

RIYADH CABLES GROUP COMPANY

# BOARD OF DIRECTORS' REPORT 2022



مجموعة كابلات الرياض  
Riyadh Cables Group

## CHAIRMAN'S FOREWORD

### Dear Shareholders of Riyadh Cables Group Company Peace be upon you;

In my own name and on behalf of the members of the Board of Directors, I am honored to present to you the Company's Board of Directors Annual Report. This comprehensive report provides a holistic overview of the company's performance and business results for the fiscal year ending on December 31, 2022, complete with the company's reviewed and audited financial statements by our external auditor. It also details the company's activities and developments throughout the year, future aspirations, and expectations for the company's business. Additionally, the report offers detailed information about the distinguished members of the Board of Directors and their respective Board Committees.

The report was prepared in accordance with the requirements of the Companies Law (Issued by the Ministry of Commerce), the Corporate Governance Regulations, and the Registration, Listing and Regulatory Rules and Procedures Issued by the Capital Markets Authority (CMA). As we reaffirm our commitment to achieving the collective interests of the company and its shareholders, the Board of Directors remains steadfast in its support for the national cable industry and its contribution to the development of local content and national economy, in line with the ambitious goals of the Saudi Vision 2030. The Report includes comprehensive and clear information and data on the company's disclosure, activities, and operations in FY2022, to protect shareholders' rights by furnishing them with accessible, comprehensive and clear information and data, thereby enabling them to examine and evaluate the company's financial position.

Notably, on 17/10/2022, the Capital Market Authority (CMA) and the Saudi Stock Exchange (Tadawul) issued a resolution approving the application of Riyadh Cables Group Company for the registration and offering of shares, representing 22% of the Company's share capital. To facilitate this offering, the company has appointed a financial advisor, legal advisor, subscription manager, underwriter, and receiving banks. On 19/12/2022, the Company's shares were successfully listed for trading in the main market.

The Board of Directors extends its heartfelt gratitude and sincere appreciation to our dear shareholders for their invaluable trust and support, which has been instrumental in the Company's resounding success.

Best regards..

**Chairman**  
**Khalid Abdulrahman Al Gwaiz**

### About Riyadh Cables Group Company

The Company was incorporated in 1984 as a limited liability company under the name Saudi Modern Company for Cables Industry Ltd. (Riyadh Cables), with its principal office situated in Riyadh, Kingdom of Saudi Arabia. On the 27th of February 1435 AH (corresponding to the 30th of December 2013), the Board of Directors passed a resolution to convert the Company into a closed joint stock company, in accordance with the Minister of Commerce Resolution No. 164/Q dated 17/06/1435 AH (corresponding to 17/04/2014). On the 5th of January 1436 AH (corresponding to the 29th of October 2014), the company officially changed its name to "Riyadh Cables Group Company" and was successfully registered in the Commercial Register at the Ministry of Commerce under the Registration Number 1010052927, with the date of registration being 24/6/1435 AH. On the 21st of March 1444 AH (corresponding to the 17th of October 2022), the Capital Market Authority approved the application to list Riyadh Cables Group Company as a public joint stock company in the Saudi Stock Exchange (Tadawul). Subsequently, on the 19th of December 2022, the company's shares were successfully listed and traded in the main market.

Riyadh Cables Group Company has a total of six (6) wholly-owned Material Subsidiaries (with 100% direct and indirect ownership), and seven (7) Non-Material Subsidiaries, located inside and outside the Kingdom of Saudi Arabia. The parent Company maintains full management control over these subsidiaries, whose main activities involve producing, selling, and distributing electrical and communication cables and wires. They also offer design and development services for grids, electric distribution networks, and other electrical project contracting works. Below are the relevant details of each subsidiary:

### Material Subsidiaries

- 1) Saudi Modern Company for Metals, Cables and Plastic Industry Ltd. (RMC): RCM is a closed joint stock company registered in Riyadh under Commercial Registration No. 1010081709, with a share capital of (SAR 215,100,000), which is wholly owned directly and indirectly by the Company.
- 2) Saudi Modern Company for Specialized Wires and Cables Industry (REW): REW is a closed joint stock company registered in Riyadh under Commercial Registration No. 1010106953, with a current share capital of (SAR 25,100,000), which is wholly owned directly and indirectly by the Company.
- 3) Saudi Modern Company for Telephone Cables Industry (RTC): RTC is a closed joint stock company registered in Riyadh under Commercial Registration No. 1010107248, with a current share capital of (SAR 40,100,000), which is wholly owned directly and indirectly by the Company.
- 4) Riyadh Cables Company (RCC): RCC is a closed joint stock company registered in Riyadh under Commercial Registration No. 1010146019, with a current share capital of (SAR 120,125,000), which is wholly owned directly and indirectly by the Company.
- 5) National Cables Industry (NCI): NCI is a UAE single shareholder limited liability company registered in the Industrial Registry under No. 28588 issued by the Sharjah Economic Development Department, with a current share capital of (AED 80,000,000), which is wholly owned indirectly by the Company.
- 6) Al Rowad Company for the Production of Electrical Cables and Wires Ltd.: An Iraqi limited liability company established in Baghdad with incorporation certificate number (MSH-02-000079844), with current share capital of (IQD 15,000,000,000), which is wholly owned indirectly by the Company.

## Board of Directors Annual Report - Riyadh Cables Group Company Fiscal Year Ending in 12/31/2022

### Non-Material Subsidiaries

- 1) Saudi Modern Company for Cables Ltd. (SMC): SMC is a Saudi limited liability company registered in Riyadh under commercial registration number 1010143896, with a current share capital of (SAR 5,000,000), which is wholly owned directly and indirectly by the Company.
- 2) Arabian Gulf Company for Electrical Cables: A Kuwaiti limited liability company registered in Kuwait under commercial registration number M/1584/2003, with a current share capital of (KD 10,000). The Company indirectly owns 49% of the share capital of Arabian Gulf Company for Electrical Cables.
- 3) Qatar Cables Company: A Qatari limited liability company registered in Doha under commercial registration number 26703, with a current share capital of (QAR 200,000). The Company indirectly owns 50% of the share capital of Qatar Cables Company.
- 4) Gulf Company for Electrical Works: An Omani limited liability company registered at the Muscat Municipality under commercial registration number 1229581, with a current share capital of (OMR 20,000). The Company indirectly owns the entire share capital of Gulf Company for Electrical Works.
- 5) Egyptian Riyadh Cables Company for Electrical Works: An Egyptian joint stock company registered at Cairo Investment Commercial Register Office under commercial registration number 141356, with a current share capital of (EGP 5,000,000). The Company indirectly owns 49% of the share capital of Egyptian Riyadh Cables Company for Electrical Works.
- 6) Gulf and Riyadh Company for the Manufacture of Electrical and Electronic Cables and Wires: A Kuwaiti limited liability company registered in Kuwait under commercial registration number 461039, with a current share capital of (KD 5,000,000). The Company indirectly owns 50% of the share capital of Gulf and Riyadh Company for the Manufacture of Electrical and Electronic Cables and Wires.
- 7) Iraqi National Company for the Manufacture of Cables: an Iraqi limited liability company established in Baghdad with incorporation certification number M.SH.A/02-8161, with a current share capital of (IQD 5,500,000,000). The Company indirectly owns the entire share capital of Iraqi National Cables Manufacturing Company.

Riyadh Cables Group Company is the largest manufacturer of cables in the KSA and ranks among the top fifteen cable manufacturers worldwide in terms of production. The Group holds an estimated market share of 36% in the KSA, the biggest and most important market for the Group's products, accounting for 69% of the Group's sales in 2022. The Company is confident that the KSA market will continue to grow, leading to an increase in demand for its products. This projected growth is set to be propelled by the ongoing nation-wide development projects, mega-projects, and other initiatives that align with the Saudi Vision 2030. The Group seeks to expanding its market share in the KSA through the following measures:

- a) Providing customers with integrated solutions (products and services) and staying ahead of market trends and needs to maintain our leading position as the preferred provider of cable solutions in the KSA.
- b) Leveraging the Company's robust sales and distribution network, spanning eighteen (18) branches across the KSA, to bolster its market share in urban projects and small to medium-sized infrastructure projects.
- c) Utilizing its extensive portfolio of power cable products, ranging from 0.3 kV to 500 kV, which provides a distinct advantage over peer KSA manufacturers, the Group is poised to secure the largest share in upcoming mega-projects.
- d) Enhancing the Group's production capacity to meet the Company's plans and business expectations outlined in the Report.

The Group continues to broaden its geographical reach and strengthen its presence in neighboring markets, such as the United Arab Emirates, Iraq, and Kuwait, leveraging its regional experience and relationships to achieve this goal by expanding and establishing factories, as follows:

- a) **GCC Countries:** Drawing upon its established relationships with customers, the Group maintains a robust presence in these countries and primarily distributes its products, manufactured in the KSA and the UAE, through its sales and distribution branches based across the region.
- b) The Group is actively engaged in executing and contracting high-voltage (turnkey) projects in the UAE, as a key approved supplier and contractor with the Dubai Electricity and Water Authority (DEWA). In addition, the Group supplies cables and provides electrical contracting services in the State of Kuwait.
- c) **Egypt:** The Company has been providing its products for high-voltage projects in Egypt through the Egyptian Riyadh Cables Company for Electrical Works, which was established by the Company in 2019.

To enhance its global export markets, the Group continues to further expand its presence in these markets through representative offices and collaboration with clients and authorized distributors in various countries such as Jordan, the Netherlands, Belgium, Luxembourg, New Zealand, and Australia.

### 1) Implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications thereof

As per the CMA Corporate Governance Regulations, the Company is obliged to disclose implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications thereof, in its Board of Directors Report. Riyadh Cables Group Company ensures compliance with all the statutory requirements of the CMA Corporate Governance Regulations, except for the following guiding provisions:

| Article/Paragraph No             | Article/Paragraph Text  | Reason for Non-Implementation   |
|----------------------------------|---|---|
| Article No. 39 / Paragraph (2)   | 2) Developing the necessary mechanisms for Board members, committee members, and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.  | <b>(Guiding Article)</b><br>The article has been partially implemented, since the Company provides regular training courses for the Board members and has engaged with expert vendors to conduct training courses for both the Board of Directors and the Executive Management in 2023.   |
| Article No. 41 / Paragraph (e)   | <b>Assessment:</b><br>e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.  | <b>(Guiding Article)</b><br>The Remuneration and Nomination Committee evaluates the performance of the Board of Directors annually.   |
| Article 70                       | <b>Composition of the Risk Management Committee:</b><br>The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.   | <b>(Guiding Article)</b><br>The management of risk within the Company is assigned to the Audit Committee, which is authorized to oversee and execute relevant tasks as per its terms of reference. To support this effort, the company has engaged the services of an external auditor to perform regular risk assessments, the results of which are reported to the committee on a periodic basis. |
| Article No. 85 / Paragraph (2-3) | <b>Employee Incentives:</b><br>The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following:<br>2) Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such program.<br>3) Establishing social organizations for the benefit of the Company's employees. | <b>(Guiding Article)</b><br>The Company's Remuneration and Nomination Committee is reviewing the content of this Article.   |
| Article No. 88 / Paragraph (a)   | <b>Social Initiatives:</b><br>(a) Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities.  | <b>(Guiding Article)</b><br>The organization is dedicated to providing social responsibility programs, as outlined in the Board of Directors Annual Report.   |
| Article No. 95                   | <b>Formation of a Corporate Governance Committee:</b><br>If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.  | <b>(Guiding Article)</b><br>The organization has established a Compliance and Governance Department with the specific responsibility of ensuring compliance with relevant regulations and governance protocols.   |

**2) Names, qualifications, experiences, and current and previous positions of the Board and Committees' members and the Executive Management**

