



2020 AD

## Annual Report

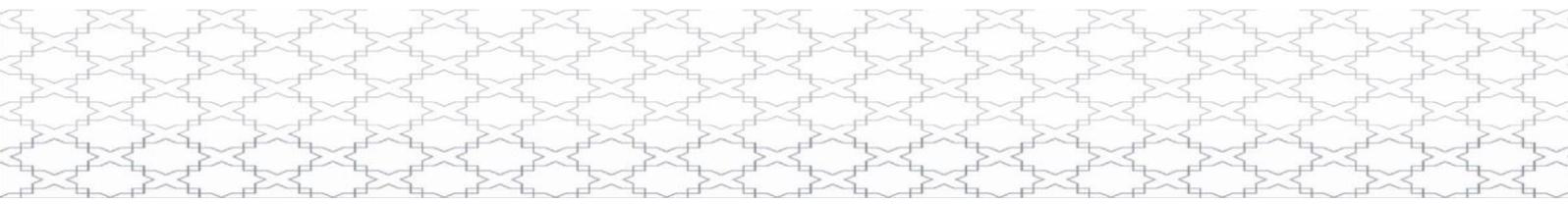
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Riyadh, Saudi Arabia

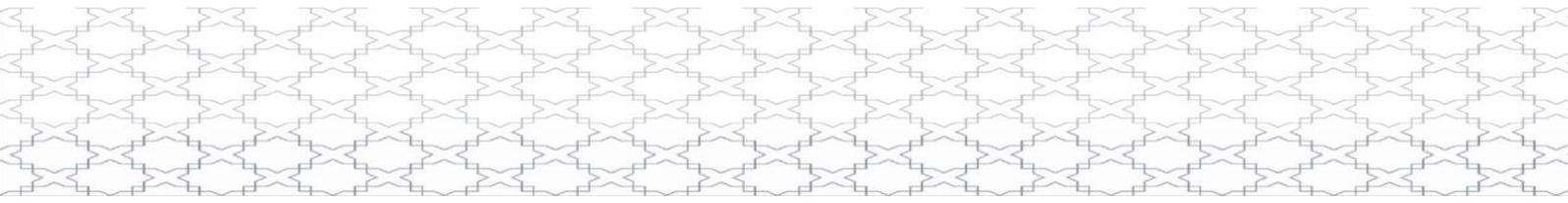
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**In the name of Allah, the  
Most Gracious, the Most  
Merciful**



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## Chapter 1

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

## **Board report**

For the fiscal year 2020 AD

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

Peace, mercy and blessings of Allah be upon you,

On behalf of the Board members and the Executive Management, I extend my sincere thanks and appreciation to all shareholders of The United Wire factories Company for their continued confidence in the company's management, and thanks are extended to all its employees for their efforts and their dedication to do their duties as required, despite the great challenges which faced the entire world, and the company in particular, with the emergence of the new Coronavirus (COVID-19) pandemic, with my great optimism that the efforts will continue to achieve what we all aspire to. Hence, allow me to briefly review the most important events and achievements which the company achieved during the year 2020 AD.

The company is part of an industrial system that is directly affected by fluctuations in the local and global markets, as the year 2020 AD witnessed a number of challenges affected the supply chains and the decrease in demand. Despite all challenges, The company has succeeded in continuing to achieve profitability and progressing in its transformative march towards a better future thanks to God first, then thanks to the company's long-term, stable growth-oriented strategy which designed to enable the company to respond the market conditions and deal with risks and always keen to meet the clients' requirements and aspirations and continue planning. These efforts contribute to enhance the capabilities of local industries and enable them to compete and grow in the development of the Kingdom's exports, improve the balance of trade exchange, and raise the share of industrial sectors in the gross of local production, in line with Saudi Arabia's 2030 vision.

The company continued its operations during the Corona pandemic, as continued production at a high level during the pandemic period caused that the company's products will be available to meet market demands for construction and building materials after the end of the temporary curfew period, as it provided its products at reasonable costs, it managed the supply and provision of raw materials and increased its focus on sales of high-margin products as well as customer retention and market targeting and new sectors. All these factors contributed in maintaining adequate margins during this period as well the company was keen to hedge against the expected impact on its business as a result of this pandemic appropriately and is being evaluated according to the evolution of the pandemic. The company also benefited from some stimulating governmental initiatives that supported the industrial sector.

With reference to the company's approved strategy for the period (2020AD – 2022AD), the company has embarked on implementing a number of: internal adjustments and procedures aimed to raise the operational efficiency, As well as ensuring the availability of raw materials permanently and in a regulated manner, with caution and taking into account market changes.

The company also sought to maintain the satisfaction of its customers by fulfilling its contractual obligations and disciplining the shipping and supplying operations, which earned the company the confidence of customers and increased their loyalty to deal with it in light of strong competition, which reflects the company's ability and commitment to build a long-term distinguished relationship with its customers.

As a result, in addition to the high demand from the markets as a result of the increase in the value-added tax rate in the middle of the year, as well as the increase in demand resulting from the interaction of the markets with the rise in the prices of raw materials in the last quarter, the company achieved during 2020 a net profit before Zakat of about 72 million riyals compared to about 33 million riyals for the previous year 2019 AD, with an increase of 118% as a result of the increase in sales by 7% over the previous year with higher sales margins as a result of improving production processes, controlling costs and increasing efficiency which had a positive impact in addition to providing raw materials in harmony with stock levels and supply and demand variables to reduce the negative impact of fluctuating raw material prices and price competition in the market.

The company has also succeeded in completing the implementation of the procedures for reducing the capital for lack of need by 88 million riyals and by approximately 20% by canceling the corresponding shares, in accordance with the regulatory procedures and the requirements of the relevant authorities in an unprecedented process in the Saudi market and without this reduction having any principal impact on the obligations, operations, or financial, operational, or organizational performance of the company. And the reduction became effective at the end of the creditors' objection period on September 13, 2020, and the eligible shareholders were compensated for this through their investment portfolios.

In continuation of the Board of Directors policy in distributing shareholders' profits, cash dividends were distributed to shareholders during the fiscal year 2020, about 35 million riyals for the period until the end of 2019 AD and for the first half of 2020 AD, equivalent to 10% of the nominal value of the share - after reducing the capital - At one riyal per share.

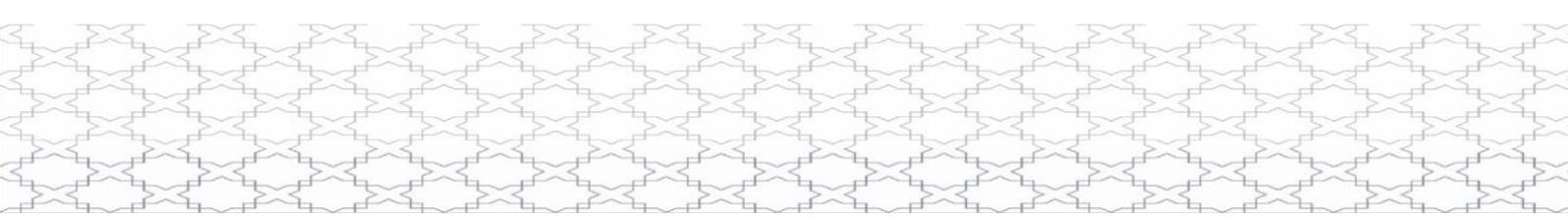
In order to diversify sources of income, the company is constantly and relentlessly searching for new investment opportunities in areas that complement its current activity or new areas that develop and diversify its resources and mitigate the impact of the recession in some sectors.

In conclusion, I pray that the year 2021 AD will be an effective and motivating financial year to provide more successes and growth in a way that achieves the company's shareholders' hopes and aspirations.

And Allah is the Grantor and the Helper,

Khalid Saad Abdul-Rahman Alkanhal

The Board Chairman



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

Union Wire Factories Company (the company) is a Saudi joint stock company registered in the city of Riyadh, established on Rabi` Al-Awwal 20, 1411 AH (corresponding to October 9, 1990 AD) under Commercial Registration No. 01010079195. Ministerial Resolution No. (45 / S) was issued on Safar 12, 1429 AH. (Corresponding to February 19, 2008) by approving the announcement of the conversion of the company from a limited liability company to a closed joint stock company.

The Board of the Saudi Capital Market Authority issued Resolution No. (2-21-2011AD) on Rajab 17, 1432 AH. (Corresponding to June 19, 2011 AD) approved the offering of 9,750,000 shares for public subscription, which represents 30% of the company's shares. The shares of Union Wire Factories Company were also listed in the Saudi Stock Market (Tadawul) on Ramadan 21 1432H (corresponding to August 21, 2011 AD) with code (1301) within the construction sector.

The company's extraordinary general assembly, held on 28 Rabi Al-Awwal 1432 AH corresponding to April 2, 2011 AD, agreed to increase the company's capital to 325 million riyals instead of 206.5 million riyals. The company's extraordinary general assembly, held on 29 Jumada Al-Awal, 1434 AH, corresponding to April 10, 2013AD, agreed to increase the company's capital to become 390 million riyals instead of 325 million riyals. The extraordinary general assembly of the company, held on 6 Jumada Al-Akhir 1435 AH corresponding to April 6, 2014 AD, agreed to increase the company's capital to become 438.75 million riyals instead of 390 million riyals. The company's subscribed and fully paid-up capital on the date of the financial statements on December 31, 2019, amounts to 438.75 million Saudi riyals, divided into 43.875 million shares, with a nominal value of 10 Saudi riyals per share.

The extraordinary general assembly, which was held on Wednesday 24/11/1441 AH corresponding to 15/7/2020 AD, approved the recommendation of the Board on Jumada Al-Ula 18, 1441 AH (corresponding to January 13, 2020 AD) to reduce the company's capital due to the increase of the capital over the company's need. The method of reduction is by Write off 20% of the number of the company's shares at a rate of 8.775 million shares, and the shareholders were compensated, and the number of capital shares after the reduction became 35.1 million shares, with a value of 351 million riyals. The reduction decision became effective with the end of the creditors' objection period on 31/9/2020, in accordance with the statutory requirements.

