to the Stock Market (Tadawul) for their listing. This Prospectus has been approved and all requirements have been met.

Registration and the commencement of trading in the Rights in the Saudi Stock Exchange are expected after the final allocation of the Offering Shares is completed and will be announced on Tadawul website. The dates mentioned in this Prospectus are tentative and may be changed with the approval of CMA.

Although the existing shares are listed on the Saudi Stock Exchange and the Company's Shares are listed on Tadawul, the new shares can only be traded after the final allocation of shares has been approved and deposited in the subscribers' portfolios. Trading in the new shares is strictly prohibited before the allocation is approved.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them and the Company shall not be liable in such a case.





## 16 Documents available for Inspection

The following documents will be available for review at the headquarters of Saudi Cable Company, located in Jeddah, Industrial Area, Plot No. 12F, P.O. Box 4403 Jeddah 21491, Kingdom of Saudi Arabia, during official working days from Sunday to Thursday between 08:00 a.m. until 4:00 pm, starting from the first working day after the date of the invitation to EGM, provided that this period shall not be less than 14 days before the date of EGM. These documents will remain available for inspection until the end of the Offering:

### Documents related to incorporation and Articles of Association:

- Commercial Registration.
- Company By-Laws.

### Approvals related to shares capital increase:

- Board of Directors' decision recommending the increase of capital.
- A copy of the Capital Market Authority's approval on the Offering of Rights.
- The approval of the Saudi Stock Exchange Company (Tadawul) on listing the rights shares.

### Reports, letters and documents:

- Underwriting Agreement and Lead Manager Agreement.
- Written consents by Financial Advisor, Lead Manager, Underwriters, Legal Advisor, and Auditors to use their names, logos and statements in the Prospectus.
- The Economic feasibility study for using offering proceeds.



الكابلات السعودية  
Saudi Cable