**a) Members of the Board of Directors:**

| # | Name                                 | Positions in Riyadh Cables Group Company  | Other current Positions and Memberships   | Previous Positions/ Experience   | Academic Qualifications  | Years of Experience |
|---|--------------------------------------|---|---|--|--|---------------------|
| 1 | Khalid Abdulrahman Abdullah Al Gwaiz | - Chairman of the Board of Directors<br>- Chairman of the Executive Committee<br>- Member of the Nomination and Remuneration Committee    |   | - Chief Executive Officer, Binladin International Holding Group<br>- Managing Director, Arabian Company for Water and Power Development (currently known as Global Vision)<br>- Director of the Financial and Administrative Affairs Sector at the National Cooperative Insurance Company (Alwataniya)   | - Fellowship, Chartered Insurance Institute, United Kingdom, 1992.<br>- Bachelor's degree in Urban Planning, University of Washington, Seattle, USA, 1980.   | 43 years            |
| 2 | Mohamed Hekmat Saadaldain Al Zaim    | - Vice Chairman of the Board of Directors<br>- Member of the Executive Committee<br>- Member of the Nomination and Remuneration Committee | - Chief Executive Officer, International Trading and Contracting Company.<br>- Director, Al Afaq Development Company. | - Managing Director, Saudi Modern Company for Specialized Wires and Cables Industry (REW)<br>- Managing Director, Riyadh Cables Company<br>- Managing Director, Saudi Modern Company for Metals, Cables and Plastic Industry Ltd. (RMC)<br>- Managing Director, Saudi Modern Company for Telephone Cables Industry (RTC)<br>- Managing Director, Saudi Modern Company for Cables Limited | - Bachelor's degree in Electrical Engineering, King Saud University, KSA, 2002.  | 21 years            |
| 3 | Ahmad Samer Hamdi Saadaldain Al Zaim | - Director<br>- Member of the Executive Committee<br>- Member of the Nomination and Remuneration Committee                                |   | - Managing Director, Saudi Modern Company for Specialized Wires and Cables Industry (REW)<br>- Managing Director, Riyadh Cables Company<br>- Managing Director, Saudi Modern Company for Metals, Cables and Plastic Industry Ltd. (RMC)<br>- Managing Director, Saudi Modern Company for Telephone Cables Industry (RTC)<br>- Managing Director, Saudi Modern Company for Cables Limited | - Bachelor's degree in Economics, the State University of New York, USA, 1992.<br>- Bachelor's degree in Business Administration, Lebanese American University of Beirut, The Republic of Lebanon, 1987. | 36 years            |
| 4 | Ziad Fouad Fahd Al Saleh             | - Director  | - Chief Operating Officer, Al Muhaidib Group.<br>- Managing Director, Arab Gulf Real Estate Investment Company.       | Senior Manager, Private and Public Equities, Al Muhaidib Group   | - Bachelor of Business Administration, University of Miami, USA, 2002.<br>- Master of Business Administration, International University in Geneva, Switzerland, 2004.                                    | 21 years            |

| # | Name  | Positions in Riyadh Cables Group Company                              | Other current Positions and Memberships   | Previous Positions/ Experience | Academic Qualifications  | Years of Experience |
|---|---|---|---|--------------------------------|--|---------------------|
| 5 | Abdulwahab Abdulkareem Abdulrahman Albtairi | - Director<br>- Chairman of the Audit Committee                       | - Managing Director, Experts Academy Schools  |                                | - Bachelor of Finance, King Fahd University of Petroleum and Minerals, KSA, 1999.<br>- Master of Business Administration, London Business School, UK, 2010.      | 24 years            |
| 6 | Fahad Mahmoud Zuhdi Malhas                  | - Director<br>- Chairman of the Nomination and Remuneration Committee | - Advisor to the Board of Directors, McLean Square Shopping Center.<br>- Director and Chief Executive Officer, Realm Real Estate Development Company. |                                | - Bachelor of Business Administration, American University of Beirut, 2000.  | 23 years            |
| 7 | Raed Ibrahim Suleiman Al Modaihim           | - Director<br>- Member of the Audit Committee                         |   |                                | - Bachelor's degree in Electrical Engineering, King Saud University, KSA, 1986.<br>- Master's degree in Electrical Engineering, King Saud University, KSA, 1992. | 37 years            |

**b) Names of non-director committee members, their current and previous positions, qualifications and experience:**

| # | Name                                 | Committee and Membership            | Current Positions and Memberships                    | Previous Positions/Experience  | Academic Qualifications   | Years of Experience |
|---|--------------------------------------|-------------------------------------|--|--|---|---------------------|
| 1 | Kholoud Abdulaziz Mohammed Al-Dakhil | - Member of the Audit Committee     | - Chief Executive Officer, Erteqa Financial Company. | - Chairwoman of the National Statistical Committee, Council of Saudi Chambers.<br>- Managing Director, Aldukheil Financial Group.  | - Bachelor's degree in Finance and International Trade, Georgetown University, USA.<br>- Master of Business Administration (Finance), University of Washington. | 26 years            |
| 2 | Firas Samir Alawan AlBaiyat          | - Member of the Executive Committee |  | - Management Consultant, Booz & Company<br>- Project Manager, Saudi Arabian Oil Company (Aramco)   | - Bachelor's degree in Electrical Engineering, Colorado School of Mines<br>- Master of Business Administration, London Business School, UK                      | 13 years            |
| 3 | Mohammed Suleiman Mousa Al Saleem    | - Member of the Executive Committee | - Executive Advisor, Riyadh Cables Group Company     | - He held various roles at Riyadh Cables Group Company (RCGC), including:<br>• Deputy Chief Executive Officer, RCGC, 2018-2021.<br>• Managing Director supervising the Administrative Affairs of RCGC, 2007-2017.<br>• Advisor to the Board for the Administrative Affairs of RCGC, 2002-2007.<br>• Administrative Affairs General Manager, RCGC, 1996-2002. | - Bachelor's degree in Economics, Imam Muhammad Ibn Saud Islamic University, KSA, 1985.   | 38 years            |



c) Names of senior executives, their current and previous positions, qualifications and experience

| # | Name                               | Current Positions and Memberships   | Previous Positions/Experience   | Academic Qualifications  | Years of Experience |
|---|------------------------------------|---|---|--|---------------------|
| 1 | Borjan Milorad Boro Sehovac        | - CEO   | - Chief Executive Officer, Prysmian Group - Finland, a Finnish limited liability company operating in the cable manufacturing industry.   | - Bachelor's degree in Electrotechnical Engineering, Politecnico University of Milan, Italy, 2003.<br>- Master's degree in Electrotechnical Engineering, Politecnico University of Milan, Italy, 2006.   | 20 years            |
| 2 | Bahaa Ahmed Bakr Issa              | - Chief Financial Officer   | - Chief Executive Officer, Habsburg Group, a UK-based limited liability company operating in financial consulting and restructuring.<br>- Deputy Managing Director, Saudi Research & Publishing Company, a UK-based limited liability company operating in publications and media.<br>- Head of Treasury and Investment, Saudi Research and Marketing Group, a Saudi public joint stock company operating in publications, media and advertising.<br>- Vice Chairman, Merrill Lynch International Bank-London, a UK-based listed joint stock company operating in international investment and asset management services.<br>- Vice Chairman, Samba Financial Group - London, a Saudi public joint stock company operating in the banking services sector.  | - Bachelor's degree in International Management, American University, USA, 1985.<br>- Certified Financial Analyst, UK Securities and Exchange Commission, 1994.<br>- Series 7 License, U.S Securities and Exchange Commission, 1994.<br>- Course in Strategic Decision Making for Leaders, INSEAD, 2003. | 38 years            |
| 3 | Mohammed Suleiman Mousa Al Saleem  | - Executive Advisor<br>- Secretary of the Company's Board of Directors<br>- Member of the Executive Committee | - (Covered Earlier)   | - Bachelor's degree in Economics, Imam Muhammad Ibn Saud Islamic University, KSA, 1985.  | 38 years            |
| 4 | Mouaaz Marawan Badreldin Al-Younes | - Chief Strategy Officer  | - Since 2015, he has held various positions within the Riyadh Cables Group Company, beginning as the EHV Program Manager and subsequently assuming roles as the Director of the Development Department and the General Manager of the Strategic Projects Department.<br>- General Manager - Special Business Unit, Promac, an American single shareholder company operating in supplement manufacturing of complementary production lines and manufacturing systems.<br>- General Manager of Special Projects, OSAID Company, an American limited liability company operating in the manufacture of machinery, equipment and production lines.<br>- Director of Electrical Control and Industrial Automation Projects, Livingstone Company, an American closed joint-stock company operating in electronic control and industrial automation. | - Bachelor's degree in Electrical Engineering, North Carolina State University, USA, 2001.   | 22 years            |

| # | Name                                       | Current Positions and Memberships                                 | Previous Positions/Experience   | Academic Qualifications  | Years of Experience |
|---|--|---|---|--|---------------------|
| 5 | Abdulmohsen Abdurrahman Ibrahim Al Huraish | - Chief Commercial Officer  | - Associate Professor, King Saud University, a Saudi public university.   | - Bachelor's degree in Electrical Engineering, King Saud University, 1985.<br>- Master's degree in Electrical Engineering, University of Missouri, USA, 1989.<br>- PhD in Electrical Engineering, University of Strathclyde, Scotland, 2000. | 38 years            |
| 6 | Raed Ayoub Ibrahim Ayoub                   | - Chief Information Technology Officer                            | - Chief Strategy Officer, Saudi Company for Hardware (SACO), a listed joint stock company operating in the retail of consumer goods.<br>- System Analyst and Software Developer, Arabian Computer Projects Company, a Saudi limited liability company operating in IT.<br>- Software Developer, Tantash Information Systems Company, a Jordanian limited liability company operating in IT. | - Bachelor's degree in Computer Science, Al-Mansour University, Iraq, 1997.  | 26 years            |
| 7 | Khaled Omar Abdulhalim Al-Turk             | - Vice President of Operations                                    | - General Manager of Operations, El Sewedy Electric, a Saudi closed joint stock company operating in the cable industry.<br>- General Manager of Plants, Gulf Cable Group, a Jordanian closed joint stock company affiliate of Gulf Cable & Electrical Industries Company, a Kuwaiti Company operating in the cable manufacturing industry.   | - Bachelor's degree in Electromechanical Engineering, Al-Balqa Applied University (BAU), Amman, Jordan, 1995.  | 28 years            |
| 8 | Muhammad Mustafa Muhammad Al-Shmory        | - Vice President of the Technical and Quality Control Departments | - Since 1999, he has assumed several roles within the Riyadh Cables Group Company, commencing as a Technical Engineer, and subsequently serving as the Assistant General Manager, the Deputy General Manager, and eventually the General Manager of the Technical Affairs Department.   | - Bachelor's degree in Electrical Engineering, American University of Beirut, Lebanon, 1997.   | 26 years            |
| 9 | Sameer Muhammad Iqbal Ghulam Al-Shahid     | - Vice President for Human Resources & Administration             | - Director of Shared Services, Golden Chicken Farms Company for Agricultural & Animal Production, a Saudi closed joint stock company operating in the field of agriculture and poultry production.<br>- Senior Manager Business Continuity Department, The Saudi Investment Bank, a listed joint stock company operating in the banking services sector.                                    | - Bachelor of Business Administration, King Saud University, KSA, 1997.  | 26 years            |

**3) Names of companies inside and outside the KSA in which a Board member currently or previously held a position on the Board or served as a manager:**

| Member Name                                 | Names of companies in which a Board member currently holds a position on the Board or served as a manager   | Inside / Outside the KSA  | Legal Entity   | Names of companies in which a Board member previously held a position on the Board or served as a manager  | Inside / Outside the KSA   | Legal Entity   |
|---|---|---|--|--|--|--|
| Khalid Abdulrahman Abdullah Al Gwaiz        | (1) Al Rajhi Bank<br>(2) Bawan Company<br>(3) Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO)<br>(4) Unique Solutions for Chemical Industries (USCI)<br>(5) Saudi Emcor Company  | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA<br>(4) Inside the KSA<br>(5) Inside the KSA  | (1) Listed<br>(2) Listed<br>(3) Listed<br>(4) Limited Liability Company<br>(5) Limited Liability Company   | (1) Binladin International Holding Group<br>(2) Swicorp<br>(3) Arabian Company for Water and Power Development (Global Vision)   | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA                       | (1) Closed<br>(2) Limited Liability Company<br>(3) Liability Company<br>(4) Closed |
| Mohamed Hekmat Saadaldain Al Zaim           | (1) Saudi Modern Company for Specialized Wires and Cables Industry (REW)<br>(2) Riyadh Cables Company<br>(3) Saudi Modern Company for Metals, Cables and Plastic Industry Ltd. (RMC)<br>(4) Saudi Modern Company for Telephone Cables Industry (RTC)<br>(5) Saudi Modern Company for Cables Limited<br>(6) National Cables Industry (NCI)<br>(7) Al-Madinah Cement Company<br>(8) Green Solutions Company<br>(9) Future Ceramics Company<br>(10) Dar Akal Real Estate Development Company<br>(11) Afaq Al-Hikmah Company<br>(12) Ajyal Al Hikma Investment Company<br>(13) Al Afaq Development Company<br>(14) Jasmine Agricultural Meadows Company<br>(15) International Trading & Contracting Company | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA<br>(4) Inside the KSA<br>(5) Inside the KSA<br>(6) Outside the KSA<br>(7) Inside the KSA<br>(8) Inside the KSA<br>(9) Inside the KSA<br>(10) Inside the KSA<br>(11) Inside the KSA<br>(12) Inside the KSA<br>(13) Inside the KSA<br>(14) Inside the KSA<br>(15) Inside the KSA   | (1) Closed<br>(2) Closed<br>(3) Closed<br>(4) Closed<br>(5) Limited Liability Company<br>(6) Limited Liability Company<br>(7) Listed<br>(8) Limited Liability Company<br>(9) Closed<br>(10) Limited Liability Company<br>(11) Closed<br>(12) Limited Liability Company<br>(13) Limited Liability Company<br>(14) Limited Liability Company<br>(15) Limited Liability Company |  |  |  |
| Ahmad Samer Hamdi Saadaldain Al Zaim        | (1) Seera Holding Group<br>(2) Al-Rajhi Takaful<br>(3) Saudi Modern Company for Metals, Cables and Plastic Industry Ltd. (RMC)<br>(4) Saudi Modern Company for Telephone Cables Industry (RTC)<br>(5) Saudi Modern Company for Cables Limited<br>(6) National Cables Industry (NCI)<br>(7) Gulf International Company for Home Furnishing<br>(8) Inara Lighting Company<br>(9) Silver Crown Trading Company   | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA<br>(4) Inside the KSA<br>(5) Inside the KSA<br>(6) Outside the KSA<br>(7) Inside the KSA<br>(8) Inside the KSA<br>(9) Inside the KSA   | (1) Listed<br>(2) Listed<br>(3) Closed<br>(4) Closed<br>(5) Limited Liability Company<br>(6) Limited Liability Company<br>(7) Limited Liability Company<br>(8) Limited Liability Company<br>(9) Limited Liability Company  | (1) Al Tayyar Travel Group<br>(2) Gulf International Contracting & Real Estate Company<br>(3) Director, Riyadh Electric Wires (REW)<br>(4) Director, Riyadh Cables Company (RCC) | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA<br>(4) Inside the KSA | (1) Listed<br>(2) Limited Liability Company<br>(3) Closed<br>(4) Closed            |
| Ziad Fouad Fahd Al Saleh                    | (1) Riyadh Cables Company<br>(2) Saudi Modern Company for Metals, Cables and Plastic Industry Ltd. (RMC)<br>(3) Saudi Modern Company for Specialized Wires and Cables Industry (REW)<br>(4) Saudi Modern Company for Telephone Cables Industry (RTC)<br>(5) National Cables Industry (NCI)<br>(6) Saudi Modern Company for Cables Limited<br>(7) YANAL Finance Company<br>(8) J.P. Morgan Saudi Arabia<br>(9) Mayar Foods<br>(10) Pioneers Properties for Urban Development (PREDCO)<br>(11) Al-Hoshan Company<br>(12) Al-Romansiah Company<br>(13) Al Zahrawi Medical Supplies<br>(14) Arab Gulf Real Estate Investment Company<br>(15) Abdulqadir Al Muhaidib & Sons Company                          | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA<br>(4) Inside the KSA<br>(5) Outside the KSA<br>(6) Inside the KSA<br>(7) Inside the KSA<br>(8) Inside the KSA<br>(9) Inside the KSA<br>(10) Outside the KSA<br>(11) Inside the KSA<br>(12) Inside the KSA<br>(13) Outside the KSA<br>(14) Inside the KSA<br>(15) Inside the KSA | (1) Closed<br>(2) Closed<br>(3) Closed<br>(4) Closed<br>(5) Limited Liability Company<br>(6) Limited Liability Company<br>(7) Closed<br>(8) Closed<br>(9) Limited Liability Company<br>(10) Listed<br>(11) Limited Liability Company<br>(12) Limited Liability Company<br>(13) Limited Liability Company<br>(14) Closed<br>(15) Closed                                       | (1) Dr. Sulaiman Al Habib Medical Group  | (1) Inside the KSA   | (1) Closed   |
| Abdulwahab Abdulkareem Abdulrahman Albtairi | (1) Asateer Entertainment Company<br>(2) Jahez International Company for Information Systems Technology<br>(3) Bank AlJazira<br>(4) Saudi Airlines Catering Company<br>(5) National Petrochemical Industrial Company<br>(6) Alujain Corporation<br>(7) Food & Fine Pastries Al Sunbulah Manufacturing Company (Sunbulah Group)<br>(8) Osool & Bakheet Investment Company<br>(9) Watar Business Company<br>(10) Al Himmah Tadamon<br>(11) Knowledge Masarat Information Technology Company<br>(12) Amlak Al Diriyah Holding Company<br>(13) Manafeth Ambulance & Handicap Vehicles   | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA<br>(4) Inside the KSA<br>(5) Inside the KSA<br>(6) Inside the KSA<br>(7) Inside the KSA<br>(8) Inside the KSA<br>(9) Inside the KSA<br>(10) Inside the KSA<br>(11) Inside the KSA<br>(12) Inside the KSA<br>(13) Inside the KSA  | (1) Limited Liability Company<br>(2) Listed<br>(3) Listed<br>(4) Listed<br>(5) Closed<br>(6) Listed<br>(7) Closed<br>(8) Closed<br>(9) Limited Liability Company<br>(10) Limited Liability Company<br>(11) Limited Liability Company<br>(12) Limited Liability Company<br>(13) Limited Liability Company   |  |  |  |