### **1.3 The main activities of the company**

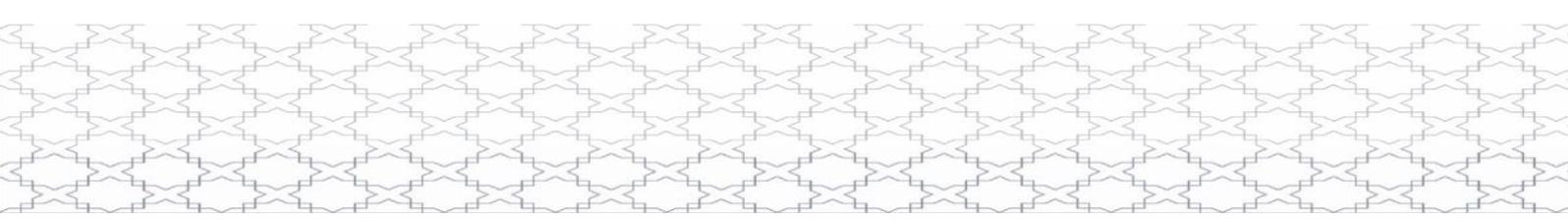
- Producing and marketing of reinforcing steel bars, wire coils, sheets, rebar mesh, and block ladder, in addition to bending, forming, straightening, cutting rebar, melting and rolling iron, and all materials related to building materials industries and their supplies.
- Producing and marketing of bonding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

### **1.4 Company vision**

- To be a leader company in the manufacture of high-quality metal products for commercial, constructional and industrial uses, and to strengthen its presence in the local and foreign markets by focusing on product quality, customer service, innovation and development.

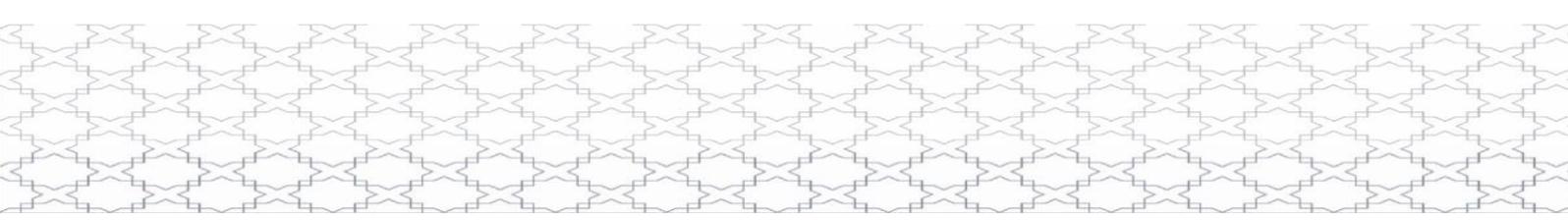
### **1.5 Company message**

- **The Principle:** Maintaining a professional culture and a work environment characterized by trust and participation in all departments and divisions of the company, adherence to the highest standards of governance, professionalism, and responsibility towards the environment.
- **Market:** Enhancing the presence of the company's products in markets and maintaining its competitiveness.
- **Stakeholders:** Always strive to protect the interests of all partners, including shareholders, employees, business partners and regulators.
- **Product:** Building a diversified portfolio of ever-evolving products, and always striving to exceed customer expectations in terms of quality, value and service.
- **Work procedures:** Achieving comprehensive growth by raising efficiency, improving productivity, continuous development, and utilizing modern systems in the operational and administrative fields.



## 1.6 Company values

- We adhere to the highest standards of integrity and ethics in all of our professional practices.
- We deal with transparency and assume responsibility towards regulators, investors and financial institutions.
- We respect and listen to our customers.
- We value our employees, encourage them to improve, and reward their performance.
- We collaborate with our suppliers to contribute and grow together.





## Chapter 2

### Business results

## 2.1 Revenue and gross profit

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

Item	The constructional sector and building materials		The civil sector		Total	
	2020	2019	2020	2019	2020	2019
<b>Sales</b>	628	564	149	161	777	724
<b>Cost of sales</b>	-548	-534	-116	-128	-664	-663
<b>Gross profit</b>	80	29	33	32	113	62

To the nearest million riyals

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

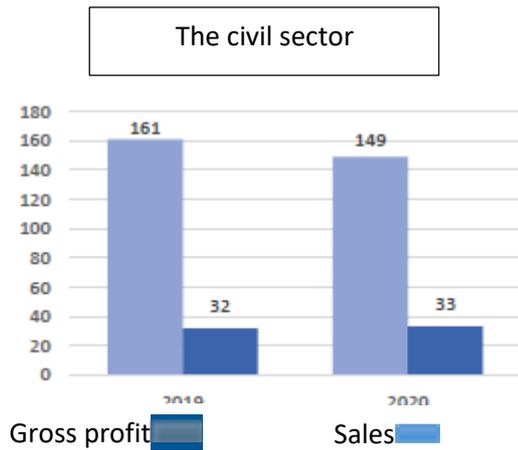


Diagram 1: Sales and gross profit of the civil sector

For the years 2019 and 2020 AD



Diagram 2: Sales and gross profit of the constructional sector

For the years 2019 and 2020 AD

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

Regions	2020	2019	2018	2017	2016
Central Region	398	368	235	173	221
Western region	148	148	134	98	152
The northern region	94	95	86	116	138
Southern region	96	87	53	115	103
Eastern Region	41	26	27	75	76
<b>Total</b>	<b>777</b>	<b>724</b>	<b>535</b>	<b>577</b>	<b>690</b>

**To the nearest million riyals**

Table 2: Sales are distributed according to geographical regions

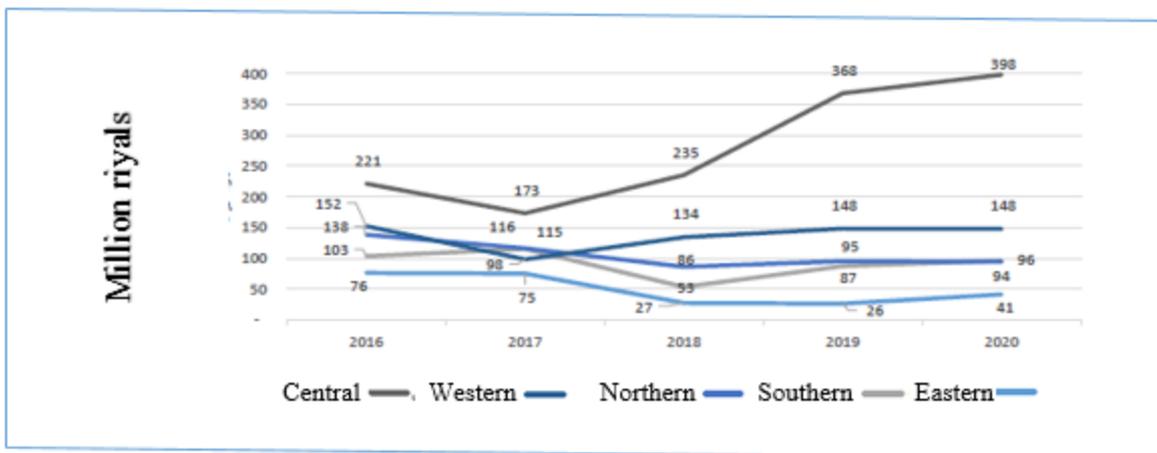


Diagram 3: Sales development according to geographical regions

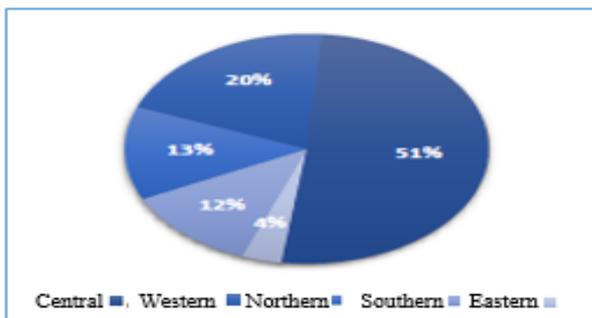


Diagram 4: Geographical sales distribution 2020AD.

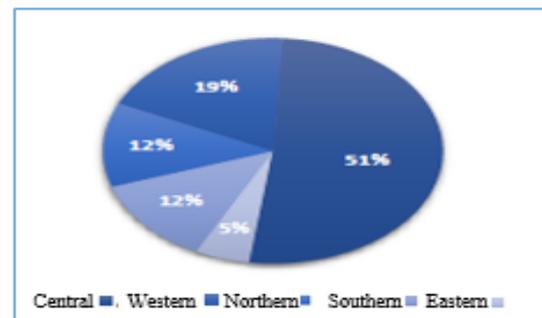
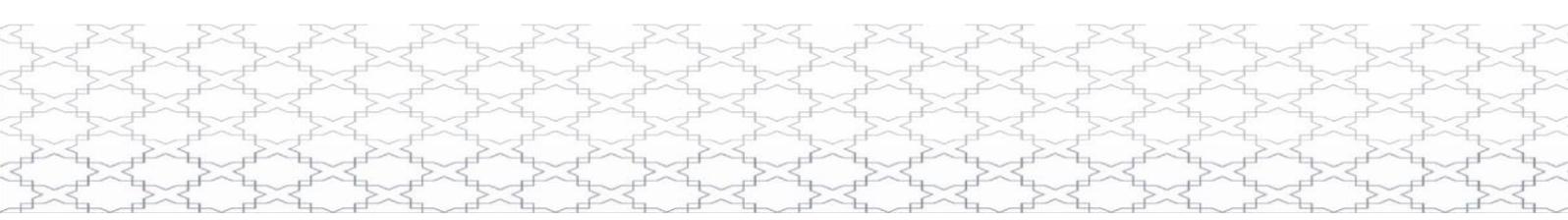


Diagram 5: Geographical sales distribution 2020AD.



