



شركة الصناعات الكهربائية
ELECTRICAL INDUSTRIES CO.

Board of Directors Report for 2022

Board of Directors Annual Report Electrical Industries Company For the Company activities during 2022





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- 13- A description of any interest, contractual securities or rights issue of the Board Members and Senior Executives and their relatives on shares or debt instrument of the Company or its affiliates, and any change on these interests or rights during the last fiscal year.
- 14- Information on any Loans.
- 15- A description of a class and number of any convertible debt instruments or contractual securities or preemptive rights or similar rights issued or granted by the Company during the last fiscal year, as well as stating any compensation obtained by the Company in this regard.
- 16- A description of conversion or subscription rights under any convertible debt instruments, or contractual based securities, warrants or similar rights issued or granted by the Company.
- 17- Description of any redemption, purchase or cancellation by the Company to any redeemable debt instruments and the value of such outstanding securities, distinguishing between those listed securities purchased by the company and those purchased by its affiliates
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VISION

“To be recognized by our stakeholders as one of the leading and accomplished electrical distribution & Power products manufacturer in the MENA and Europe.”

MISSION

- Pursue growth and business development opportunities in the Power Sector to maximize our market share and return on investment while committing to Corporate Social Responsibility.
- Provide high quality power solution with market competitive prices while implementing safe, healthy and environment friendly measures.
- Attract nationals and develop our human capital by providing them with training and sustainable growth opportunities.

The Board of Directors:

The Chairman of the Board:

Mr. Yousef Ali Zaid ALQuraishi

Vice Chairman of the Board:

Eng. Mahmoud Mohamad ALToukhi

The Members:

Mr. Faisal Saleh ALQuraishi

Mr. Fahad Saad ALTuwaijri

Mr. Bader Ibrahim ALSwaillem

Mr. Jameel Abdullah ALMolhem

Mr. Sattam Abdulaziz ALZamil

The Managing Director

Eng. Tariq Mohamad ALTahini



Chairman's Message

Dear shareholders of Electrical Industries Company,

The Board of directors of EIC is pleased to present to its shareholders' the Annual Report for the financial year ended in 31st of Dec.2022.The Report has been prepared as per the requirements of Corporate Governance regulations issued by CMA, Companies Law, and the bylaws of the Company.

The report presents information about the Company activities, its performance, future, efforts exerted to develop the shareholders' rights and to support the manufacturing of electrical equipment in Kingdom of Saudi Arabia as according to the final accounts and financial position for the fiscal year ended on 31 Dec 2022.

The board wishes to confirm its keenness to follow up and implement the company's strategic plans, monitor the market situation, and enhance the company's competitiveness to preserve the shareholders rights and to ensure the sustainability of the Company's operation.

I sincerely thank you for your trust in the board of directors, as well as my fellow board members for their efforts.

I also thank the executive management for their sincere efforts, looking forward to more achievement and success in 2023.

Yousef Ali ALQuraishi

Chairman of the Board



Managing Director's speech

I would like to thank the Board of directors, stakeholders, executive management, and employees of the Company for their efforts, which have contributed to the company's performance. Also, I would like to extend my thanking to the shareholders for their confidence in the executive management.

During 2022, the market has improved due to increase in the local demand in most sectors due to infrastructure projects, which had a positive impact on national companies, in addition to the Government support for the national factories and local content which is one of the pillars of 2030 vision.

The company achieved good results during 2022, revenue amounted to SR (1.066) Billion compared to SR (770.7) Million in 2021 with an increase of 38%, the net profit amounted to SR (94.2) compared to SR (48.9) Million in year 2021 with an increase of 93.%

The company will continue its efforts and plans to open new markets, increase exports, and increase the customer base. The company is also working to optimize its resources and factories, to improve operating efficiency and rationalize costs to make its products more competitive.

In conclusion, I reiterate my thanks to everyone for their contribution, and we look forward to further success in 2023.

Tariq Mohammed Al-Tahini

Managing Director &CEO



1- Establishment and Activities

A- Establishment:

Electrical Industries Company was established as a Saudi joint stock company registered in the Kingdom of Saudi Arabia by the Ministerial Decree No. 198/Q dated 25/7/1428H corresponding to 7/8/2007G under the Commercial Register No. 2050056359 dated 22/8/1428H corresponding to 4/9/2007G issued in Dammam.