| Member Name                       | Names of companies in which a Board member currently holds a position on the Board or served as a manager   | Inside / Outside the KSA  | Legal Entity  | Names of companies in which a Board member previously held a position on the Board or served as a manager | Inside / Outside the KSA   | Legal Entity                           |
|-----------------------------------|---|---|---|---|--|--|
| Fahad Mahmoud Zuhdi Malhas        | (1) Value Group Europe<br>(2) Al Mahmodia Commercial<br>(3) Realm Real Estate Development Company<br>(4) Mediterranean Tourism Investment Company   | (1) Outside the KSA<br>(2) Outside the KSA<br>(3) Inside the KSA<br>(4) Outside the KSA   | (1) Closed<br>(2) Limited Liability Company<br>(3) Limited Liability Company<br>(4) Listed  | (1) Itihad Bank<br>(2) Palestinian trade bank<br>(3) HSBC Saudi Arabia                                    | (1) Outside the KSA<br>(2) Outside the KSA<br>(3) Inside the KSA | (1) Listed<br>(2) Listed<br>(3) Closed |
| Raed Ibrahim Suleiman Al Modaihim | (1) Masdar Building Materials Company<br>(2) United Mining Industries<br>(3) Northern Region Cement Company<br>(4) Northern Cement Company<br>(5) Jeddah Airports Company<br>(6) Bawan Company<br>(7) Al Yamamah Steel Industries Company<br>(8) Saudi Airlines Catering Company<br>(9) Thabat Construction Company | (1) Inside the KSA<br>(2) Inside the KSA<br>(3) Inside the KSA<br>(4) Outside the KSA<br>(5) Inside the KSA<br>(6) Inside the KSA<br>(7) Inside the KSA<br>(8) Inside the KSA<br>(9) Inside the KSA | (1) Closed<br>(2) Closed<br>(3) Listed<br>(4) Listed<br>(5) Closed<br>(6) Listed<br>(7) Listed<br>(8) Listed<br>(9) Limited Liability Company |   |  |  |

**4) Composition of the Board of Directors and classification of its members, and Board Committees:**

The Riyadh Cables Group Company is run by a Board of Directors comprising seven (7) members, who were appointed in accordance with the decision of the Shareholders' General Assembly on 14/07/1443 AH (corresponding to 15/02/2022). The current term of the Board of Directors began on 28/07/1443 AH (corresponding to 01/03/2022) and will conclude on 29/08/1446 AH (equivalent to 28/02/2025). The table below delineates the names and respective classifications of the members of the Company's Board of Directors:

**a) Classification of the members of the Board of Directors**

| # | Name  | Title                                   | Membership Classification       | Executive Committee | Nomination and Remuneration Committee | Audit Committee |
|---|---|---|---------------------------------|---------------------|---------------------------------------|-----------------|
| 1 | Khalid Abdulrahman Abdullah Al Gwaiz        | Chairman of the Board of Directors      | Independent / Non-executive     | Chairman            | Member                                | -               |
| 2 | Mohamed Hekmat Saadaldain Al Zaim           | Vice Chairman of the Board of Directors | Non-independent / Non-executive | Member              | Member                                | -               |
| 3 | Ahmad Samer Hamdi Saadaldain Al Zaim        | Director                                | Non-independent / Non-executive | Member              | Member                                | -               |
| 4 | Ziad Fouad Fahd Al Saleh                    | Director                                | Non-independent / Non-executive | -                   | -                                     | -               |
| 5 | Abdulwahab Abdulkareem Abdulrahman Albtairi | Director                                | Independent / Non-executive     | -                   | -                                     | Chairman        |
| 6 | Fahad Mahmoud Zuhdi Malhas                  | Director                                | Independent / Non-executive     | -                   | Chairman                              | -               |
| 7 | Raed Ibrahim Suleiman Al Modaihim           | Director                                | Non-independent / Non-executive | -                   | -                                     | Member          |

**b) Classification of non-director committee members:**

| # | Name                                 | Title                             | Membership Classification       | Executive Committee | Nomination and Remuneration Committee | Audit Committee |
|---|--------------------------------------|-----------------------------------|---------------------------------|---------------------|---------------------------------------|-----------------|
| 1 | Mohammed Suleiman Mousa Al Saleem    | Member of the Executive Committee | Non-independent / Executive     | Member              | -                                     | -               |
| 2 | Firas Samir Alawan AlBabayat         | Member of the Executive Committee | Non-independent / Non-executive | Member              | -                                     | -               |
| 3 | Kholoud Abdulaziz Mohammed Al-Dakhil | Member of the Audit Committee     | Independent / Non-executive     | -                   | -                                     | Member          |

## 5) Procedures taken by the Board to inform its members, Non-Executive Directors in particular, of shareholders' suggestions and remarks on the Company and its performance

The Chairman of the Board of Directors communicates shareholders' suggestions and comments regarding the Company and its performance to all Board members, particularly non-executives, during their meetings. These suggestions and remarks are conveyed to the Company through various means, such as the executive management's interaction with shareholders, the General Assembly meetings, or through the Company's dedicated email for investor relations: Ir@riyadh-cables.com, which serves as one of the communication channels between the shareholders and the Company.

## 6) A brief description of the competencies and duties of committees

### a) Executive Committee

A board committee tasked with participating in the formulation of new strategic plans and objectives for the Company, utilizing the powers granted by the Board of Directors. The committee is responsible for evaluating proposals submitted by the management team, as well as reviewing and assessing the annual plan and estimated budget, and providing relevant recommendations to the Board of Directors. Additionally, the committee monitors the performance of portfolio companies against the set objectives and budget, and addresses any urgent developments that may arise. The committee also reviews the key topics to be presented on the agenda for Board of Directors meetings and provides recommendations to the Board on the matter. The committee was formed in accordance with a decision by the Board of Directors dated 20/07/1443 AH (corresponding to 21/02/2022), and it comprises five (5) members as outlined in the table presented in this report.

### Responsibilities of the Executive Committee

The Committee shall perform the functions listed below:

#### First: Works related to the Company's strategy

- Undertaking the functions delegated to it by the Board pursuant to a Board resolution in this regard; this shall be recorded in the Board's meeting minutes.
- Taking appropriate decisions, whether with respect to the purchase of machinery and equipment or the purchase of lands or warehouses for the Company's branches, according to the schedule approved by the Board, and submitting a report to the Board at its first meeting.
- Performing any functions, responsibilities or powers delegated to the Committee by the Board.
- Reviewing the Company's strategic planning processes and procedures in coordination with the CEO.
- Ensuring the completion of strategic plans that achieve the Company's objectives.
- Reviewing the CEO's recommendations regarding the allocation of the Company's resources with the aim of aligning the Company's strategic plans with its long-term operational objectives.
- Reviewing the strategic plans and operational objectives of the Company and its Subsidiaries to ensure their compliance with the Company's objectives on a regular basis.
- Conducting the necessary studies on the Company's new investments and making the necessary decisions in this regard based on the authorization of the Board.
- Making recommendations to the Board with respect to the Company's operational priorities and strategies.

#### Secondly: Works related to the Company's financial planning

- Developing and reviewing annual and long-term financial objectives and strategies and making the necessary recommendations to the Board.
- Reviewing the financial aspects of the Company, including the quarterly financial statements, the final accounts and monthly reports of the Company, in coordination with the Company's Executive management and Audit Committee.
- Following up on the implementation of the Company's plans and estimated budgets, observing actual performance, monitoring deviations, if any, and requesting the concerned managers to respond to them, in addition to making recommendations in this regard.
- Developing and reviewing dividend distribution policies and their implementation and making recommendations thereon to the Board.
- Reviewing actual capital expenditures on a periodic basis to ensure their conformity with the budgets approved by the Board.
- Reviewing and making the necessary recommendations to the Board regarding the Company's productivity and the extent of its impact on the Company's future in order to realize the desired objectives to improve the quality of products and services.

### Members of the Executive Committee

The Executive Committee comprises five (5) members:

| # | Name                                 | Position                            | Membership Status               |
|---|--------------------------------------|-------------------------------------|---------------------------------|
| 1 | Khalid Abdulrahman Abdullah Al Gwaiz | Chairman of the Executive Committee | Independent / Non-executive     |
| 2 | Ahmad Samer Hamdi Saadaldain Al Zaim | Member of the Executive Committee   | Non-independent / Non-executive |
| 3 | Mohamed Hekmat Saadaldain Al Zaim    | Member of the Executive Committee   | Non-independent / Non-executive |
| 4 | Firas Samir Alawan AlBaiyyat         | Member of the Executive Committee   | Non-independent / Non-executive |
| 5 | Mohammed Suleiman Mousa Al Saleem    | Member of the Executive Committee   | Non-independent / Executive     |

### Executive Committee meetings and attendance record

The Executive Committee held six (6) meetings in 2022, and the table below provides an overview of the attendance record at each of these meetings:

| Members of the Executive Committee   | Meeting (1)<br>06/04/2022 | Meeting (2)<br>15/05/2022 | Meeting (3)<br>21/06/2022 | Meeting (4)<br>30/08/2022 | Meeting (5)<br>09/10/2022 | Meeting (6)<br>22/11/2022 | Attendance |
|--------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------|
| Khalid Abdulrahman Abdullah Al Gwaiz | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 6/6        |
| Ahmad Samer Hamdi Saadaldain Al Zaim | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 6/6        |
| Mohamed Hekmat Saadaldain Al Zaim    | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 6/6        |
| Firas Samir Alawan AlBaiyyat         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 6/6        |
| Mohammed Suleiman Mousa Al Saleem    | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 6/6        |

### b) Audit Committee

It is a board committee with the responsibility of examining the annual financial statements and submitting recommendations for approval to the Board of Directors. The committee also oversees the performance of internal auditors within the Group's companies, ensuring the efficacy of their respective roles and duties. In this capacity, the Audit Committee thoroughly reviews internal audit reports, diligently tracks the implementation of corrective actions in response to pertinent observations, and assesses the internal control system. The committee prepares a comprehensive written report outlining its opinions and recommendations for the Board of Directors' consideration. The committee also makes recommendations regarding the appointment, termination, and remuneration of external auditors. When proposing appointments, the committee ascertains the auditors' independence. The Audit Committee also scrutinizes the observations on financial statements, monitors the company's responsive measures, and assesses the accounting policies and procedures in place. Based on this, the Audit Committee presents its well-informed opinions and recommendations to the Board of Directors. On 02/21/2022, the Board of Directors submitted its recommendation to the Shareholders' General Assembly for restructuring the Audit Committee for its third term which commences on 01/03/2022 and ends on 02/28/2025. The Shareholders' General Assembly approved the recommendation on 04/04/2022. Furthermore, the Shareholders' General Assembly approved the Audit Committee charter on 05/31/2022.