## 2.2 Significant company plans, decisions, and future expectations of the company

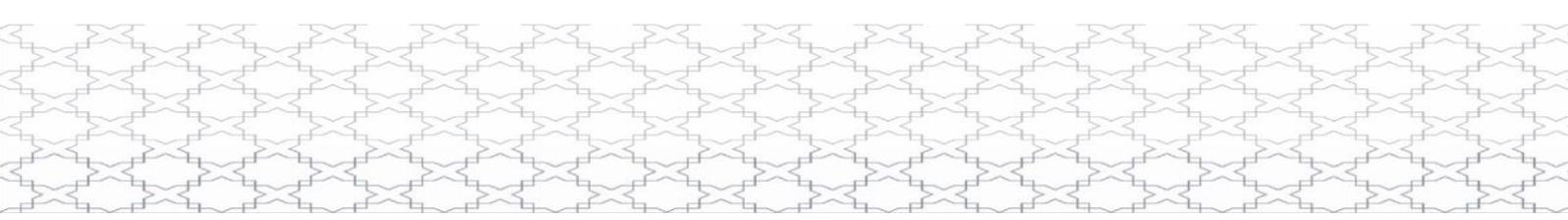
### 2.2.1 Future plans

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

### 2.2.2 Risks

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

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



### 2.3 Assets, liabilities and shareholders' equity

Item	2020	2019	2018	2017	2016
Current assets (other than Inventory)	289	388	311	326	320
Inventory	111	92	121	96	110
<b>Total Circulated assets</b>	<b>400</b>	<b>480</b>	<b>432</b>	<b>422</b>	<b>430</b>
Fixed assets (net)	113	123	131	138	151
<b>Total assets</b>	<b>513</b>	<b>603</b>	<b>563</b>	<b>560</b>	<b>581</b>
Current liabilities	44	74	48	28	48
Non-Current liabilities	11	10	8	9	9
<b>Total liabilities</b>	<b>55</b>	<b>84</b>	<b>56</b>	<b>37</b>	<b>57</b>
Total shareholders' equity	458	519	507	523	524
<b>Total liabilities and shareholders' equity</b>	<b>513</b>	<b>603</b>	<b>563</b>	<b>560</b>	<b>581</b>

To the nearest million riyals

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

Table 1: Summary of assets, liabilities and shareholders' equity for the last five years

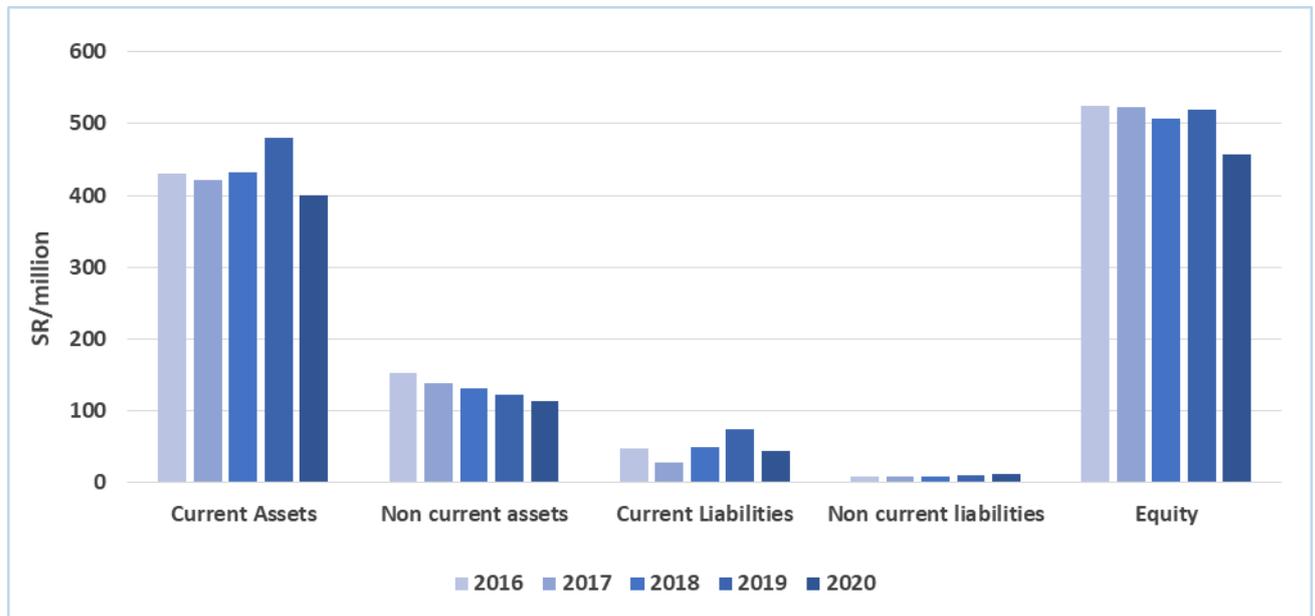


Diagram 6: Items of assets and liabilities for the last five years (million riyals)

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

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

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

Item	2020	2019	2018	2017	2016
Net sales	777	724	535	577	690
Cost of sales	664	-662	-489	-508	-553
<b>Gross profit</b>	113	62	46	69	137
Selling and distribution expenses	-19	-17	-15	-17	-23
General and administrative expenses	-16	-14	-16	-17	-21
(Impairment) reversal of impairment of trade receivables	0	1	1	0	0
Other income, net	0	1	1	1	0
Impairment of trade receivables and inventory - Corona (Covid 19)	-6	0	0	0	0
<b>Net profit from the continuing operations (EBIT)</b>	72	33	17	36	93
Zakat and tax	-10	-11	-10	-10	-11
<b>Net profit after zakat and tax</b>	62	22	7	26	82

To the nearest million riyals

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

Table 2: Income statement for the last five years

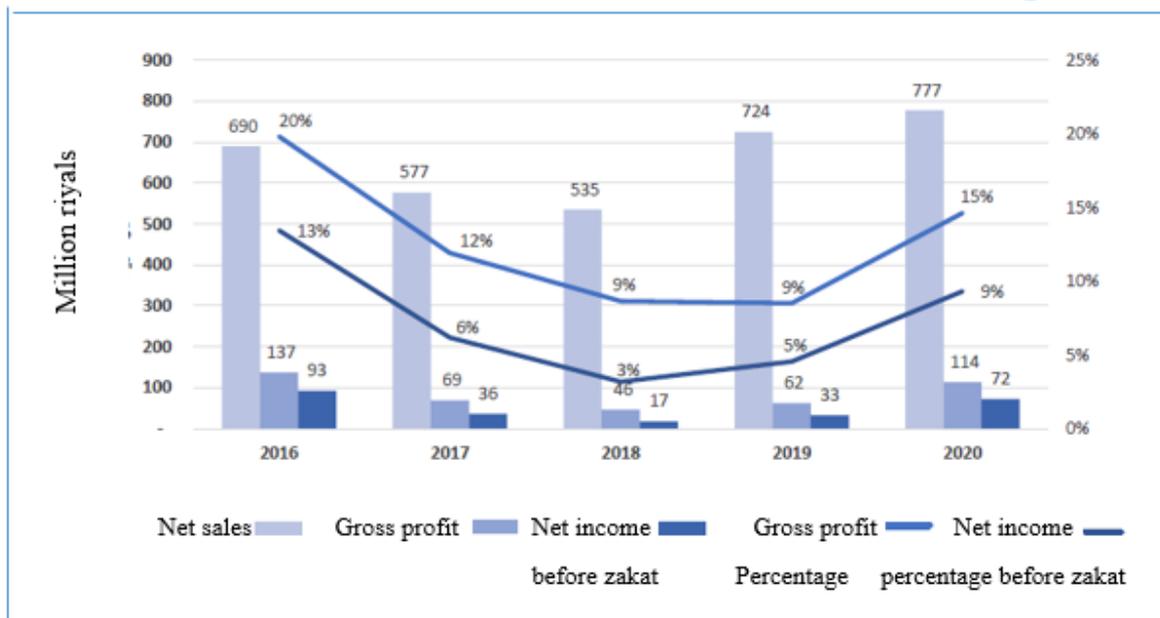


Diagram 7: Sales, gross and net income before zakat for five years

#### 2.4.1.2 The principal differences in the operational results between the two years 2019 and 2020 AD

Item	2020	2019	Changes	Changing percentage
Net sales	777	724	53	7%
Cost of sales	-664	-662	2	0%
<b>Gross profit</b>	<b>113</b>	<b>62</b>	<b>51</b>	<b>82%</b>
Selling and distribution expenses	-19	-17	-2	12%
General and administrative expenses	-16	-14	-2	14%
(Impairment) reversal of impairment of trade receivables	0	1	-1	0%
Impairment of trade receivables and inventory - Corona (Covid 19)	-6	0	-6	0%
Other income, net	0	1	-1	0%
<b>Net profit from the continuing operations (EBIT)</b>	<b>72</b>	<b>33</b>	<b>39</b>	<b>118%</b>
Zakat and tax	-10	-11	1	9%
<b>Net profit after Zakat</b>	<b>62</b>	<b>22</b>	<b>40</b>	<b>181%</b>
Total (other comprehensive loss) other comprehensive income	0	1	-1	0
<b>Net profit and other comprehensive income for the year</b>	<b>62</b>	<b>23</b>	<b>39</b>	<b>169%</b>

**To the nearest million riyals**

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

Table 5: The principal differences in the operational results between years 2019 and 2020.