The current share capital of the Company is SR (450) Million consisting of (45) Million ordinary shares, with a nominal value of SR (10) each.

On 22/9/2014, the Capital Market Authority has approved to list (13,500) Million shares which represents 30% of the Company shares to the public. The Company was listed in Saudi Market Exchange (Tadawul) on 7/12/2014.

B- Activities

The Company conducts its activities in the field of manufacturing, assembly and repair of Electrical Distribution Transformers and Compact Substations, small and medium power Transformers, low voltage Panels, Cable Trays and Switchgears, in addition to providing technical support and service associated with these activities.

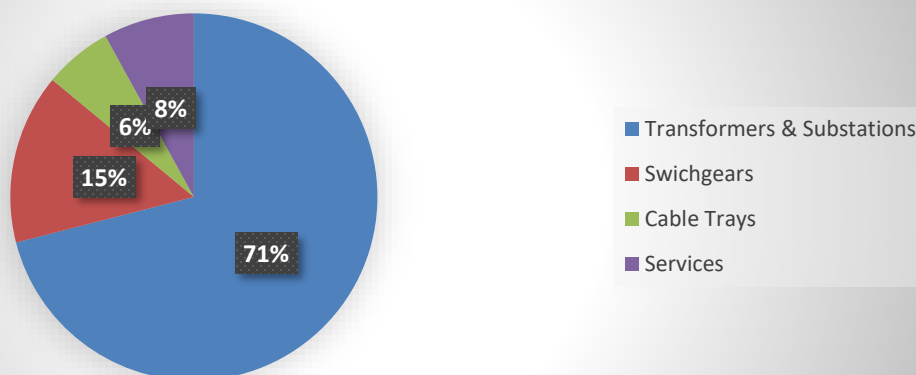
The Company's main activities is divided into four major operational processes:

1. Distribution Transformers & Substation
2. Low and medium voltage Sswitchgears , low voltage distribution panels/boards, motor control centers, switch racks, panel boards, cable bus and bus ducts, relays and protection panels.
- 3- Cable Trays
- 4- Services and maintenance, the company provides after sales services for low and medium voltage switchgear products. The division provides maintenance, repair, inspection, upgrade, study of products, electrical and mechanical systems and related works. It also provides test services for electrical equipment on site.

The following table shows the impact of the main activities and its contribution to the results.

Activities	Sales	Percentage%
Transformers &Substations	763,127	71%
Switchgears	155,597	15%
Cable Trays	62,165	6%
Service& Automation	85,200	8%
Total	1,066,089	100%

The following graphic shows the main activities of the company and its contribution to the results.





2- Major achievements, plans and future expectations.

The company's strategy aims at the following:

- Striving for innovation in products and services provided to customers.
- Achieving growth in sales by adding new products and entering new markets.
- Entering strategic partnerships with international companies specialized in the energy sector to provide technical support for the company's products
- Entering new markets and sectors by investing in products complementary to the company's products inside and outside the Kingdom
- Enhancing and strengthening the relationship with the company's customers.
- Increase operational efficiency and rationalize costs to make the company's products more competitive.

Below are the main achievements during 2022:

- Increase the company's ability to compete in Distribution Transformers & Substations and increase production capacity.
- The company was able to secure confirmed orders(backlog) for the coming years of more than 2 billion Saudi Riyals at the end of December 2022, which is considered the highest confirmed orders since the establishment of the company.
- Completion of the implementation of the ERP – Oracle Cloud System.
- Approval and supply of low voltage switchgears products as per to the European specifications to Saudi Aramco.
- Commencement of actual production of the Pauwels Transformer Company, which was established during 2021 after the acquisition of CG assets.
- Start exporting some of the company's products to the European market for the first time.

The company is currently targeting regional and global markets to export its products to achieve sales growth. The company also increases its sales of products and services with the highest profitability as much as possible.

During 2023, the company will continue its plans to improve performance, increase production efficiency and open new markets to achieve sales growth. The company will seek to introduce automation in some manufacturing processes to increase production efficiency and reduce labor cost.

The main events during 2022.