### Responsibilities of the Audit Committee

The Audit Committee shall be primarily responsible for monitoring the Company's business and verifying the integrity and effectiveness of its reports, financial statements and internal control policies. The duties and responsibilities of the Audit Committee shall include in particular the following:

#### Financial reporting

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- Providing its expert opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows Shareholders and Investors to assess the Company's financial position, performance, business model and strategy;
- Analyzing any important or unusual issues contained in the financial reports;
- Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's Compliance Officer or Auditor;
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- Considering the Company's accounting policies, expressing an opinion thereon and making recommendations to the Board of Directors with respect to them.

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### Internal Audit

- Examining and reviewing the Company's internal and financial control systems and risk management system;
- Analyzing the internal audit reports and following up on the implementation of the corrective measures in respect of observations made in such reports;
- Monitoring and supervising the performance and activities of the internal auditor and Internal Audit Department of the Company, to verify the availability of the necessary resources and their effectiveness in performing the tasks and assignments entrusted thereto.
- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggesting his/her remunerations.

### External Audit

- Providing recommendations to the Board about nomination and dismissal of Auditors, determining their fees and evaluating their performance after verifying their independence and reviewing their scope of work and the terms of their contracts.
- Verifying the independence, objectivity and fairness of the Auditor and the effectiveness of the auditing, taking into account relevant rules and standards;
- Reviewing the plan and work of the Company's Auditor, ensuring that it does not provide any technical or administrative works that are beyond the scope of its work, and providing its opinion thereon.
- Responding to inquiries from the Company's Auditor; and Reviewing the Auditor's reports and the notes on the Company's financial statements and following up the relevant actions.

### Ensuring Compliance

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- Reviewing contracts and transactions to be concluded with the related parties and expressing its views thereon to the Board; and
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

### Members of the Audit Committee

The Audit Committee comprises three (3) members:

| # | Name  | Position                        | Membership Status               |
|---|---|---------------------------------|---------------------------------|
| 1 | Abdulwahab Abdulkareem Abdulrahman Albtairi | Chairman of the Audit Committee | Independent / Non-executive     |
| 2 | Raed Ibrahim Suleiman AlModaihim            | Member of the Audit Committee   | Non-independent / Non-executive |
| 3 | Kholoud Abdulaziz Mohammed Al-Dakhil        | Member of the Audit Committee   | Independent / Non-executive     |

### Audit Committee meetings and attendance record

The Audit Committee held five (5) meetings in 2022, and the table below provides an overview of the attendance record at each of these meetings:

| Members of the Executive Committee          | Meeting (1)<br>10/04/2022 | Meeting (2)<br>22/06/2022 | Meeting (3)<br>22/08/2022 | Meeting (4)<br>25/10/2022 | Meeting (5)<br>06/12/2022 | Attendance |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------|
| Abdulwahab Abdulkareem Abdulrahman Albtairi | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 5/5        |
| Raed Ibrahim Suleiman AlModaihim            | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 5/5        |
| Kholoud Abdulaziz Mohammed Al-Dakhil        | ✓                         | ✓                         | ✓                         | ✓                         | ✓                         | 5/5        |

### c) Nomination and Remuneration Committee

A board committee responsible for nominating new members to the Board of Directors, in line with the approved policies and standards. As part of its mandate, the committee conducts an annual review to determine the skills required for potential Board of Directors members, and prepares a comprehensive description of the capabilities and qualifications required for membership. Furthermore, the Nomination and Remuneration Committee conducts an annual independence verification exercise to ensure the independence of independent members and absence of any potential conflicts of interest that may arise if a member occupies a position on the board of directors of another company. Apart from its nomination responsibilities, the committee is also responsible for setting clear policies that govern the remuneration of members of the Board of Directors and Executive Management.

On 08/09/2022, the Board of Directors issued a decision to restructure the Remuneration and Nominations Committee, and the Shareholders' General Assembly approved the committee's charter on 05/31/2022.

### Responsibilities of the Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee include:

- Preparing a clear policy for the remuneration of the members of the Board of Directors, the Committees emanating from the Board and Senior Management, and submitting the same to the Board of Directors for consideration in order to be approved by the General Assembly, provided that such policy takes into account performance-related standards, discloses and ensures that they are implemented.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy, and highlighting any material deviation from such policy.
- Carrying out periodic review of the remuneration policy and evaluating its effectiveness in terms of achieving its objectives.
- Making recommendations to the Board with regard to the remuneration of members of the Board of Directors, its Committees and Senior Executives of the Company in accordance with the approved policy.
- Proposing clear policies and criteria for membership of the Board of Directors and Senior Management positions.
- Making recommendations to the Board of Directors to nominate or re-nominate members in accordance with the approved policies and criteria, ensuring no person previously convicted of committing a breach of trust felony shall be nominated.
- Preparing a description of the capabilities and qualifications required for membership of the Board and Senior Management positions.
- Determining the time that members should dedicate to the responsibilities of the Board.
- Carrying out annual reviews of the required skills or appropriate expertise necessary for membership of the Board of Directors and Senior Management positions.
- Reviewing the structure of the Board and the Senior Management and making recommendations regarding any possible changes that may be made to such structure.
- Verifying the independence of independent members on an annual basis, and ensuring there is no conflict of interest in the event any member is a member of the board of directors of another company.
- Developing special procedures in the event that there is a vacancy in the Board of Directors or for Senior Executive positions.
- Determining the strengths and weaknesses of the Board of Directors, and proposing solutions to address them in line with the Company's interests.

### Members of the Nomination and Remuneration Committee

The Audit Committee comprises Four (4) members:

| # | Name                                 | Position  | Membership Status               |
|---|--------------------------------------|---|---------------------------------|
| 1 | Fahad Mahmoud Zuhdi Malhas           | Chairman of the Nomination and Remuneration Committee | Independent / Non-executive     |
| 2 | Khalid Abdulrahman Abdullah Al Gwaiz | Member of the Nomination and Remuneration Committee   | Independent / Non-executive     |
| 3 | Ahmad Samer Hamdi Saadaldain Al Zaim | Member of the Nomination and Remuneration Committee   | Non-independent / Non-executive |
| 4 | Mohamed Hekmat Saadaldain Al Zaim    | Member of the Nomination and Remuneration Committee   | Non-independent / Non-executive |

### Nomination and Remuneration Committee meetings and attendance record

The Nomination and Remuneration Committee held three (3) meetings in 2022, and the table below provides an overview of the attendance record at each of these meetings:

| Members of the Executive Committee   | Meeting (1)<br>2022/06/23 | Meeting (2)<br>2022/08/03 | Meeting (3)<br>2022/12/29 | Attendance |
|--------------------------------------|---------------------------|---------------------------|---------------------------|------------|
| Fahad Mahmoud Zuhdi Malhas*          | x                         | x                         | ✓                         | 1/3        |
| Khalid Abdulrahman Abdullah Al Gwaiz | ✓                         | ✓                         | ✓                         | 3/3        |
| Ahmad Samer Hamdi Saadaldain Al Zaim | ✓                         | ✓                         | ✓                         | 3/3        |
| Mohamed Hekmat Saadaldain Al Zaim    | ✓                         | ✓                         | ✓                         | 3/3        |

\* On 09/08/2022, the Board of Directors issued a resolution appointing Mr. Fahad Mahmoud Malhas as the Chairman of the Remuneration and Nominations Committee.



## 7) The means used by the Board of Directors to assess its performance

The Remuneration and Nominations Committee has conducted a thorough evaluation of the Board of Directors, utilizing approved assessment models established by the Company. These models are designed to identify the strengths and weaknesses of the Board and ensure the independence of its independent members.

## 8) Disclosure of remuneration of the Board members and Executive Management as stated in Article (93) of the Corporate Governance Regulations

Under Article (93) of the CMA's Corporate Governance Regulations; We state the following:

### A. Disclosure of the details of the remuneration policies, and mechanisms for determining compensation paid to the Company's board members and executive management

The bylaws and regulations governing the remuneration of the Board of Directors and its committees, as approved by the Shareholders' General Assembly on 04/28/2022, establish clear criteria for calculating the compensation provided to Board members and Executive Management, including any direct or indirect benefits. This information is presented in a transparent and accurate manner, with no omissions or misleading details.

### B. The relationship between the remunerations granted and the applicable remuneration policy

The Riyadh Cables Group Company calculated the compensations and remunerations provided to the Board of Directors in compliance with the provisions set forth in Article No. (21) of the Company's bylaws, which are consistent with the approved remuneration policy for Board members, board committees, and executive management, as endorsed by the Shareholders' General Assembly. The Board of Directors affirms that the remunerations granted are fully aligned with the applicable remuneration policy, with no deviation or discrepancies present.

#### First: Remuneration of the Directors (in Saudi Riyals)

|   | Fixed Remuneration |  |  |                  |  |   | Variable Remuneration |                        |                            |                           |                               | Total | End of Service Benefits | Grand Total      | Expenses Allowances |  |
|---|--------------------|--|--|------------------|--|---|-----------------------|------------------------|----------------------------|---------------------------|-------------------------------|-------|-------------------------|------------------|---------------------|--|
|   | Specific Amount    | Allowance for attending the Board sessions | Total allowance for attending committee sessions | In-kind Benefits | A statement of the Boar members remuneration as workers or managers or payments received for technical, administrative and consultancy works | Remuneration of the Board chairman, managing director or secretary, if they are committee members | Profit share          | Periodic Remunerations | Short-term Incentive Plans | Long-term Incentive Plans | Equity (values to be entered) |       |                         |                  |                     |  |
| <b>First: Independent members</b>           |                    |  |  |                  |  |   |                       |                        |                            |                           |                               |       |                         |                  |                     |  |
| Khalid Abdulrahman Abdullah Al Gwaiz        | 600,000            | 15,000                                     |  |                  |  | 615,000   |                       |                        |                            |                           |                               |       |                         | 615,000          |                     |  |
| Abdulwahab Abdulkareem Abdulrahman Albtairi | 300,000            | 15,000                                     |  |                  |  | 315,000   |                       |                        |                            |                           |                               |       |                         | 315,000          |                     |  |
| Fahad Mahmoud Zuhdi Mathas                  | 300,000            | 15,000                                     |  |                  |  | 315,000   |                       |                        |                            |                           |                               |       |                         | 315,000          |                     |  |
| <b>Second: Non-executive Members</b>        |                    |  |  |                  |  |   |                       |                        |                            |                           |                               |       |                         |                  |                     |  |
| Mohamed Hekmat Saadaldain Al Zaim           | 300,000            | 15,000                                     |  |                  |  | 315,000   |                       |                        |                            |                           |                               |       |                         | 315,000          |                     |  |
| Ahmad Samer Hamdi Saadaldain Al Zaim        | 300,000            | 15,000                                     |  |                  |  | 315,000   |                       |                        |                            |                           |                               |       |                         | 315,000          |                     |  |
| Ziad Fouad Fahd Al Saleh                    | 300,000            | 15,000                                     |  |                  |  | 315,000   |                       |                        |                            |                           |                               |       |                         | 315,000          |                     |  |
| Raed Ibrahim Suleiman Al Modaihim           | 300,000            | 15,000                                     |  |                  |  | 315,000   |                       |                        |                            |                           |                               |       |                         | 315,000          |                     |  |
| <b>Third: Executive Members</b>             |                    |  |  |                  |  |   |                       |                        |                            |                           |                               |       |                         |                  |                     |  |
|   |                    |  |  |                  |  |   |                       |                        |                            |                           |                               |       |                         |                  |                     |  |
| <b>Total</b>                                | <b>2,400,000</b>   | <b>105,000</b>                             |  |                  |  | <b>2,505,000</b>  |                       |                        |                            |                           |                               |       |                         | <b>2,505,000</b> |                     |  |