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

Item	2020	2019	2018	2017	2016
Net working capital	356	406	384	394	382
Net fixed assets	109	119	130	138	152
Right of Use( Lease - Standard 16)	4	4	0	0	0
<b>Net working assets</b>	<b>469</b>	<b>529</b>	<b>514</b>	<b>532</b>	<b>534</b>
Employee defined benefits obligation	8	7	8	9	9
Lease liabilities – Noncurrent portion	3	3	0	0	0
Shareholders' equity	458	519	506	523	525
<b>Total Financing of net working assets</b>	<b>469</b>	<b>529</b>	<b>514</b>	<b>532</b>	<b>534</b>

**To the nearest million riyals**

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

Table 6: The financial position of the last five years

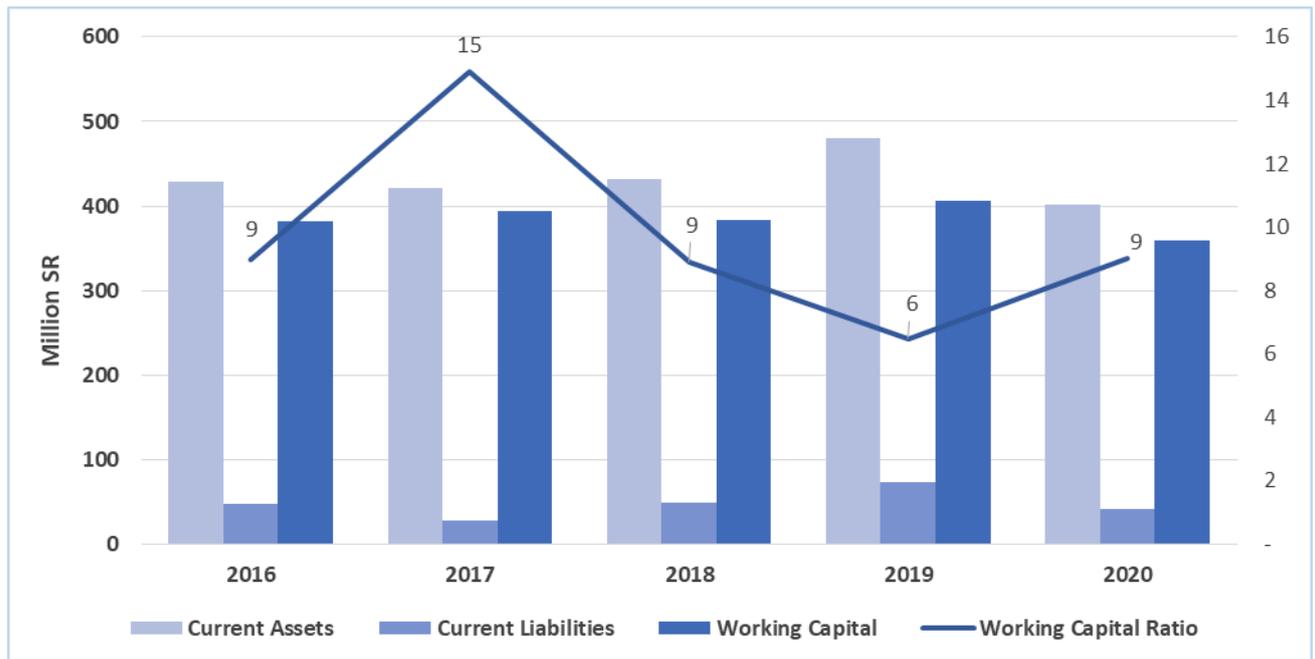


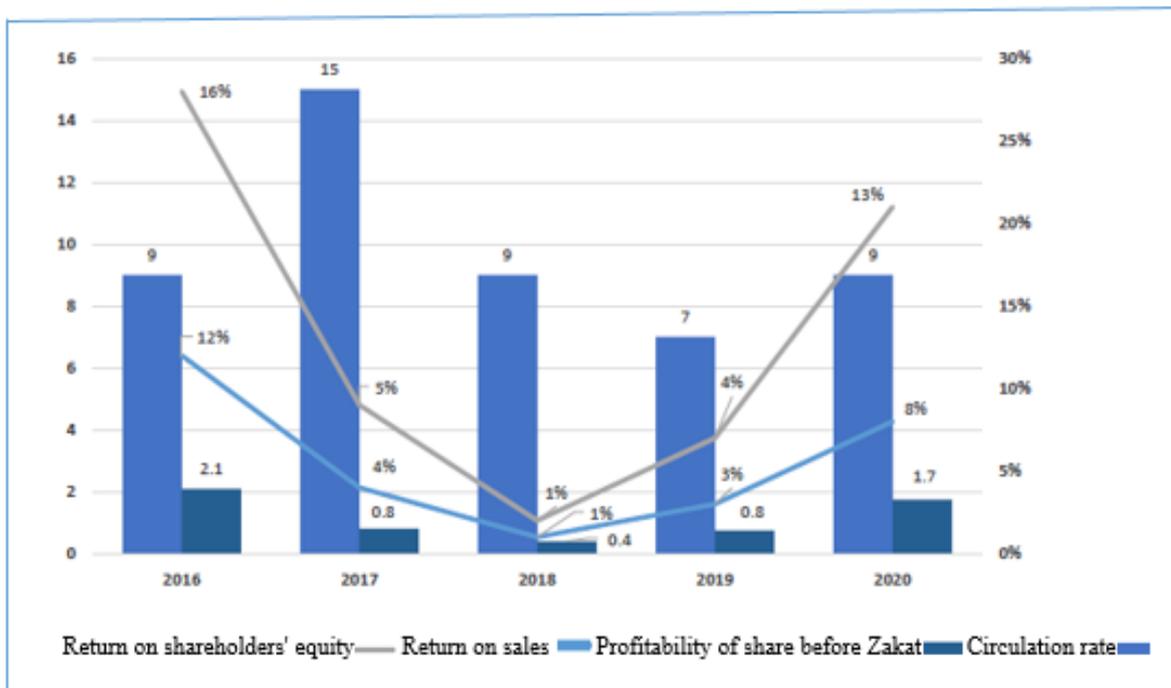
Diagram 9: The Current assets and current liabilities and working capital for the last five years

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

Indicator	2020	2019	2018	2017	2016
Return on sales	8%	3%	1%	4%	12%
Return on shareholders' equity	13%	4%	1%	5%	16%
Current Ratio	9	6	9	15	9
Dividend Payout Ratio (Dividends As a percentage of the net profit for the period of its Related before Zakat)	58%	33%	0	62%	78%
Earnings per share EPS (in riyal) Before Zakat and tax*	1.75	.75	.39	.81	2.11

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

Table 7: The profitability indicators for the last five years



## 2.4.2 Cash flows

### 2.4.2.1 Summary of cash flows

Net cash flow:	2020	2019	2018	2017	2016
<b>Generated from operating activities</b>	5	70	46	8	129
<b>Used in investment activities</b>	-3	-3	-7	-3	-9
<b>Used in financing activities</b>	-123	-11	-22	-28	-72
<b>Net changes in cash and cash equivalents</b>	-121	56	17	-23	48
<b>The cash balance at the beginning of the year</b>	283	227	210	233	185
<b>The cash balance at the end of the year</b>	162	283	227	210	233

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

**Table 8: Summary of cash flows for the last five years**

### 2.4.2.2 Cash flows from Operating activities

Item	2020	2019	2018	2017	2016
Net profit before Zakat and tax	72	33	17	36	93
Depreciations and amortizations	13	14	15	16	16
Employees defined benefits obligation	-1	1	1	2	1
Working capital net changes	-79	22	13	-46	19
<b>Net cash generated from operating activities</b>	<b>5</b>	<b>70</b>	<b>46</b>	<b>8</b>	<b>129</b>

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

**Table 9: Cash flows from operating activities**

### 2.4.2.3 Cash flows from the investing activities

Item	2020	2019	2018	2017	2016
Property and equipment additions	-3	-3	-7	-3	-9
Proceed from disposal of property, plant and equipment	0	0	0	0	0
<b>Net cash used in investing activities</b>	<b>-3</b>	<b>-3</b>	<b>-7</b>	<b>-3</b>	<b>-9</b>

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

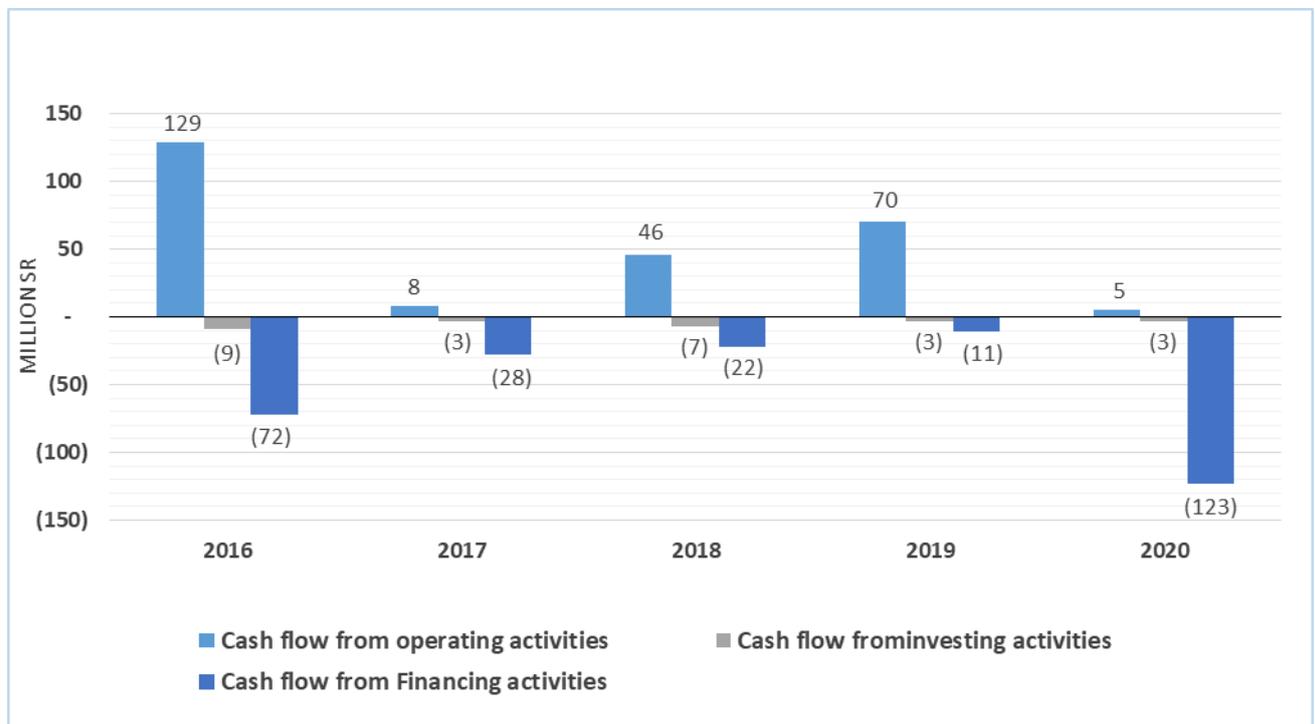
**Table 10: Cash flows from investment activities**

#### 2.4.2.4 Cash flows from financing activities

Item	2020	2019	2018	2017	2016
Reduction of share capital	-88	0	0	0	0
Dividends	-35	-11	-22	-28	-72
<b>Net cash used in financing activities</b>	<b>-123</b>	<b>-11</b>	<b>-22</b>	<b>-28</b>	<b>-72</b>

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

**Table 11: Cash flows from financing activities**



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

### 2.4.3 Net profit

Net profit after zakat increased to about 62 million riyals in the year 2020AD, compared to 22 million riyals in the year 2019AD. This is due to the increase in sales by 7% over the previous year and the improvement in sales margins as a result of several factors, and the most important factor of them is the increase in market demand as a result of the increase in the value-added tax rate in the middle of the year, as well as the increase in demand resulting from the interaction of markets with the rise in raw materials prices in the last quarter and the improvement of the management process in purchasing raw materials and seizing good opportunities. The company also improved cost controlling processes and maintained adequate production and inventory levels, which greatly contributed to keep pace with the increasing demand for sales upon the expiry of the temporary ban periods, especially before applying the increase in the rate of value-added tax.

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

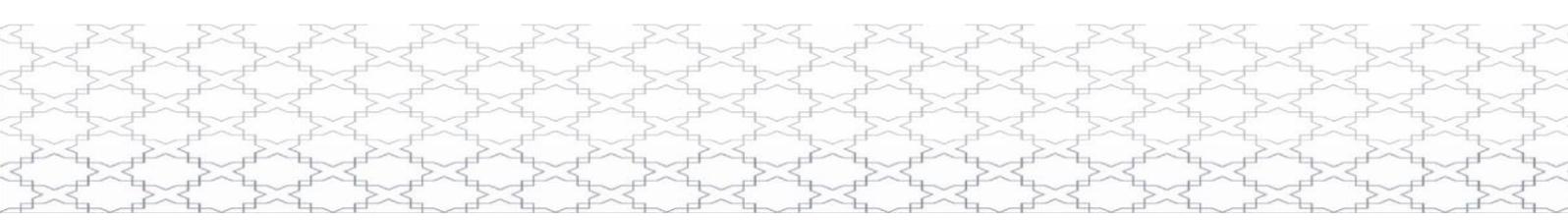
The financial statements for the fiscal year ending on December 31, 2020 AD were prepared in accordance to international accounting standards IFRS accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. There is no difference from the accounting standards issued by the Saudi Organization for Certified Public Accountants.

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

United Wire Factories Company does not have subsidiary companies inside or outside the Kingdom of Saudi Arabia.

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

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





## Chapter 3

### Dividends

### 3.1 Dividends policy

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

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

### 3.2 Dividends during the year 2020AD.

With regard to the Dividends during the year 2020AD, they were as following:

- During the third quarter of 2020AD and based on the decision of the Board held on Muharram 27, 1442 AH corresponding to September 15, 2020AD, the company Paid interim cash dividends in the amount of 35.100.000 Saudi riyals for the period until the end of the year 2019AD and for the first half of the year 2020AD by 1 (one) Saudi riyal per share, which represents 14.964.143 riyals of the balance of retained profits up to 31/12/2019AD, and 20.135.857 riyals for the first half of the year 2020AD. The Dividends date was on October 8, 2020AD.
- The total Dividends during the year 2020AD was 35.1 million riyals, at the rate of (1) one Saudi riyal per share, at 10% of the capital. There are no arrangements or agreements whereby a shareholder of the company waived any rights in profits.



## Chapter 4

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

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

### 4.1.1 Interests and rights

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

### 4.1.2 Change in ownerships

The change in the ownerships of the board members and senior executives in the company shares from 31/12/2019AD till 31/12/2020AD were as the following:

Serial	Name	Shares number on 31/12/2019	Shares number on 31/12/2020 after reducing 20% of the capital	Net of change as a result of reducing 20% of the capital	*Change percentage between the beginning and end of the year
1	Khaled Saad Alkanhul	3,071,250	2,457,000	614,250	20%
2	Muhammad Rasheed Muhammad Al-Rasheed	5,372,460	4,297,968	1,074,492	20%
3	Abdullah Saad Aldossary	223,177	178,541	44,636	20%
4	Rasheed Rashed Bin Oween	200,000	160,000	40,000	20%
5	Saleh Rasheed Muhammad Al-Rasheed	1,674,681	1,339,744	334,937	20%
6	Youssef Abdullah Almutlaq	0	0	0	0%
7	Torky Mohammad Ahkuriny	0	0	0	0%
8	Nabil Hassan Al-Amir	0	0	0	0%
9	Bader Eid Al-Mohammadi **	0	0	0	0%
10	Abdulhameed Hosny Ibrahim	0	0	0	0%
11	Rana Salim Ahmed	0	0	0	0%

Table 12: Change in shares ownership of board members and senior executives

\*The change in the number of shares at the end of 2020AD resulted from the Capital reduction by write off 20% of the issued shares.

\*\*Engineer Bader Eid Al-Mahmadi was appointed as a Vice Executive President (for Shared Services and supplies) from 2/12/2020AD.

### 4.1.3 Loans and banking facilities

The company did not deal with any loans in previous years, and for the year 2020, based on the policy and instructions of the Board.

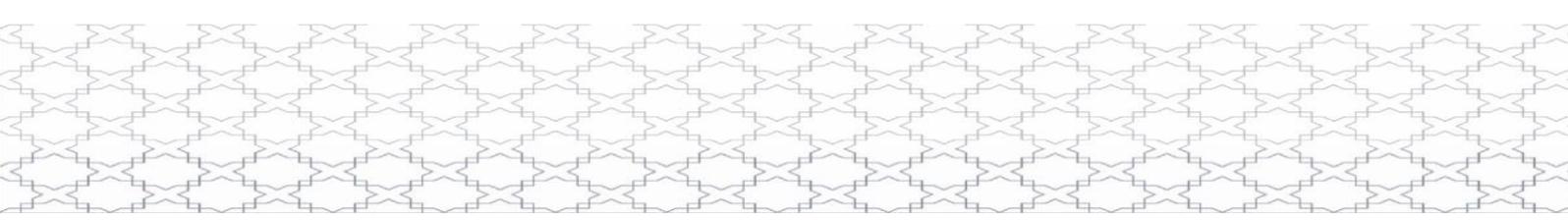
The company has banking facilities compatible with the provisions of Islamic Sharia from local banks, with a total of 101.5 million riyals, only 57.1 million riyals of them are used in the form of Letters of credits and letters of guarantees. This facility does not entail any loans or interest on the company.

#### **4.1.4 Loans instruments**

There are no categories and numbers of any transferable debt instruments, any contractual securities, subscription right notes, or any similar rights issued or granted by the company (the source) during the fiscal year 2020AD, and there is no compensation that the company (the source) obtained for that.

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

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



## 4.2 Board and general assemblies' meetings

### 4.2.1 Board meetings

The Board held four meetings during the fiscal year 2020 as following:

1. First meeting: January 13, 2020AD..
2. The second meeting: February 26,2020AD.
3. The third meeting: September 15,2020AD.
4. Fourth meeting: December 23,2020AD.

The following table shows the attendance record of the Board members for the meetings held in the current session during the fiscal year 2020AD.

S	Member names	Position	category	Meetings' attendance				%
1	Khaled Saad Alkanhal	Chairman	Not executive	√	√	√	√	100%
2	Muhammad Rasheed Muhammad Al-Rasheed	Vice Chairman	Not executive	√	√	√	√	100%
3	Abdullah Saad Aldossary	member	Executive	√	√	√	√	100%
4	Rasheed Rashed Bin Oween	member	Independent	√	√	√	√	100%
5	Saleh Rasheed Muhammad Al-Rasheed	member	Not executive	√	√	√	√	100%
6	Youssef Abdullah Almutlaq	member	Independent	√	√	√	√	100%
7	Torky Mohammad Ahkuriny	member	Independent	√	√	√	√	100%

Table 13: Members' attendance record of the Board meetings

The board held two meetings after the date of the last general assembly, and the board took 9 decisions passed during the year.

#### 4.2.2 Record of Shareholders' requests

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

Serial	Date of request	Reasons of request
1	28/06/2020AD	General Assembly
2	15/07/2020AD	General Assembly
3	07/09/2020AD	Reducing the capital
4	20/09/2020AD	Cash profit distribution
5	04/01/2021AD	Company procedures

Table14: Record of shareholders' requests

#### 4.2.3 General assembly meetings

During the year 2020 AD, the 11<sup>th</sup> Ordinary General Assembly held (the first meeting) at exactly 7:30 pm on Monday 08/11/1441AH corresponding to 29/06/2020 AD, when the meeting quorum is completed with an attendance rate of 65.39%. The assembly was held remotely through modern technology means, based on the circular issued by the Capital Market Authority dated on 16/33/2020AD, which includes the sufficiency of holding general assemblies through modern technology means that enable shareholders to participate in its deliberations and vote on its agenda remotely. This is within the framework of supporting the preventive efforts and precautionary procedures of the competent and relevant authorities to face the emerging corona virus.