#### Second: Remuneration of Committee Members (in Saudi Riyals)

| Name  | Fixed Remuneration (Except attending sessions) | Allowance for attending sessions | Total          |
|---|--|----------------------------------|----------------|
| <b>Members of the Audit Committee</b>                       |  |                                  |                |
| Abdulwahab Abdulkareem Abdulrahman Albtairi                 | 100,000  | 15,000                           | 115,000        |
| Raed Ibrahim Suleiman Al Modaihim                           | 100,000  | 15,000                           | 115,000        |
| Kholoud Abdulaziz Mohammed Al-Dakhil                        | 200,000  | 15,000                           | 215,000        |
| <b>Total</b>  | <b>400,000</b>                                 | <b>45,000</b>                    | <b>445,000</b> |
| <b>Members of the Nomination and Remuneration Committee</b> |  |                                  |                |
| Fahad Mahmoud Zuhdi Malhas                                  | 100,000  | 3,000                            | 103,000        |
| Khalid Abdulrahman Abdullah Al Gwaiz                        | -  | 9,000                            | 9,000          |
| Mohamed Hekmat Saadaldain Al Zaim                           | 100,000  | 9,000                            | 109,000        |
| Ahmad Samer Hamdi Saadaldain Al Zaim                        | 100,000  | 9,000                            | 109,000        |
| <b>Total</b>  | <b>300,000</b>                                 | <b>30,000</b>                    | <b>330,000</b> |
| <b>Members of the Executive Committee</b>                   |  |                                  |                |
| Khalid Abdulrahman Abdullah Al Gwaiz                        | -  | 18,000                           | 18,000         |
| Mohamed Hekmat Saadaldain Al Zaim                           | 100,000  | 18,000                           | 118,000        |
| Ahmad Samer Hamdi Saadaldain Al Zaim                        | 100,000  | 18,000                           | 118,000        |
| Firas Samir Alawan AlBaiyyat                                | 200,000  | 18,000                           | 218,000        |
| Mohammed Suleiman Mousa Al Saleem                           | 100,000  | 18,000                           | 118,000        |
| <b>Total</b>  | <b>500,000</b>                                 | <b>90,000</b>                    | <b>590,000</b> |

#### Third: Remuneration of the top five senior executives, including the CEO and CFO (in SAR)\*

| Senior Executives | Fixed Remuneration |                |                  |                  |                        | Variable Remuneration |                            |                           |                               |                  | Total    | End of Service Benefits | Total remuneration for executives in the Board, if any. | Grand Total |  |  |
|-------------------|--------------------|----------------|------------------|------------------|------------------------|-----------------------|----------------------------|---------------------------|-------------------------------|------------------|----------|-------------------------|---|-------------|--|--|
|                   | Salaries           | Allowances     | In-kind Benefits | Total            | Periodic Remunerations | Profits               | Short-term Incentive Plans | Long-term Incentive Plans | Equity (values to be entered) |                  |          |                         |   |             |  |  |
|                   |                    |                |                  |                  |                        |                       |                            |                           |                               |                  |          |                         |   |             |  |  |
|                   |                    |                |                  |                  |                        |                       |                            |                           |                               |                  |          |                         |   |             |  |  |
|                   |                    |                |                  |                  |                        |                       |                            |                           |                               |                  |          |                         |   |             |  |  |
| <b>Total</b>      | <b>5,685,054</b>   | <b>990,446</b> | <b>183,459</b>   | <b>6,858,959</b> | <b>3,750,000</b>       | <b>1,750,000</b>      | <b>620,000</b>             | <b>1,750,000</b>          | <b>0</b>                      | <b>7,870,000</b> | <b>-</b> | <b>-</b>                | <b>14,728,959</b>                                       |             |  |  |

\* The company is committed to disclose the aggregate amount of remuneration provided to senior executives, in accordance with the statutory requirements outlined in subparagraph (b) of paragraph (4) of Article (93) of the Corporate Governance Regulations. However, to safeguard the interests of the company, its shareholders, and employees, and to prevent any potential harm that may arise from detailed disclosure based on specific job titles, the specific details of executive compensation are not presented as stipulated in Appendix (1) of the Senior Executives section of the Corporate Governance Regulations.

**9) Any sanction, penalty, preventive measure or precautionary restriction imposed on the Company by the Capital Market Authority (CMA) or any other supervisory, regulatory or judiciary authority, describing reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future**

There is no sanction, penalty, preventive measure or precautionary restriction imposed on the Company.

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

Recognizing the significance of internal control, the Board of Directors regularly monitors the effectiveness of the internal control system, policies, and procedures through periodic reports. It also oversees the periodic updates of these systems in compliance with the policies and regulations approved by the General Assembly. The Audit Committee has provided its assessment of the adequacy of the internal control system, as follows:

**Audit Committee Opinion:**

Upon thorough review of the (appointed) internal auditor's work and the internal audit plan, which was duly approved by the Audit Committee for Fiscal Year 2022, we acknowledge that despite the proper design and implementation of internal control procedures, absolute assurance of their effectiveness cannot be guaranteed. As a result, the Audit Committee has assessed the internal control procedures currently in place within the Company. After carefully analyzing the information presented to the Committee, it has not identified any material deficiencies in the current internal control procedures. Nevertheless, the Audit Committee strongly advises the management of the Company to continually improve and streamline the efficiency and effectiveness of its control policies and procedures, while ensuring they are updated to match the Company's evolving size and business operations.

**11) Audit Committee's recommendation on the need for appointing an internal auditor for the Company**

On 09/12/2022, the Audit Committee made a recommendation to the Board of Directors concerning the necessity of establishing an internal audit department. Accordingly, a General Manager of Internal Audit was appointed and commenced his duties in November 2022. Additionally, the Company contracted with an external consulting firm specialized in internal audit work to serve as its internal auditor.

**12) The Audit committee's recommendations that are in conflict with the Board's resolutions or those which the Board disregarded, relating to appointment, dismissal, performance assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them**

There was no conflict between recommendations made by the Audit Committee and the decisions taken by the Board of Directors. Furthermore, the Board of Directors has not rejected any of the recommendations that have been presented to it by the Audit Committee.

**13) Details of the Company's social contributions, if any**

The Group's responsibility towards society is always at the forefront of its concerns; it is an objective the Group seeks to achieve through direct contribution by supporting a number of charities in the Kingdom, including:

- Children with Disabilities Association
- Charitable Foundation for Orphans Care (Ekhaa)
- Saudi Social Responsibility Association

The Group supports individuals and communities by investing in university graduates through employing and training young people at the Group's training center by providing training and educational courses in cable manufacturing and electricity projects. It also participates in sponsoring Career Day, along with universities and industrial institutes inside the Kingdom. The Group supports and sponsors a number of programs for young people such as the Industrial Excellence Award.

**14) A statement of the dates of the Shareholders' General Assembly meetings held during the last fiscal year and the names of the Board members who attended them**

| Board Members Attendance Record      | Extraordinary Assembly Meeting<br>15/02/2022 | Ordinary Assembly Meeting<br>04/04/2022 | Ordinary Assembly Meeting<br>28/04/2022 | Extraordinary Assembly Meeting<br>31/05/2022 | Ordinary Assembly Meeting<br>06/09/2022 |
|--------------------------------------|--|---|---|--|---|
| Mohamed Hekmat Saadaldain Al Zaim    | ✓  | ✓                                       | ✓                                       | ✓  | ✓                                       |
| Ahmad Samer Hamdi Saadaldain Al Zaim | ✓  | ✓                                       | ✓                                       | ✓  | ✓                                       |

**15) A description of the main types of activities of the Company and its affiliates**

The Group's business is divided into four (4) key sections:

**Manufacturing activities**

The Group manufactures a range of electrical cables and wires, including those with low, medium, high, and extra-high voltage ratings, that are made from copper or aluminum. Additionally, the Group produces home electrical cables and wires, copper communication cables, fiber optic cables, and areal & overhead power cables and connectors (conductors). In addition, the Group produces raw materials used in manufacturing its products, including copper and aluminum rods, compounding polymers necessary for cable manufacturing such as medium-density polyethylene (MDPE) compound, fire-retardant low-smoke emission halogen-free polymer compound (LSHF), polyvinyl chloride (PVC) compound, cross-linked polyethylene (XLPE) compound and polypropylene yarn (PP). The Group also manufactures wooden and steel drum used in spooling electrical cables and wires.

**Sales activities**

The Company sells the Group's products through multiple sales channels including direct sales to Group customers in addition to 18 distribution centers of REW in different cities throughout the Kingdom.

**Electrical contracting projects**

The Group undertakes electrical contracting turnkey projects for High Voltage/Extra High Voltage cables inside and outside the Kingdom. Electrical contracting projects include the design and construction of electricity distribution networks, excavation, installation and connection works related to electrical cables and wires.

**Maintenance activities**

Backed by a specialized team of engineers, one of our subsidies engages in construction and maintenance of industrial buildings and production lines. The Company also offers industrial services, including maintenance, repair and operation of industrial, electrical, telephone and computer machinery, as well as installation and operation of laboratory equipment.

Each of such main activities on the size of the Company's business and its contributions to results as follows:

| Activity                        | Activity Revenue (SAR) | Percentage  |
|---------------------------------|------------------------|-------------|
| Sales activities                | 6,782,376,370          | 98.98%      |
| Electrical contracting projects | 69,930,187             | 1.02%       |
| <b>Total</b>                    | <b>6,852,306,557</b>   | <b>100%</b> |

**16) A description of the company's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations), the future prospects of the company's business**

**a) Company Structural Changes**

- On 17/10/2022, the Capital Market Authority (CMA) approved Riyadh Cables Group Company's application for listing on the Saudi Stock Exchange (Tadawul) as a public joint stock company. This decision followed the Board of Directors' recommendation on 05/25/2022 to the Shareholders' General Assembly to register all company shares on Tadawul and offer 22% for public subscription. The Shareholders' General Assembly subsequently endorsed the recommendation. On 19/12/2022, the Company's shares were successfully listed for trading in the main market.
- Amendment of the Company's bylaws to align with the Corporate Governance Regulations and requirements for registration and listing in the Saudi Stock Exchange.

**b) The company's business expansions - operational activities and strategic decisions**

- Launching an efficiency improvement program to increase production capacity at the Company's Riyadh-based factories. The program included the installation of insulation lines, and auxiliary machines to optimize the production cycle and maximize efficiency.
- Expansion of laboratories of National Cables Industry (NCI) in Sharjah to include high-voltage products.
- Implementation of a project to manufacture insulation materials to reduce cost and increase local content.
- Commencement of expansion of the overhead line (OHL) conductors factory to increase the production capacity.
- Establishment of Gulf and Riyadh Company for the Manufacture of Electrical and Electronic Cables and Wires: A Kuwaiti limited liability company, and the Company owns 50% of its shares indirectly.
- Completion of the expansion of the central high-voltage laboratories and the EHV cable testing laboratory. Additionally, the EHV cable testing laboratory commenced operations in Q4 of 2022.
- Completion of the expansion project for the production lines of medium-voltage cables and OHL lines at Al Rowad Factory.
- Accreditation of the company's laboratories by recognized international bodies to offer third-party testing services for high and extra-high voltage cables.
- Commitment to our continued efforts to support the goals of the National Transformation Program 2020 and Saudi Vision 2030, with a particular emphasis on increasing the local content of national industries.

**c) The Company's future business plans and expectations**

The Group's strategy includes protecting and increasing its market share by focusing on increasing sales of its primary products in existing markets. The KSA and other targeted markets constitute attractive elements that will increase the demand for cables and services provided in the coming years.

As of 31/12/2022 the group's confirmed orders backlog was of approximately 136,000 tons of its products with a total value of SAR 3.7 billion. These orders were confirmed and approved in accordance with the agreed-upon procedures with the relevant clients. The demand for cables and electrical wires is projected to increase in the KSA due to the surge in electricity consumption and residential ownership. Notably, the KSA aims to achieve a 70% ownership rate among Saudis by 2030. The expansion in the power transmission grid continues as a result of mega projects and continuous expansion of cities and electricity throughout the KSA. Furthermore, the Group's products are expected to experience a surge in demand due to the ongoing energy transition in the Saudi market. As part of its renewable energy plan, KSA has set a target of achieving a solar power-based renewable energy generation capacity of 58.6 GW by 2030. In order to increase its market share and expand into other markets, the Company is currently working on the development of new types of cables and products, focusing on key areas including:

- 1) Expanding its portfolio of extra-high voltage cables to keep pace with global energy market trends.
- 2) Concentrating on turnkey projects, particularly in the field of regional mega projects.
- 3) Expanding its product portfolio and launching new and specialized products to include cables used in special applications to keep pace with the requirements of industrial base growth in the KSA, such as products employed in defense systems applications, clean energy generation, mining, oil and gas and the automotive industry.
- 4) Launching specialized products, such as instrumentation and control cables, renewable energy cables.
- 5) Expanding communications products to fully cover cloud computing applications, data centers and communications networks (5G).
- 6) Expanding its product portfolio to include environmentally friendly cables.
- 7) Focusing on expansion in various sectors of the Iraqi market and relying on the advantages of local product prioritization.

**17) Information on any risks facing the Company (operational, financial or market related) and the policy of managing and monitoring these risks.**

In the event that any of the risks outlined below, which are currently deemed immaterial, were to materialize or escalate to a material level, it could have a significant and adverse impact on the Company's business, financial standing, operational performance, and future prospects. Due to the aforementioned risks and other factors that could impact the Company's operations, the future events and conditions may not occur in the manner anticipated by the Company or its Directors, or may not occur at all. Therefore, it is advisable for shareholders to regularly review all forward-looking statements that the Company publishes on its website.

The Board of Directors affirms that the risks described below are not presented in any assumed order of priority reflecting their expected impact on the Company. There may be additional risks and uncertainties, including those that are presently unknown or considered immaterial, that could have similar consequences to those outlined in this section and negatively impact the Company. As a result, the risks highlighted in this section may not reflect all potential risks that could affect the Group, its operations, assets, and the markets in which it conducts business.