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

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

Table 15: Attendance record of Board Members for the eleventh General Assembly meeting

During the year 2020 AD, the twelfth extraordinary general assembly held (the first meeting), which included approval of the capital reduction and amending some items of the company's regulations at exactly 7:30 pm on Wednesday 24/11/1441AH corresponding to 15/07/2020 AD, when the meeting quorum is completed with an attendance rate of 66.81%.

The assembly was held remotely through modern technology means, based on the circular issued by the Capital Market Authority dated on 16/33/2020AD, which includes the sufficiency of holding general assemblies through modern technology means that enable shareholders to participate in its deliberations and vote on its agenda remotely. This is within the framework of supporting the preventive efforts and precautionary procedures of the competent and relevant authorities to face the emerging corona virus.

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

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

Table 16: Attendance record of Board Members for the twelfth General Assembly meeting

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

### 4.3.1 Board members

The new board for the fourth session was formed according to the decision of the Ordinary General Assembly on April 8, 2019 AD, and the chairman of the board was chosen in the new board meeting on April 14, 2019 AD.

S	Member names for the fourth session	Position	category
1	Khaled Saad Alkunhul	Chairman of the Board	Not executive
2	Mohammad Rasheed Mohammad Al-Rasheed	Vice Chairman of the Board	Not executive
3	Abdullah Saad Aldossary	member of the Board	Executive
4	Rasheed Rashed Bin Oween	member of the Board	Independent
5	Saleh Rasheed Muhammad Al-Rasheed	member of the Board	Not executive
6	Youssef Abdullah Almutlaq	member of the Board	Independent
7	Torky Mohammad Ahkuriny	member of the Board	Independent

Table 17: Board members for the fourth session

### 4.3.2 Curriculum Vitae of the Board members

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

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

Mr. Khaled Saad Al-Kanhal is currently the Chairman of the Board of Aslak Company and he was previously the Managing Director of the United Wire Factories Company, as well as a member of the Board of the Petroleum Products Company from 2008 AD to 2019AD. Khaled Al-Kanhal worked at the Arab National Bank from 1981AD till 1988AD and progressed in several positions until he became director of one of the bank's branches. In the year 2006AD, the group of factories was merged under the (United Wire Factories Company), as he had a major role in the merge operation of the factories group and held the position of General Manager of the company from 2006AD till 2008AD. Khaled Al Kanhal obtained his high school certificate in 1975 AD

#### **Muhammad Rasheed Muhammad Al-Rasheed**

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

Mr. Muhammad Al-Rasheed is currently the Vice Chairman of the Board of Aslak Company, and he was previously the Board Chairman of the United Wire Factories Company, as well as he was a Board member of the Petroleum Products Company from 2008 AD till 2019 AD. His accumulated experience in the field of wire industry exceeds to thirty years. He started his work as a deputy director of the Saudi Galvanized Wire Factory, which was merged in 2006 AD under the (United Wire Factories Company) as he had the major role in the process of merging the

group of factories and he became the Board Chairman from 2006 AD till 2008 AD. Muhammad Al-Rasheed obtained his high school certificate in 1985.

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

#### **Board member**

Mr. Abdullah Al-Dossary has held the position of Sales Director of the United Wire Factories Company since 2007AD. He has also held the position of a Board member of the United Wire Factories Company since 2007AD. Abdullah Al-Dossary worked in the Riyadh Factory for Interconnecting Wires in 1991, as he graduated from the Director of Sales and Production Department until he became the Deputy General Manager of the factory in 1993 AD. And in the year 1997 AD, the factory was transformed into a company and he held the position of its General Manager until the year 2006AD. Abdullah Al-Dossary obtained a higher institute diploma from the Commercial Institute in Riyadh in 1990.

### **Rasheed Rashid Saad bin Awain**

#### **Board member**

Dr. Rasheed bin Owain has been a member of the Board of each of the United Wire Factories Company since 2013 AD and also a Board member of Al-Jouf Agricultural Company from 2009 AD till now, as well as a member of the Board of the National Petrochemical Company (Petrochem) since 2019 AD till now. Dr. Rasheed bin Awain worked as a researcher at the National Center for Science and Technology and as an assistant lecturer at the University of Arizona and as an assistant research professor at King Abdulaziz City for Science and Technology. Dr. Rasheed bin Awain obtained a bachelor's degree in electrical engineering from King Saud University in 1982 and a master's degree in nuclear engineering From the same university in 1985, then a doctorate degree in the same specialty in 1996 from the University of Arizona.

### **Saleh Rasheed Muhammad Al-Rasheed**

#### **Board Member**

Mr. Saleh Al-Rasheed is a Board member of the United Wire Factories Company and has held the position of Director of the Al-Hasna'a and Planner Corporation since 2009 AD till now, as well as the Director of the Technical Factory for the production of pins and nails during the years 2008 AD and 2009 AD. Mr. Saleh Al-Rasheed holds a Bachelor's degree in Business Administration.

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

#### **Board Member**

Mr. Youssef Abdullah Al-Mutlaq is a member of the Board of Directors of the United Wire Factories Company and is currently the CEO, partner and founder of Qudra Energy Company, General Manager of Rima Investment Company and On Investment Company. He also a member of the Board of Asni Company for limited Advanced Technologies. As well as, he previously had a board membership of many companies, including ACWA Power Company,

Real Capital Company, Hunter Arabia Company, and Al-Jazirah Company for Electrical Appliances. He obtained a bachelor's degree in mechanical engineering from King Saud University in 1992AD, a diploma in industrial management in 1998, and a master's degree in business administration from King Saud University in 2003AD.

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

#### **Board Member**

MR. Turki Muhammad Al-Quraini is a Board member of Aslak Company and a member of the Nomination and Remuneration Committee, and he is also a member of the Audit Committee of the Saudi Automobile Services and Equipment Company (SASCO). He previously worked as Head of Governance, Risk and Compliance in the National Housing Company, and General Director of Governance and Secretary of the Board of Directors at Jabal Omar Development Company and Director of Compliance and Corporate Governance Standards of companies at the Capital Market Authority. Mr. Turki Al-Quraini obtained a bachelor's degree in accounting from King Saud University in 2005AD and a master's degree in finance from Sydney University of Technology in 2011AD.

### **4.3.3 Curriculum Vitae of the Senior Executives**

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

##### **The Chief Executive Officer -CEO**

Mr. Nabil Hassan Al-Amir is the Chief Executive Officer -CEO of the United Wire Factories Company and holds a Bachelor's degree from King Fahd University of Petroleum and Minerals with honors from the College of Industrial Management in Industrial Management Sciences and Marketing major. At the beginning of his career in 1991, he worked as a specialist in marketing of petroleum products in the Saudi Refining and Marketing Company (SMARK) and then as a Marketing Director in Reda Food Services Company (McDonald's) as in 1994AD, he moved to work in Jazan Company for Agricultural Development, as head of the trade and marketing sector for 5 years. In 1999, he moved to work as an assistant to the general manager of the Gulf Catering Company, a subsidiary company of Al-Munajem Group and then to Al-Manjem Refrigerators Company, as Director of Logistics Services and Supply Chain, and he spent approximately 10 years with the group. Then, in 2008AD, he became the Chairman of the National Factory for Food Products (Al-Waha) a subsidiary of the Industry National Company (one of the Sulaiman Al-Rajhi Endowments Company). After that, he was selected to occupy the position of Vice President of the Group. In 2014, he worked as Executive president of Akel Company for Trade and Industry for 4 years, then he joined to the United Wire Factories Company as its Chief Executive Officer -CEO, bringing with him his diverse experience in various fields and his personal capabilities that he honed during his career in leading companies in their commercial fields.

**Bader Eid Al-Muhammady****Vice CEO for shared services and Supply chain**

Bader Al-Muhammady holds the position of Executive Vice CEO for the Shared Services and Supply Chain in the United Wire Factories Company, and has a long experience of more than twenty years in supporting industrial and commercial business, overseeing the effective implementation of the Wire Company's strategy by coordinating the activities of the departments of Human Resource, Information Technology, Legal and Administrative affairs, Governance, Compliance, Public Relations, Procurement, Logistics and Material Planning. Al-Muhammady held several high-level leadership positions, including the Executive President of the Shared Services Sector of Dar Al-Arkan Real Estate Development Company, as well as the General Manager of the Saudi Company for the Production of Building Materials SBM, as well as the General Manager of the Support Services Sector at the level of the Kingdom of Saudi Arabia for Saudi Post. He also held a number of important positions in Arab cement companies, Riyadh cement and Saudi white cement, and then the position of Executive Director of the Joint Support Services Group, and he was a member in the committees concerned with restructuring the strategy, digital transformation programs, business development and participating in the national committees of the Council of Saudi Chambers. Al-Muhammady holds a master's degree in business administration specializing in organizational management from the International Cambridge in United Kingdom. He also holds a bachelor's degree in mechanical engineering from Riyadh Technical College with Excellent degree with the first honors class, and advanced postgraduate studies in computer engineering from Jeddah International Higher Center for Training and Computer. He has completed the requirements of various and professional programs and professional licenses in managing projects, operations, quality, safety, occupational health and the environment from Texas A&M University in the United States of America.

**Abdel Hamid Hosni Abdel Hamid Ibrahim****The Financial Manger**

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

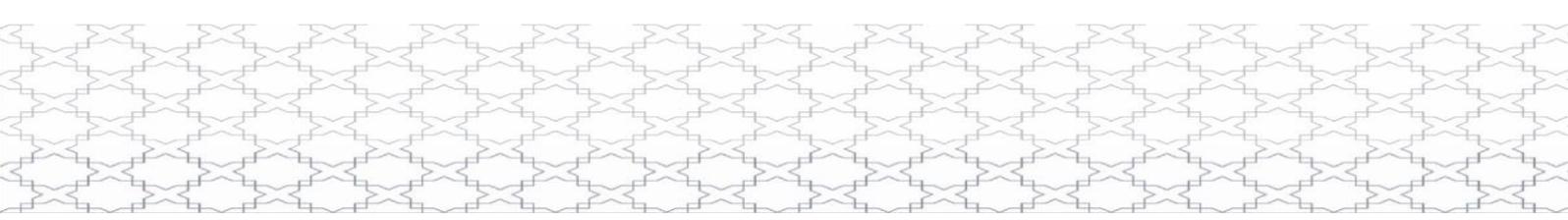
**Rana Salim Ahmed Muhammad****The Production Manger**

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

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

The Board work regulation stipulate that a member of the board must attend the general assembly meetings. This procedure aims to receive shareholders' inquiries, proposals and comments about the company and its performance and answer them. On the other hand, the company's principal regulatory of guarantee that shareholders in the meetings of the General Assembly participating in the deliberations and discussions.