**1. Risks Related to the Operations of the Group**

**1.1) Risks related to the Group operations' dependence on the availability and price stability of raw materials and relationship with the suppliers**

The Group depends on certain key raw materials in manufacturing electrical cables and wires and communication cables, namely, copper and aluminum. These are used as key materials from which electrical cables and wires and communication cables are manufactured, as well as plastic derivatives used for wire and cable insulation and sheathing. Considering the Group's huge production volume, the Group requires large quantities of raw materials and base metals. Accordingly, the Group's manufacturing operations depend materially on the availability of such raw materials and base metals on an ongoing basis and in quantities sufficient to meet its manufacturing needs. Hence, if raw materials or base metals become unavailable, or if the Group is unable to procure sufficient quantities due to high demand from other industrial firms, or if the suppliers are unable to provide the requested amounts for any reason, be it temporary or permanent, such as the introduction of new import regulations or laws, inability to adhere to delivery times agreed with the Group, inability to export to the Kingdom, incidents during the production or supply process or severe fluctuation of the prices, it will impede the Group's manufacturing operations and adversely affect its business, financial position, results of operations, and future prospects. Therefore, it is crucial for the Group to maintain uninterrupted relationships with its suppliers without any hindrances that might limit their ability to meet the Group's needs.

**1.2) Risks related to revenue concentration**

The Group primarily generates its revenues from the sale of three products: low-voltage cables, medium-voltage cables, and internal electrical wires. Any reduction in sales of these products, whether due to the emergence of competing alternatives, customer aversion to utilizing these products, or the Group's inability to keep up with evolving customer demands, could result in a decline in sales and adversely affect the Group's business, financial position, results of operations, and future prospects.

**1.3) Risks related to setting aside provisions for onerous contracts**

It should be noted that when entering into a contract or receiving a purchase order/confirmation from a customer in connection with the manufacture of any of its products, the Group usually fixes the prices of metals used in the relevant manufacturing process vis-à-vis the customer, in accordance with the terms agreed between the parties. In view of the volatility of metal prices, in the event that the delivery date is delayed for any reason and the metals are used to manufacture products under other subsequent contracts, the Company makes provisions for what it considers to be excess revenues from such subsequent contracts to offset what it considers to be losses as a result of the said delayed contracts which the Group classifies as onerous contracts. In this case, profits are realized from subsequent contracts in the short term which are balanced against losses from onerous contracts in the long run. The inability of the Company to make sufficient provisions for onerous contracts may affect the volatility of the profit and loss results in the short term and expected to be balanced in the long run, which may affect the Group's results, financial position and future prospects.

**1.4) Risks related to hedging agreements**

The Group has entered into hedging agreements in order to fix the prices of base metals used in manufacturing electrical cables and wires, namely copper, aluminum and lead. Hedging transactions are entered into pursuant to said agreements against the procurement or sales contracts received by the Group from its customers and suppliers, such transactions usually include the Company's procurement of base metals used in the products sold by the Group's branches. The hedging agreements do not cover other raw materials used in manufacturing electrical cables and wires, such as plastic derivatives, as this system is not applicable in the global markets for these materials.

Therefore, the Group does not guarantee that the aforementioned hedging transactions will cover all of the losses that it may incur as a result of significant changes and fluctuations in the price of raw materials, which, in turn may affect the Group's business, financial position, results of operations and future prospects. The Group does not guarantee its ability to enter into hedging agreements to stabilize the prices of metals used in its manufacturing operations, as the provisions of such agreements may not be accepted by the Group, which may expose the Group to risks of fluctuations in the prices of metals and which may therefore increase product costs and have an adverse effect on the Group's business, financial position, results of operations and future prospects.

**1.5) Risks related to raw material inventory management, finished product manufacturing, storage, transportation and distribution**

The Group maintains an inventory of raw materials and base metals sufficient to meet its needs for a period ranging from one month to three months in accordance with customer orders and manufacturing plans. In case of any inventory surplus exceeding the Group's needs, management of such inventory will cause the Group to incur additional costs and to use of a portion of the Company's liquidity to finance such surplus. In contrast, any shortage in raw material inventory would have an impact on the Group's ability to maintain the required level of production and meet the needs of some customers as quickly as required, which may have an adverse and material impact on the Group's business, results of operations, financial position and future prospects.

It is worth noting that the Group's inability to manage the storage of finished products efficiently and effectively, inadequacy or disruption of storage space or failure of storage systems or policies adopted by the Group in this regard could result in increased storage costs, which in turn would adversely affect the Group's business, financial position, results of operations and future prospects.

**1.6) Risks related to the operations of the Group depending on the availability of energy and water**

The Group's manufacturing operations depend on electricity, industrial water, diesel, gas and gasoline. The Group's manufacturing plants consume approximately 194 million kw/h of electricity, 2 million liters of diesel, 772 thousand cubic meters of industrial water and 191 thousand Btu of gas annually.

The Group's manufacturing plants require the aforementioned quantities of energy resources in its various manufacturing operations on an ongoing basis. Accordingly, any temporary or permanent shortage or interruption of energy supply and the Group's failure to provide alternative resources in a timely manner and at a reasonable cost, any material increase in electricity tariff, or any increase in prices of diesel, gas or gasoline, would hinder the Group's production operations and increase costs incurred, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

**1.7) Risks related to the fact that some of the Group's factories are located on leased land**

Some of the Group's manufacturing facilities are constructed on land leased from the Saudi Authority for Industrial Cities and Technology Zones (Modon). Such lease agreements have a fixed term by definition, and the conditions of which may be reviewed during their term or upon renewal. Any increase imposed by the Saudi Authority for Industrial Cities and Technology Zones (Modon) would result in additional and unexpected costs incurred by the Group, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

**1.8) Risks related to natural phenomena and disasters such as floods, earthquakes and other natural events**

The operations and facilities of the Group may be vulnerable to various events that are beyond its control, including but not limited to fires, floods, earthquakes, and other natural disasters. These occurrences have the potential to significantly impact the Group's operations. In the event of such accidents, the Group's business or affected facilities may be suspended for a certain period, resulting in a decrease in the Group's revenue during that period. Moreover, the Group may have to bear emergency capital expenditures and expenses related to repairing, reconstructing, and rehabilitating the affected facilities to their previous condition. Thus, such accidents would have a negative impact on the Group's business, results of operations, financial performance and future prospects.

**1.9) Risks related to protection of the Group's intellectual property rights**

The Group has registered 5 trademarks. It should be noted that, in general, it is difficult to monitor unauthorized use of trademarks and other violations of intellectual property rights. Additionally, the Group may not be able to register its trademarks in all countries in which it wishes to register such trademarks, as other companies in those countries may have previously registered the same under their own names and used it for their products. In the event that the Group fails to protect its intellectual property rights successfully - or if any other parties steal, breach or infringe upon the intellectual property rights of the Group - the value of the Group's trademark may be damaged, which would adversely affect the Group's business, financial position, results of operations and future prospects.

**1.10) Risks related to the Group's operations relying heavily on IT systems**

The Group uses many information technology systems to manage its business, including, but not limited to, manufacturing, storage, distribution, advertising, selling, following-up and accounting and financial matters. It should be noted that the Group might bear significant operational costs and consequences as a result of updating its information technology systems and networks, or due to the Group adopting additional measures to protect its data or information technology systems, whether as a result of expansion, modernization, new technologies, systems and regulations or other such factors. In addition, the increased use and reliance of the Group on applications and systems hosted on networks (such as cloud computing) to store, process and transmit information exposes the Group, its employees and its customers to the risk of loss or misuse of such information. In the event that the Group's information technology systems are compromised for any reason, it may lead to a leakage of data regarding the employees, customers and consumers of the Group's products, which may expose the Group to lawsuits against it by the affected parties, thus adversely affecting its reputation.

Any internet or IT infrastructure malfunctions, including those related to the Group's computer systems, website and electronic application, or the occurrence of any of the above-mentioned risks would negatively affect the Group's business, financial position, results of operations and future prospects.

**2. Risks related to the Group's financing**

Some companies within the Group have secured facilities from multiple commercial banks both inside and outside the Kingdom. However, in accordance with certain facility agreements, the lenders hold the authority to unilaterally terminate or cancel such facilities without providing any justification or seeking the prior consent of the respective company. In the event that a creditor elects to terminate or cancel any facilities extended to the pertinent company, the creditor may demand full repayment of outstanding amounts, thereby negatively impacting the Group's cash flow, financial position, and future prospects. Such an outcome would have a material adverse effect on the Group's overall financial performance and operating results.

Additionally, certain facility agreements entered into by the Group include a number of conditions which authorize the lending banks to adjust interest rates and profit margins as they see fit and as per the market's prevailing prices without the Group having any right to object. Therefore, should the Saudi Inter-Bank Offered Rate ("SIBOR") or the interest rates imposed by third-party financing institutions increase, the costs of finance obtained by the Group will increase, which would have an adverse effect on the Group's cash flow, profitability, results of operations, financial position and future prospects.

**3. Risks Related to the Market and the Industry and supply-demand fluctuations**

Production volume in the electrical cables and wires sector, like other sectors, is affected by supply and demand fluctuations in the domestic and regional markets. Therefore, if regional production levels do not adapt to the sharp decline in demand, this will affect the productivity of manufacturers of electrical cables and wires and the levels of their sales, which in turn will affect the sector's overall performance and thus the Group's business prospects, results of operations, financial position and future prospects. Moreover, fluctuations of supply and demand for electrical cables and wires in global markets may result in a continuous increase in production capacity.

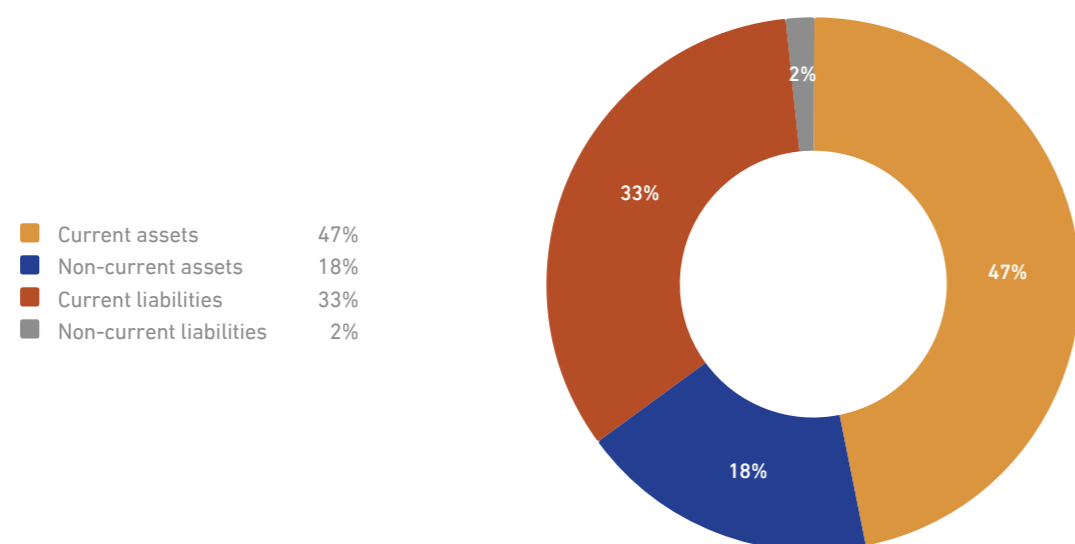
Accordingly, the existence of large surplus stock of electrical cables and wires domestically and regionally may force the Group to decrease production or decrease the prices of its products, which will adversely affect the Group's profit margins and thus its business, results of operations, financial position and future prospects.

**Risk Management and Monitoring Policy**

The Board of Directors has duly authorized the implementation of the Risk and Sustainability Charter, delegating all risk management responsibilities to the Audit Committee within its purview and accountability. To perform risk assessment, the Company has engaged the services of an external consultant, who periodically submits reports to the Audit Committee, which then presents the findings to the Board of Directors. While recognizing that the enumerated risks may not be exhaustive of all potential risks affecting the Company and its operations, the Board hereby affirms, to the best of its knowledge and belief, that no other significant risks, beyond those disclosed, are likely to impact shareholder decisions if left undisclosed.