In order to enhance communication with shareholders, the Board has adopted disclosure policies and procedures that include procedures that guarantee the right of shareholders to inquire, request information, and answer their inquiries in a manner that does not harm the interests of the company. If there are any suggestions or observations about the company and its performance, the chairman of the board informs the members at the first board meeting, specifically the non-executive members.



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

S	Member name	Company name	Inside/outside Kingdome	القانوني الكيان
1	Khaled Saad Abdul-Rahman Al-Kanhal	There is no one		
2	Muhammad Rasheed Muhammad Rasheed	Zahwa United Company	Inside Kingdome	Unlisted shareholding company
		Anwar Al Tareeq Company for renting cars	Inside Kingdome	A limited liability company
		Luxury Romoz Company	Inside Kingdome	A limited liability company
		Saudi Factory for Luxury Plastic	Inside Kingdome	A limited liability company
		Muhammad Rasheed Al-Rasheed industrial company	Inside Kingdome	A limited liability company
3	Abdullah Saad Abdullah al-Dossary	There is no one		
4	Rasheed Rashid Saad Bin Owien	Al-Jouf Agricultural Development Company	Inside Kingdome	Unlisted shareholding company
		The National Petrochemical Company - Petrochem	Inside Kingdome	Unlisted shareholding company
5	Saleh Rasheed Muhammad Al-Rasheed	Luxury Romoz Company	Inside Kingdome	A limited liability company
		Saudi Factory for Luxury Plastic	Inside Kingdome	A limited liability company
6	Youssef Abdullah Ibrahim Al-Mutlaq	Asni company for advanced technology	Inside Kingdome	A limited liability company
		Ridayat industrial commercial company	Inside Kingdome	A limited liability company
		Kudra investment company	Inside Kingdome	A limited liability company
		Rima investment company	Inside Kingdome	A limited liability company
		Own investment company	Inside Kingdome	A limited liability company
7	Turki Muhammad Feheed Al-Kurani	Saudi Automotive and Equipment Services Company - SASCO	Inside Kingdome	Listed shareholding company

Table18: Memberships of board members in the boards of directors and their managerial positions in other companies inside and outside the Kingdom



## Chapter five

### Board Committees

## 5.1 Audit Committee

### 5.1.1 Committee Formation

The Auditing Committee was formed in accordance with the decision of the tenth Ordinary General Assembly held on 8/4/2019AD for the fourth session of the Board, which started on 10/4/2019AD. The Auditing Committee is responsible for supervising the internal audit of the company in order to verify its effectiveness in implementing the work and tasks set by the board and study the internal monitoring system, and put a written report of its opinion and recommendations regarding it. And studying the internal monitoring reports and following-up the implementation of corrective measures for the notes contained therein and recommend to the Board the appointment of legal accountants and their dismissal and determine their fees, taking into account the assurance of their independence and following up the work of the legal accountants and approving any work outside the scope of the auditing work which they are assigned to while carrying out the auditing work and studying the auditing plan with the legal accountant and make their observations on it and study the notes of the legal accountant on the financial statements, and following up what has been done about them, also studying the preliminary and annual financial statements before submitting them to the Board, giving opinions and recommendations about them, studying the accounting policies followed, and giving opinion and recommendation to the Board regarding them. The company's internal auditor submitted his reports to the auditing committee on the effectiveness of the company's internal control. The committee held five meetings during the fiscal year 2020AD.

The Auditing Committee held five meetings during the year 2020 AD as following:

- 1- The first meeting: February 23, 2020AD.
- 2- The second meeting: Mai 10, 2020AD.
- 3- The third meeting: July 21, 2020AD.
- 4- The fourth meeting: August 12, 2020AD.
- 5- The fifth meeting: October 19, 2020AD.

The following table includes a statement of the members of the auditing committee and their attendance of the meetings held during the year 2020 AD:

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

Table 16: A statement of the auditing committee members and their attendance at the meetings held during the year 2020 AD.

\*Mr. Saleh Rasheed Al-Rasheed resigned from the Auditing Committee on October 1, 2020AD, for his own reasons.

\*\* Mr. Yousef Abdullah Al-Mutlaq was appointed as an independent member of the Auditing Committee on October 1, 2020AD, with the approval of the Board. This appointment will be presented on the first meeting of the General Assembly for approval.

### 5.1.2 Internal Control

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

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

### 5.1.3 Internal audit

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

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

##### **Khaled Muhammad Alkhwaiter**

##### **Chairman of the Audit Committee**

Mr. Khaled Al-Khwaiter holds a bachelor's degree in accounting from King Saud University in 1983AD, and has passed the CPA exam from the American Institute of Legal Accountancy since 1992AD. He began his career in 1983 and joined several positions, the last of them was the chief financial officer of the Advanced Electronics Company from 1998AD until August 2018 AD.

##### **Saleh Rasheed Al-Rasheed**

##### **The member of the Board and Audit Committee\***

Mr. Saleh Al-Rasheed is a member of the Board of United Wire Factories Company, and he has held the position of Director of the Al-Hasna'a and Planner Corporation since 2009AD till now, as well as the Director of the Technical Factory for the production of pins and nails during the years 2008AD and 2009AD. Mr. Saleh Al-Rasheed holds a bachelor's degree in Business Administration.

##### **Youssef Abdullah Al-mutlaq**

##### **The member of the Board and Audit Committee\*\***

Mr. Youssef Abdullah Al-Mutlaq is a member of the Board of Directors of the United Wire Factories Company and is currently the Chief Executive, partner and founder of Qudra Company for Energy, General Manager of Rima Investment Company and the On Investment Company, and a member of the Board of Asni for limited Advanced Technologies. He was a board member of many companies, including Acwa Power Company, Real Capita Company, Hunter Arabia Company, and Al-Jazirah Company for Electrical Equipment. He obtained a Bachelor of Mechanical Engineering from King Saud University in 1992AD, a Diploma in Industrial Management in 1998, and a Master of Business Administration from King Saud University in 2003AD.

##### **Abdullah Saud Al-Orifi**

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

Abdullah Al-Orifi worked as Director of the Coordination and Loan Services Department at the Saudi Industrial Development Fund until his retirement on his own request on 1437AH AH. He is currently the Vice Chairman of the Supervisory Board of the Financial Sustainability Fund (independent), one of the initiatives of Sulaiman Al-Rajhi Foundation for Development Finance, and he is also a member of the Audit Committee (Independent) for the endowments of the sons of Abdul Aziz Al-Rajhi Charity. He also works as an independent member in the Audit Committee of the Human Resources Development Fund (Hadaf). Mr. Abdullah Al-Orifi

obtained a Bachelor's degree in Industrial Management in 1405AH from King Fahd University of Petroleum and Minerals. He also obtained Master's in Business Administration in 1420AH from King Saud University.

\*Mr. Saleh Rasheed Al-Rasheed resigned from the Auditing Committee on October 1, 2020AD, for his own reasons.

\*\* Mr. Yousef Abdullah Al-Mutlaq was appointed as an independent member of the Auditing Committee on October 1, 2020AD, with the approval of the Board. This appointment will be presented on the first meeting of the General Assembly for approval.

## 5.2 Nomination and Remuneration Committee

### 5.1.1 Formation of the committee

The Nomination and Remuneration Committee for the fourth session was formed in accordance with the decision of the Board on 14/14/2019AD.

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

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

The Nomination and Remuneration Committee held two meetings during the year 2020AD, as following:

- 1- The first meeting: September 1,2020AD.
- 2- The second meeting: September,2020AD

The following table includes a statement of the members of the Nomination and Remuneration Committee and their attendance at the meetings held during the year 2020 AD:

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

Table 20: A statement of the members of the Nomination and Remuneration Committee and their attendance at the meetings held during the year 2020AD.

### 5.3 The Executive Committee

#### 5.3.1 Formation of the committee

The Executive Committee for the fourth session was formed in accordance with the decision of the Board on 14/14/2019AD.

The Executive Committee is responsible for assisting the Board and the company's management to make executive decisions according to the powers granted to it based on the Executive Committee's regulations, in order to ensure flexibility in the workflow and decision-making in the appropriate time. It is also concerned with the following:

- Participate in setting the main strategy and objectives of the company and submit recommendations thereon to the Board.
- Review and follow up the implementation of all company projects and take decisions in accordance with the powers delegated to it.
- Following up on the implementation and development of the company's organizational structures and decisions that ensure their speedy implementation and development.
- Review the administrative regulations with the company's management and take decisions that enable the management to put them into practice.
- Study the proposals submitted by the company's management relating to the achievement of the company's objectives or its administrative, financial and operational work and take a decision that enables the executive management to speed up implementation or submit to the board as the committee deems necessary
- Conducting contacts with senior officials in government and private agencies to overcome the difficulties encountered in the company's business and explaining its programs to officials.
- Review the strategic plans which the company's administration suggests and gives opinion on it.
- Doing everything that would advance the work and achieve the company's objectives within the limits of the laws, regulations and decisions issued by the Board.
- Carrying out the work that the Board or the Board president refers for studying or implementation.