18) A summary, in the form of a table or a chart, of the assets and liabilities of the company and of the company's results for the last five fiscal years



Comparison of business results

| Description   | 2022 (SAR)    | 2021 (SAR)    | 2020 (SAR)    | 2019 (SAR)    | 2018 (SAR)    |
|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue       | 6,852,306,557 | 4,883,443,882 | 4,086,816,140 | 4,565,676,154 | 4,302,863,240 |
| Revenue Costs | 6,205,205,384 | 4,420,360,895 | 3,650,438,801 | 4,085,657,371 | 3,946,417,494 |
| Gross Profit  | 647,101,173   | 463,082,987   | 436,377,339   | 480,018,783   | 356,445,746   |
| Net profit    | 351,863,147   | 239,996,967   | 218,123,115   | 197,004,334   | 135,285,613   |

Comparison of Assets and Liabilities

| Description             | 2022 (SAR)    | 2021 (SAR)    | 2020 (SAR)    | 2019 (SAR)    | 2018 (SAR)    |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Current assets          | 3,332,848,658 | 2,669,917,340 | 2,068,699,250 | 2,258,033,900 | 2,027,331,013 |
| Non-current assets      | 1,291,034,261 | 1,282,749,530 | 1,233,430,703 | 1,245,367,247 | 1,209,748,613 |
| Total assets            | 4,623,882,919 | 3,952,666,870 | 3,302,129,953 | 3,503,401,147 | 3,237,079,626 |
| Current liabilities     | 2,380,599,125 | 1,800,136,397 | 1,235,945,816 | 1,475,608,356 | 1,190,970,000 |
| Non-current liabilities | 122,741,094   | 116,463,689   | 106,858,590   | 108,531,834   | 104,371,308   |
| Total Liabilities       | 2,503,340,219 | 1,916,600,086 | 1,342,804,406 | 1,584,140,190 | 1,295,341,308 |

19) Geographical analysis of revenues of the Company and its subsidiaries

Geographical analysis of revenues of the Company and its subsidiaries

| Geographic area         | 2022                 |            |
|-------------------------|----------------------|------------|
|                         | Total Revenue (SAR)  | Percentage |
| Kingdom of Saudi Arabia | 4,696,705,864        | 69%        |
| United Arab Emirates    | 1,259,425,631        | 18%        |
| Iraq                    | 542,259,154          | 8%         |
| Other                   | 353,915,908          | 5%         |
| <b>Total</b>            | <b>6,852,306,557</b> |            |

20) Explanation of any material differences in the operational results compared to the previous year's results or any expectations announced by the Company

The 46.6% rise in net profit can be attributed mainly to the increase of 40.3% in sales revenue, resulting in a corresponding increase of 39.7% in gross profit. Moreover, by enhancing the efficacy of selling and administrative expenses, operating profit surged by 51%.

a) Review of the material differences between revenue and gross profit

| Description         | 2022               | 2021               | Change             |              |
|---------------------|--------------------|--------------------|--------------------|--------------|
|                     |                    |                    | Amount             | %            |
| Sales/Revenue       | 6,852,306,557      | 4,883,443,882      | 1,968,862,675      | 40.3%        |
| Sales/Revenue Cost  | (6,205,205,384)    | (4,420,360,895)    | (1,784,844,489)    | 40.4%        |
| <b>Gross Profit</b> | <b>647,101,173</b> | <b>463,082,987</b> | <b>184,018,186</b> | <b>39.7%</b> |

b) material differences between (loss) / operating profit

| Description                                 | 2022               | 2021               | Change             |              |
|---|--------------------|--------------------|--------------------|--------------|
|   |                    |                    | Amount             | %            |
| Gross Profit                                | 647,101,173        | 463,082,987        | 184,018,186        | 39.7%        |
| Sales and distribution expenses             | (102,779,469)      | (91,763,045)       | (11,016,424)       | 12.0%        |
| General and administrative expenses         | (100,165,790)      | (79,477,135)       | (20,688,655)       | 26.0%        |
| Provision/refund for expected credit losses | 3,123,727          | 8,670,649          | (5,546,922)        | (64.0)%      |
| Other income                                | 10,463,388         | 2,640,057          | 7,823,331          | 296.3%       |
| <b>Operating Profit / (Loss)</b>            | <b>457,743,029</b> | <b>303,153,513</b> | <b>154,589,516</b> | <b>51.0%</b> |

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c) Material differences in net profit for the fiscal year

| Description                    | 2022               | 2021               | Change             |              |
|--------------------------------|--------------------|--------------------|--------------------|--------------|
|                                |                    |                    | Amount             | %            |
| Operating Profit / (Loss)      | 457,743,029        | 303,153,513        | 154,589,516        | 51.0%        |
| Financing Costs                | (72,798,933)       | (31,780,551)       | (41,018,382)       | 129.1%       |
| Income Tax and Zakat           | (29,208,266)       | (31,375,995)       | 2,167,729          | (6.9)%       |
| Deferred tax                   | (3,872,683)        | -                  | (3,872,683)        |              |
| <b>Net Profit For The Year</b> | <b>351,863,147</b> | <b>239,996,967</b> | <b>111,866,180</b> | <b>46.6%</b> |

21) Any inconsistency with the standards approved by the Saudi Organization for Chartered and Professional Accountants

The financial statements for the fiscal year ending on December 31, 2022, have been prepared in accordance with the accounting standards approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), and there is no inconsistency with the SOCPA accounting standards.

22) The name of every affiliate, its share capital, the company's ownership percentage in it, its main business, its principal country of operation and its country of incorporation

| Subsidiary Name   | Capital         | Company's Ownership Percentage | Main Business   | Country of Operation    | Country of Incorporation |
|---|-----------------|--------------------------------|---|-------------------------|--------------------------|
| Saudi Modern Company for Metals, Cables and Plastic Industry Ltd. | 215,100,000 SAR | 100% Direct and Indirect       | The production and sale of low, medium, and high voltage cables, wires, and overhead connectors. Furthermore, the company manufactures raw materials required for the production and insulation of electrical cables and wires, such as copper and aluminum rods, and plastic derivatives including polyvinyl chloride (PVC) granules and crosslinked polyethylene (XLPE), which are utilized in the insulation and packaging of electrical cables and wires. The company also produces wooden and iron reels and carries out high voltage turnkey projects outside of the Kingdom of Saudi Arabia, and undertakes other activities stipulated in its bylaws. | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia  |
| Saudi Modern Company for Specialized Wires and Cables Industry    | 25,100,000 SAR  | 100% Direct and Indirect       | The company specializes in the manufacturing and distribution of electrical wires, cables, and overhead conductors for the construction sector. These products are available at retail branches situated across the KSA. Additionally, the company undertakes other activities stipulated in its bylaws.  | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia  |
| Saudi Modern Company for Telephone Cables Industry                | 40,100,000 SAR  | 100% Direct and Indirect       | Production and sale of communication cables made of copper and optical fibers with different capabilities and specifications. Additionally, the company undertakes other activities stipulated in its bylaws.   | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia  |

| Subsidiary Name   | Capital                  | Company's Ownership Percentage | Main Business  | Country of Operation  | Country of Incorporation |
|---|--------------------------|--------------------------------|--|---|--------------------------|
| Riyadh Cables Company   | 120,125,000 SAR          | 100% Direct and Indirect       | The company specializes in the design and construction of electrical distribution networks, as well as undertaking electrical projects including drilling, installation, and connection operations. The company also produces low, medium and high voltage cables in cable factories owned by its subsidiaries. Additionally, the company undertakes other activities stipulated in its bylaws.  | Kingdom of Saudi Arabia<br>United Arab Emirates<br>The Republic of Iraq | Kingdom of Saudi Arabia  |
| Saudi Modern Company for Cables Limited   | 5,000,000 SAR            | 100% Direct and Indirect       | The company specializes in general construction and architectural contracting services, including the construction, maintenance, and operation of industrial facilities and production lines. It also offers installation, maintenance, repair, and operation services for industrial machinery, electrical devices, telecommunications systems, computer networks as well as laboratory instruments. Additionally, it provides marketing, import and export, inspection (excluding insurance activities), and advertising services. | Kingdom of Saudi Arabia   | Kingdom of Saudi Arabia  |
| National Cables Industry (NCI)  | 80,000,000 AED           | 100% Indirect                  | This company manufactures metal cables and tapes, electric power transmission and distribution equipment, electrical connection wires and wire communication wires.  | United Arab Emirates  | United Arab Emirates     |
| Al Rowad Company for the Production of Electrical Cables and Wires Ltd.                   | 15 billion IQD           | 100% Indirect                  | The company manufactures an extensive range of electrical wires and cables, including those for low, medium and high voltage applications, as well as all applications pertaining to the civil, mechanical and electrical engineering works.   | The Republic of Iraq  | The Republic of Iraq     |
| Iraqi National Company for the Manufacture of Cables                                      | 5.5 billion IQD          | 100% Indirect                  | The company manufactures an extensive range of electrical wires and cables, including those for low, medium and high voltage applications, as well as all applications pertaining to the civil, mechanical and electrical engineering works.   | The Republic of Iraq  | The Republic of Iraq     |
| Arabian Gulf Company for Electrical Cables  | 10,000 KD                | 49% Indirect                   | Electrical and electronic contracting works  | Kuwait  | Kuwait                   |
| Qatar Cables Company  | 200,000 QAR              | 50% Indirect                   | Trading of electrical cables   | Qatar   | Qatar                    |
| Gulf Company for Electrical Works   | 20,000 OMR               | 100% Indirect                  | Importing electricity and communication cables   | Sultanate of Oman   | Sultanate of Oman        |
| Egyptian Riyadh Cables Company for Electrical Works                                       | 5,000,000 Egyptian Pound | 49% Indirect                   | Import and export of all types of electric cables  | Arab Republic of Egypt  | Arab Republic of Egypt   |
| Gulf and Riyadh Company for the Manufacture of Electrical and Electronic Cables and Wires | 5,000,000 KD             | 50% Indirect                   | Manufacturing electric and electronic wires and cables   | Kuwait  | Kuwait                   |

### 23) Details of shares and debt instruments issued by each subsidiary or affiliate company

| Subsidiary Name   | Capital         | The nominal value of the share/equity right | Number of Shares/ Equity Rights | Debt Instruments |
|---|-----------------|---|---------------------------------|------------------|
| Saudi Modern Company for Metals, Cables and Plastic Industry Ltd.                         | SAR 215,100,000 | SAR 10                                      | 21,510,000                      | -                |
| Saudi Modern Company for Specialized Wires and Cables Industry                            | SAR 25,100,000  | SAR 10                                      | 2,510,000                       | -                |
| Saudi Modern Company for Telephone Cables Industry  | SAR 40,100,000  | SAR 10                                      | 4,010,000                       | -                |
| Riyadh Cables Company   | SAR 120,125,000 | SAR 10                                      | 12,012,500                      | -                |
| Saudi Modern Company for Cables Limited   | SAR 5,000,000   | SAR 100                                     | 50,000                          | -                |
| National Cables Industry (NCI)  | AED 80,000,000  | AED 80,000                                  | 1000                            | -                |
| Al Rowad Company for the Production of Electrical Cables and Wires Ltd.                   | IQD 15 billion  | IQD 1                                       | 15 billion                      | -                |
| Iraqi National Company for the Manufacture of Cables                                      | IQD 5.5 billion | IQD 1                                       | 5.5 billion                     | -                |
| Arabian Gulf Company for Electrical Cables  | KD 10,000       | KD 100                                      | 100                             | -                |
| Qatar Cables Company  | QAR 200,000     | QAR 1000                                    | 200                             | -                |
| Gulf Company for Electrical Works   | OMR 20,000      | OMR 10                                      | 2000                            | -                |
| Egyptian Riyadh Cables Company for Electrical Works                                       | EGP 5,000,000   | EGP 1000                                    | 5000                            | -                |
| Gulf and Riyadh Company for the Manufacture of Electrical and Electronic Cables and Wires | KD 5,000,000    | KD 500                                      | 10,000                          | -                |

### 24) Description of the Company's dividends distribution policy

In accordance with Article Forty Nine (49) and Article Fifty (50) of the Company's Bylaws, the net profits for the fiscal year shall be distributed, after deducting all general expenses and other costs, as follows:

- The Company shall allocate ten percent (10%) of its net profit to form a statutory reserve. The Ordinary General Assembly may decide to discontinue such allocations once the statutory reserve reaches thirty percent (30%) of the Company's paid-up capital.
- The Ordinary General Assembly may establish other reserves, as needed to achieve the Company's interests, or to distribute fixed dividends to Shareholders as much as feasible. The Ordinary General Assembly may also allocate amounts from the net profit to establish social institutions for the Company's employees or support existing institutions of such nature.
- The remaining balance shall be distributed to the Shareholders, with a minimum down payment of five percent (5%) of the paid-up capital.
- The remaining balance shall be distributed to the shareholders as an additional share in the profits.
- The Board may distribute interim dividends, subject to securing the regulatory approvals.

In accordance with the relevant resolution issued by the General Assembly, the Shareholder is entitled to receive their dividend share. This resolution must specify the due date and date of distribution. Only those shareholders registered in the Shareholders' Register maintained by Securities Depository Center Company ("Edaa") at the end of the second trading day following the maturity date announced by General Assembly will be eligible for receiving dividends.

The following table lists the profits distributed to shareholders during the various periods of the fiscal year, as well as the proposed profits to be distributed at the end of the fiscal year, and the total of these profits.

| Dividends distributed during FY 2022 |                       |                                |               |
|--------------------------------------|-----------------------|--------------------------------|---------------|
| Assembly meeting date                | Distributed Dividends | Proposed dividends for FY 2022 | Total profits |
| 28/04/2022                           | 216,000,000           |                                |               |
| 06/09/2022                           | 20,000,000            | 225,000,000                    | 351,863,147   |

### Proposed dividends for the fiscal year ending on 12/31/2022

At its meeting on 03/09/2023, the Board of Directors recommended distributing cash dividends to the company's shareholders for the fiscal year ending on 12/31/2022. The proposed amount for distribution is SAR 225 million at a rate of SAR 1.5 per share, representing 15% of the nominal value of the share, in addition to what was previously distributed before the Company was listed for public subscription. Thus, the total amount approved for distribution in 2022 is SAR 245 million, at a rate of SAR 1.63 per share.

### 25) A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article (85) of the OSCIR Rules, along with any change to such rights during the last fiscal year

Not applicable, as there is no interest in the class of shares with voting entitlement belonging to persons (other than the company's directors, Senior Executives and their relatives).

A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article (85) of the OSCIR Rules.

| # | Names of the persons of interest      | No. of Shares Beginning of the year | No. of Shares End of the year | Net Change   | Change (%) |
|---|---------------------------------------|-------------------------------------|-------------------------------|--------------|------------|
| 1 | Abdulqadir Al Muhaidib & Sons Company | 46,000,000                          | 35,977,500                    | (10,022,500) | (21.79)%   |
| 2 | Ajyal Al Hikma Investment Company     | 43,000,000                          | 0                             | (43,000,000) | (100)%     |
| 3 | Hekmat Saadaldain Al Zaim             | 0                                   | 33,637,500                    | 33,637,500   | 100%       |
| 4 | Alma Limited Company                  | 17,854,167                          | 13,960,721                    | (3,893,446)  | (21.81)%   |

### 26) A description of any interest, contractual securities or rights issue of the Board Members, Senior Executives and their relatives on the shares or debt instruments of the Company or its subsidiaries or affiliates, and any change on such interest or rights during the last -fiscal year

#### First: Board Members

A description of any interest, contractual securities or rights issue of Board Members and their relatives on shares or debt instruments of the Company

| # | Names of the persons of interest            | Beginning of the year |                  | End of the year |                  | Net Change  | Change (%) |
|---|---|-----------------------|------------------|-----------------|------------------|-------------|------------|
|   |   | No. of Shares         | Debt Instruments | No. of Shares   | Debt Instruments |             |            |
| 1 | Khalid Abdulrahman Abdullah Al Gwaiz        | -                     | -                | -               | -                | -           | 0.0%       |
| 2 | Mohamed Hekmat Saadaldain Al Zaim           | 7,500,000             | -                | 5,850,000       | -                | (1,650,000) | (22)%      |
| 3 | Ahmad Samer Hamdi Saadaldain Al Zaim        | 17,854,167            | -                | 13,980,706      | -                | (3,873,461) | (21.69)%   |
| 4 | Ziad Fouad Fahd Al Saleh                    | -                     | -                | -               | -                | -           | 0.0%       |
| 5 | Abdulwahab Abdulkareem Abdulrahman Albtairi | -                     | -                | -               | -                | -           | 0.0%       |
| 6 | Fahad Mahmoud Zuhdi Malhas                  | -                     | -                | -               | -                | -           | 0.0%       |
| 7 | Raed Ibrahim Suleiman Al Modaihimi          | -                     | -                | -               | -                | -           | 0.0%       |

### Second: Senior Executives

A description of any interest, contractual securities or rights issue of Senior Executives and their relatives on shares or debt instruments of the Company

| # | Names of the persons of interest  | Beginning of the year |                  | End of the year |                  | Net Change | Change (%) |
|---|-----------------------------------|-----------------------|------------------|-----------------|------------------|------------|------------|
|   |                                   | No. of Shares         | Debt Instruments | No. of Shares   | Debt Instruments |            |            |
| 1 | Mohammed Suleiman Mousa Al Saleem | 1,500,000             | -                | 877,500         | -                | (622,500)  | (41.50)%   |

### 27) Information relating to any borrowings of the company (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of the company and its affiliates together with any amounts paid by the company as a repayment of loans during the year, the amount of the principal debts, the creditor's name, the loan term and the remaining amount. In case there are no loans outstanding for the issuer, the company must provide an appropriate statement

The Group secured credit facility agreements amounting to SAR 3.4 billion with multiple local banks to finance working capital requirements during the year. These facilities were obtained at Islamic Murabaha profit rates agreed upon with the respective banks. The interest rates on short-term loans are based on the internal lending ratios in Saudi banks (SIBOR) plus a variable rate during the year.

#### Table of short-term Islamic financing facilities

| Bank                      | Opening balance as of 01/01/2022 | New Loans in 2022    | The amounts paid by the company as a repayment of loans during 2022 | Statement of the aggregate indebtedness of the company and its subsidiaries and affiliates as of 31/12/2022 | Loan Term          |
|---------------------------|----------------------------------|----------------------|---|---|--------------------|
| Arab National Bank        | 422,150,000                      | 1,444,537,500        | 1,314,087,500   | 552,600,000   | Less than one year |
| Gulf International Bank   | 106,100,000                      | 553,420,000          | 465,570,000   | 193,950,000   | Less than one year |
| Al Rajhi Bank             | -                                | 115,200,000          | -   | 115,200,000   | Less than one year |
| Saudi British Bank (SABB) | 338,950,000                      | 617,550,000          | 803,050,000   | 153,450,000   | Less than one year |
| Banque Saudi Fransi       | 300,475,000                      | 852,025,000          | 942,575,000   | 209,925,000   | Less than one year |
| <b>Total</b>              | <b>1,324,175,000</b>             | <b>4,249,525,000</b> | <b>4,105,695,000</b>  | <b>1,468,005,000</b>  |                    |

### 28) A description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants, or similar rights issued or granted by the company during the financial year, together with the consideration received by the Company in return

The company declares that it has not issued or granted any convertible debt instruments, any contractually based securities, warrants, or similar rights during the FY 2022.

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

The Company declares that it has not issued or granted any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights.

### 30) A description of any redemption or purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates or subsidiaries

The Company declares that it has not made any redemption or purchase or cancellation of any redeemable debt instruments. The following table provides a breakdown of the Company's capital, knowing that no debt instruments were issued by the company during the FY 2022.

| # | Description                               | Capital/Number of Shares |
|---|---|--------------------------|
| 1 | Authorized and Paid-up capital            | SAR 1,500,000,000        |
| 2 | Number of shares issued (ordinary shares) | 150,000,000 shares       |
| 3 | Nominal value per share                   | SAR 10                   |

### 31) The number of Board meetings held during the last fiscal year, their dates and the attendance record of each meeting listing the names of the attendees

| Board Members                               | Number of meetings (5)      |                              |                             |                              |                             | Total (Personal) |
|---|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------|
|   | First Meeting<br>21/02/2022 | Second Meeting<br>14/04/2022 | Third Meeting<br>26/06/2022 | Fourth Meeting<br>06/09/2022 | Fifth Meeting<br>06/12/2022 |                  |
| Khalid Abdulrahman Abdullah Al Gwaiz        | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5/5              |
| Mohamed Hekmat Saadaldain Al Zaim           | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5/5              |
| Ahmad Samer Hamdi Saadaldain Al Zaim        | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5/5              |
| Raed Ibrahim Suleiman AlModaihim            | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5/5              |
| Ziad Fouad Al Saleh                         | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5/5              |
| Abdulwahab Abdulkareem Abdulrahman Albtairi | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5/5              |
| Fahad Mahmoud Zuhdi Malhas                  | ✓                           | ✓                            | ✓                           | ✓                            | ✓                           | 5/5              |

The quorum requirement for all meetings of the Board of Directors has been strictly adhered to, in accordance with the company's bylaws and Corporate Governance Regulations

### 32) The number of the Company's requests of shareholders registry, dates and reasons thereof

| The number of the company's requests of shareholders registry | Request date | Request reasons                                  |
|---|--------------|--|
| 14 Request  | 18/01/2022   | In response to a request by the external auditor |
|   | 31/07/2022   | In response to a request by the external auditor |
|   | 18/12/2022   | Company procedures                               |
|   | 21/12/2022   | Company procedures                               |
|   | 21/12/2022   | Other  |
|   | 25/12/2022   | Company procedures                               |
|   | 25/12/2022   | Company procedures                               |
|   | 25/12/2022   | Company procedures                               |
|   | 28/12/2022   | Other  |
|   | 29/12/2022   | General Assembly                                 |
|   | 31/12/2022   | Other  |
|   | 31/12/2022   | Other  |
|   | 31/12/2022   | Other  |
|   | 31/12/2022   | Other  |



**33) A description of any transaction between the company and a related party**

| Related Party                  | Relationship with the Company  | Transaction type | Term   | Value      |
|--------------------------------|--|------------------|--------|------------|
| Masdar Building Materials      | Owned by a shareholder   | Purchases        | 1 Year | 1,068,413  |
| Masdar Building Materials      | Owned by a shareholder   | Sales            | 1 Year | 39,413,083 |
| Seera Holding Group            | One of its shareholders is a director of the Company                             | Purchases        | 1 Year | 8,000      |
| Thabat Construction Company    | Owned by a shareholder   | Sales            | 1 Year | 9,429,860  |
| Al-Hoshan Company              | Joint director   | Purchases        | 1 Year | 805,020    |
| Masdar Technical Supplies      | Owned by a shareholder   | Purchases        | 1 Year | 149,693    |
| Inara Lighting Company Limited | One of its shareholders is the chairman of the Company's board of directors      | Sales            | 1 Year | 644,465    |
| Future Ceramics Company        | One of the shareholders is the Vice Chairman of the Company's Board of Directors | Sales            | 1 Year | 50,246     |
| Jadeer Logistics Company       | Owned by a shareholder   | Purchases        | 1 Year | 326,370    |

**34) Information relating to any businesses or contract to which the company is a party and in which a director of the company, a senior executive or any person related to any of them is or was interested, including names of the person in relation with such business and contract, in addition to the nature, conditions, durations and amount of the business or contract, or if there are no such businesses or contracts, the company must submit an appropriate statement**

| #  | Party to the contract          | Nature of work or contract | Value of work or contract | Duration of work or contract | Conditions of work or contract | The name of the director / senior executive or any of their relatives                                     |
|----|--------------------------------|----------------------------|---------------------------|------------------------------|--------------------------------|---|
| 1. | Masdar Building Materials      | Purchase orders            | 40,481,496                | 1 Year                       | No special conditions          | - Abdulqadir Al Muhaidib & Sons Company<br>- Raed Ibrahim Suleiman Al Modaihimi<br>- Firas Samir AlBayyat |
| 2. | Seera Holding Group            | Purchase orders            | 8,000                     | 1 Year                       | No special conditions          | - Ahmad Samer Hamdi Saadaldain Al Zaim  |
| 3. | Thabat Construction Company    | Purchase orders            | 9,429,860                 | 1 Year                       | No special conditions          | - Abdulqadir Al Muhaidib & Sons Company<br>- Raed Ibrahim Suleiman Al Modaihimi                           |
| 4. | Al-Hoshan Company              | Purchase orders            | 805,020                   | 1 Year                       | No special conditions          | - Ziad Fouad Fahd Al Saleh  |
| 5. | Masdar Technical Supplies      | Purchase orders            | 149,693                   | 1 Year                       | No special conditions          | - Abdulqadir Al Muhaidib & Sons Company   |
| 6. | Inara Lighting Company Limited | Purchase orders            | 644,465                   | 1 Year                       | No special conditions          | - Ahmad Samer Hamdi Saadaldain Al Zaim  |
| 7. | Future Ceramics Company        | Purchase orders            | 50,246                    | 1 Year                       | No special conditions          | - Mohamed Hekmat Saadaldain Al Zaim   |
| 8. | Jadeer Logistics Company       | Purchase orders            | 326,370                   | 1 Year                       | No special conditions          | - Abdulqadir Al Muhaidib & Sons Company   |

**35) A description of any arrangement or agreement under which a director or a senior executive of the company has waived any salary or compensation**

There was no arrangement or agreement under which a director or a senior executive of the company has waived compensation.

**36) A description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividends**

There was no arrangement or agreement under which a shareholder of the company has waived any rights to dividends.

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

| Description                                   | 2022        |   | Brief description   | Reasons        |
|---|-------------|---|---|----------------|
|   | Paid Amount | Outstanding amount until the end of the annual financial period |   |                |
| Income Tax and Zakat                          |             | 29,208,266  | Zakat is Calculated in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Income tax, on the other hand, is determined at designated rates applied to the adjusted share of non-Saudi shareholders' income, as specified under Saudi regulations. Both are acknowledged in the consolidated statement of profit or loss. | Mandatory fees |
| The General Organization for Social Insurance | 7,911,933   | 0   |   |                |
| Visa and passport costs                       | 980,286     | 0   | Government service fees   | Mandatory fees |
| Labor Office fees                             | 12,023,151  | 0   |   |                |

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

The company declares that, aside from the employees' end-of-service allowance, it has not made any investments or set up any reserves for the benefit of its employees.

**39) Declarations**

To the shareholders and other relevant parties, the Board of Directors declares, to the best of its knowledge and with regard to all significant aspects, the following:

- Proper books of account have been maintained
- The system of internal control is sound in design and has been effectively implemented
- There are no significant doubts concerning the company's ability to continue conducting its activity

**40) If the external auditor's report containing reservations on the relevant annual financial statements, the Board's report must highlight such reservations, their reasons, and any relevant information**

The external auditor report did not contain any reservations about the annual financial statements.

**41) If the Board recommends that the external auditor should be changed before the lapse of the term for which it is appointed, the report must contain a statement to that effect and the reasons for such recommendation**

The Board did not recommend that the external auditor should be changed before the lapse of the term for which it is appointed.

**42) Disclosure of the details of treasury shares maintained by the Company, and details of utilizing such shares**

There are no treasury shares held by the Company.

**Conclusion**

The Board of Directors, along with all the employees of the Company, extend their gratitude to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister, for their wise leadership and visionary guidance, which have continuously driven the growth and prosperity of our nation. The Board of Directors also expresses its deep appreciation to the shareholders of the company and the regulators for their contribution to the company's goals. Finally, we thank all the company's customers and suppliers for their confidence in the quality of our products and services.

Thank You,

Board of Directors

**Riyadh Cables Group Company**  
2nd Industrial City – Alkharj Road  
P.O. Box 2686, Riyadh 11496  
Kingdom of Saudi Arabia

**Investor Relations**  
T: +966 11 265 0850 E: IR@Riyadh-Cables.com

**Riyadh-Cables.com**