The Executive Committee held seven meetings during the year 2020AD as following:

- 1- The first meeting: January 12,2020AD.
- 2- The second meeting: February 19,2020AD.
- 3- The third meeting: Mai 6,2020AD.
- 4- The fourth meeting: June 15,20020AD.
- 5- The fifth meeting: July 1,2020AD.
- 6- The sixth meeting: October 18,2020AD.
- 7- The seventh meeting: December 20,2020AD.

The following table includes a statement of the members of the Executive Committee and their attendance at the meetings held during the year 2020 AD:

S	Member names	Position	Meeting attendance							%
			1	2	3	4	5	6	7	
1	Khaled Saad Al-Kanhal	Chairman of the Committee	√	√	√	√	√	√	√	100%
2	Muhammad Rasheed Al-Rasheed	Member of the Committee	√	√	√	√	√	√	√	100%
3	Abdullah Saad Al-Dossary	Member of the Committee	√	√	√	√	√	√	√	100%
4	Nabil Hussien Al-Amir	Member of the Committee	√	√	√	√	√	√	√	100%

Table 20: A statement of the members of the Executive Committee and their attendance at the meetings held during the year 2020AD.

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

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

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

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

- The remuneration of the Board members is determined in accordance with what is contained in the Saudi Companies Law, the Company's principal regulatory, the rules and regulations of the Capital Market Authority, and as described in Chapter Three, Article 1 of this report. The remuneration value is approved by the general assembly of the company prior to its disbursement, and there is no essential deviation from this policy.
- The remuneration of the Chairman of the Board is determined in accordance with the concluded contract - and shown in the table of the Senior Executives remunerations.
- The financial manager receives a remuneration if it is paid to the company's employees - shown in a table of what senior executives received.
- There is no arrangement or agreement hereby any shareholder of the company waived any profits rights.

## 5.5.2 Remuneration of board members

Statement	Fixed remuneration ( in Thousand)							Variable remuneration ( in thousand)						The end service remuneration	Total ( in thousand)	Expense allowance
	A certain amount	Allowance for attending Board	Total Allowance for attending Board sessions	Allowance for attending committees' sessions	Benefits in kind	Remunerations of technical, administrative and advisory work	Remuneration for the Chairman of the Board or the Managing Director or the Secretary	Total	Percentage of profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares			
<b>First: Independent members</b>																
Rasheed Rashed Bin Owein	100	12	112	3			115						-	115		
Youssef Abdullah Al-Mutlaq	100	12	112	3			115						-	115		
Turki Muhammad Al—Kurini	100	12	112	3			115						-	115		
<b>Total</b>	<b>300</b>	<b>36</b>	<b>336</b>	<b>9</b>			<b>345</b>						<b>-</b>	<b>345</b>		
<b>Second : Not Executive members</b>																
Kaled Saad Al-Kanhal	100	12	112	3		200	315						-	315		
Muhammad Rasheed Al-Rashed	100	12	112	-			112						-	112		
Saleh Rasheed Al-Rashed	100	12	112	12			124						-	124		
<b>Total</b>	<b>300</b>	<b>36</b>	<b>336</b>	<b>15</b>		<b>200</b>	<b>551</b>						<b>-</b>	<b>551</b>		
<b>Third : Executive members</b>																
Abdullah Saad Al-Dossary*	100	12	112	-	43	733	888		50				-	70	1.008	
<b>Total</b>	<b>100</b>	<b>12</b>	<b>112</b>	<b>-</b>	<b>43</b>	<b>733</b>	<b>888</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>1.008</b>	
<b>The grant total</b>	<b>700</b>	<b>84</b>	<b>784</b>	<b>24</b>	<b>43</b>	<b>733</b>	<b>200</b>	<b>1.784</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>1.904</b>	

Table 22: Remuneration details for Board members and Senior Executives of year 2020AD. \* It is worth to notify that Mr. Abdullah Saad Al-Dossary holds the position of Director of the Sales and Marketing Department, and the mentioned amounts as benefits in kind, technical and administrative work remuneration and periodic remunerations represent what he received for his executive work

### 5.5.3 Remuneration of committees' members

Statement	Fixed remunerations (Except the allowance for attending the sessions)	Allowance for attending the sessions	Total
<b>The Audit Committee</b>			
Khaled Muhammad Al-Khowaiter	35	15	50
Saleh Rasheed Muhammad Alrasheed*	35	12	47
Youssef Abdullah Al-Mutlaq**	-	3	3
Abdullah Saud Al-Orefi	35	15	50
Total	105	45	150
<b>The Nomination and Remuneration Committee</b>			
Rasheed Rashed Bin Owein		3	3
Khaled Saad Al-Kanhal		3	3
Turki Muhammad Al-Kurani		3	3
Total		9	9
<b>The Executive committee</b>			
Khaled Saad Al-Kanhal*	-	-	-
Muhammad Rasheed Al-Rasheed*	-	-	-
Abdullah Saad Al-Dossary*	-	-	-
Nabil Hussien Al-Amir*	-	-	-
Total	-	-	-
<b>Thousand riyals</b>			

Table 23: the remuneration details of the committee members

- \* Mr. Khaled Saad Al-Kanhal waived the allowances for attending the Executive Committee meeting.
- \* Mr. Muhammad Rasheed Al-Rasheed waived the allowances for attending the Executive Committee meeting.
- \* Mr. Abdullah Saad Al-Dossary waived the allowances for attending the Executive Committee meeting.
- \* Mr. Nabil Hussien Al-Amir waived the allowances for attending the Executive Committee meeting.

#### 5.5.4 What senior executives earned for the year 2020AD.

The following table shows what senior executives earned, including the CEO and the financial manager, from fixed or variable remuneration during the fiscal year 2020 AD.

Statement	Fixed remunerations				Variable remunerations		End service remuneration	Total
	Salaries	Allowances	Benefits in kind	Total	Annual remunerations	total		
what senior executives earned, including the CEO and the financial manager,	2.199	749	157	3.105	220	220	185	3.510

All numbers are in thousand Saudi riyals

Table 24: remuneration details of the senior executives for the year 2020AD.

\* The remuneration of senior executives in the previous table includes what Mr. Abdullah Al-Dossary, a member of the board (executive), received for his executive work as director of the Sales and Marketing Department, and was previously included among the amounts received by the members of the Board (in Table No. 22).



## Chapter Six

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

## 6.1 Sanctions and penalties

Serial	The signatory of the violation	The violation value in riyal	The violation Reasons	Methods of treatment to avoid their occurrence in the future
	Ministry of Interior - Traffic	7,150	Traffic violations	Adhere to the instructions
	Ministry of Municipal and Rural Affairs	35,100	Failure to comply with security and safety requirements	Adhere to the instructions

Table 25: The sanctions and penalties during the year 2020AD

## 6.2 Transactions between the company and related parties

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

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

During the year ended on December 31, 2020 AD, the company entered into sales transactions with a related party. Note that the terms of dealing are not different from transactions with commercial debtors, and they do not have special or preferential benefits. Note that prior approval for this deal has been taken by the company's general assembly.

### 6.3.1 The Board members

Name	Relationship type	Dealing type	Total deal value up to 31/12/2020 AD In riyal	Transaction ratio till 31/12/2020 compared to sales for the same period	Balance on 31/12/2020 In riyal
Roumouz Luxury Trading Company	Company in which two board members own: Mr. Muhammad Rashid Al-Rasheed And Mr. Saleh Rashid Al-Rasheed	Sales	5,587,435	0.7%	1,252,290

### 6.3.2 The Senior Executives

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

## 6.4 Due and paid statutory payments

### 6.4.1 Paid statutory payments during the year 2020AD.

S	Paid statutory payments to government agencies	Value in riyal
1	Zakat	10,880,372
2	Value added tax	22,139,595
3	Social insurance	1,547,746
4	Government fees, customs, residence and visas	7,767,724
Total paid statutory payments to government agencies		42,335,437

The amount of zakat and value-added tax includes what is related to the year 2019AD and was paid during the year 2020AD.

Table 27: The statutory payments paid during the year 2020 AD

### 6.4.2 Due statutory payments during the year 2020AD.

S	Due statutory payments to government agencies	Value in riyal
1	Zakat	10,11,918
2	Value-added tax	3,230,471
3	Social insurance	165,486
Total Due statutory payments to government agencies		13,508,875

The amount of zakat, value-added tax and insurance belongs to the year 2020AD and will be paid during the year 2021AD, as the Zakat declaration is prepared after the completion of the annual financial statements and ratification by the company's external auditor. In addition, the value-added tax and social insurance represent the dues for the month of December 2020, which were paid in the month of January of 2021AD

Table 28: The statutory payments during the year 2020 AD

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

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

## 6.6 Acknowledgments

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

## 6.7 The auditor's Opinion about the financial statements

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The the external auditor opinion about the annual financial statements was Unqualified **opinion-** (clean report )..

## 6.8 Recommendations of the Board regarding the external auditor

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

## 6.9 The social contributions of the company

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In pursuit of the company to localize jobs and invest in the Saudi cadre, the company has recruited and trained some Saudi youth in coordination with various government agencies.

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

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

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

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

<b>Article 95</b>	In the event that the Board of Directors forms a committee devoted to corporate governance, it must delegate to it the competencies established under Article 94 of these regulations, and this committee must follow up any issues regarding the implementation of governance and provide the Board of Directors at least annually with the reports and recommendations which they reached to.	The company has specialists in corporate governance, and the company does not see a current need to form this committee, and it has not been implemented
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Table 06: Governance Regulations Not Applied Paragraphs with Reasons

## 6.11 Applying the standards of international accounting

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

## 6.12 Others

- During the year 2020AD, the Board of Directors did not sell or mortgage the company's real estate.
- The Board has issued necessary authorizations to manage the company's various businesses, bearing in mind that these authorizations are of limited duration.

**In conclusion, the Board would like to thank the shareholders of the company for their continuous support and confidence that they have placed in the Board of Directors**

**Peace, mercy and blessings be upon you**

**The Board of United wire Factories Company**

**4Jumada Al-Akhera 1442  
16 February 2021**