Serial	The event	2021
1	Announcement of the Annual financial results for the period ending on 31 Dec 2021	17/03/2022
2	Announcement for Cash Dividends Distribution for year 2021	17/03/2022
3	Announcement to invite shareholders to attend the General Assembly meeting.	30/03/2022
4	Announcement of the results of the General Assembly meeting	21/04/2022
5	Announcement of the Interim financial results for the period ending on 31 March 2022	27/04/2022
6	Announcement of the Interim financial results for the period ending on 30 June 2022	23/08/2022
7	EIC announcement of the Interim financial results for the period ending on 30 June 2021	21/10/2022



3- Risk Factors

The company faces operational, market and financial risks. Therefore, the company's management identifies risks, classifies them, measures their seriousness, and sets appropriate controls and procedures to reduce their effects as much as possible.

1) Competition

The company operates in a sector characterized by severe competition in the local and regional markets, and this competition has increased after the decline in demand for most products, especially distribution Transformers and Substations. This change in the competitive environment, if not accompanied by growth in local demand or entering new markets, will lead to more decrease in sales and profit margins. To meet this risk, the company maintains its customers base, working with new customers in local and regional markets and continues its plans to rationalize the cost and expenses to enhance its competitiveness.

2) Operational risks

Some production lines may be shut down because of emergency actions or due to low demand. The company has developed several certified suppliers to supply the required parts that contribute to compensate for the interruption of production lines. The company also has production lines that can compensate the production of suspended lines, thereby reducing the potential risk.

3) Risks of raw material price fluctuations

Raw materials represent a large percentage of the cost components of the company's products; therefore, the company may be exposed to fluctuations in the prices of major raw materials because of global economic pressures. To reduce these risks, the Company strives to minimize its effects by closely monitoring the volatility of raw material prices in local and international markets.

4) Compliance risk

The Company is committed to comply with the rules and regulations issued by the relevant authorities. As these regulations are constantly subject to amendment, non-compliance with the updated regulations exposes the company to the risk of penalties and fines. In response to these risks, the company is constantly keeping pace with the changes and amendments issued by the relevant authorities to be aware of the requirements. The company also contacts the regulatory bodies for any clarification.

5) Risk related to Cyber Security

The company's devices and systems may be exposed to (cyber) attacks, which may result in the disruption of the company's business operations and the violation of the privacy of important information and data and their loss. To reduce the effects of this risk, the company has taken many measures to spread awareness to its employees, install protection programs for the company's devices and systems, and take backup copies of all operations that took place on the company's systems and saved in special servers.

5) Zakat Risk

During 2020, the Group received additional zakat assessment for the years 2015 to 2018 amounting to SR 7.7 million.

The Group filed appeals against such assessments with Zakat, Tax and Customs Authority ("ZATCA"), and as a result ZATCA accepted the appeals for 2015 and 2017 in full, with partial acceptance of 2016 and 2018 appeals. Accordingly, the Group has filed appeals against such revised assessments related to 2016 and 2018 with the General Secretariat of Tax Committees.

During 2021 the Committee for Resolution of Tax Violations and Disputes of the General Secretariat of Tax Committees issued its decision reducing the Zakat and withholding tax due to SR 3.98 million. The company appealed against this decision in front of The Appeal Committee for Tax Violations and Disputes and the decision is yet to be issued.

The Group believes that their contentions are in accordance with the applicable ZATCA regulations, and no material liability will arise upon finalization of such assessments. Accordingly, no provision for such outstanding assessments has been made in the consolidated financial statements for the year ended 31 December 2022.



Financial Risk Factors

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk, currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the board of directors.

A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and price risk.

- **Fair value and cash flow interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group borrows at interest rates on commercial terms.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The fixed rate borrowings carried at amortized cost are not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group's exposure to fair value of fixed interest rate risk is not material.

- **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to movements in foreign exchange rates. The Company's transactions are primarily in Saudi Riyals, United States Dollars (USD), United Arab Emirates Dirhams (AED) and Euros (EUR). Since Saudi Riyal is pegged to United States Dollars and United Arab Emirates, management of the Group believes that the currency risk for the financial instruments is not significant. The fluctuation in exchange rates against Euro are monitored on a continuous basis.

- **Price risk**

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the Consolidated Statement of Financial Position as at fair value through other comprehensive income (FVOCI). The Group holds certain strategic investments and does not foresee any significant risks arising out of its portfolio of holding. Certain investments are held in listed equity securities whereas others are non-listed equity investments.

B) Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. Credit risk relating to trade receivables and expected credit loss assessment are covered below.



C) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. In addition, the Group has access to credit facilities.

Capital risk management.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position, less cash and cash equivalents.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including level three fair values.

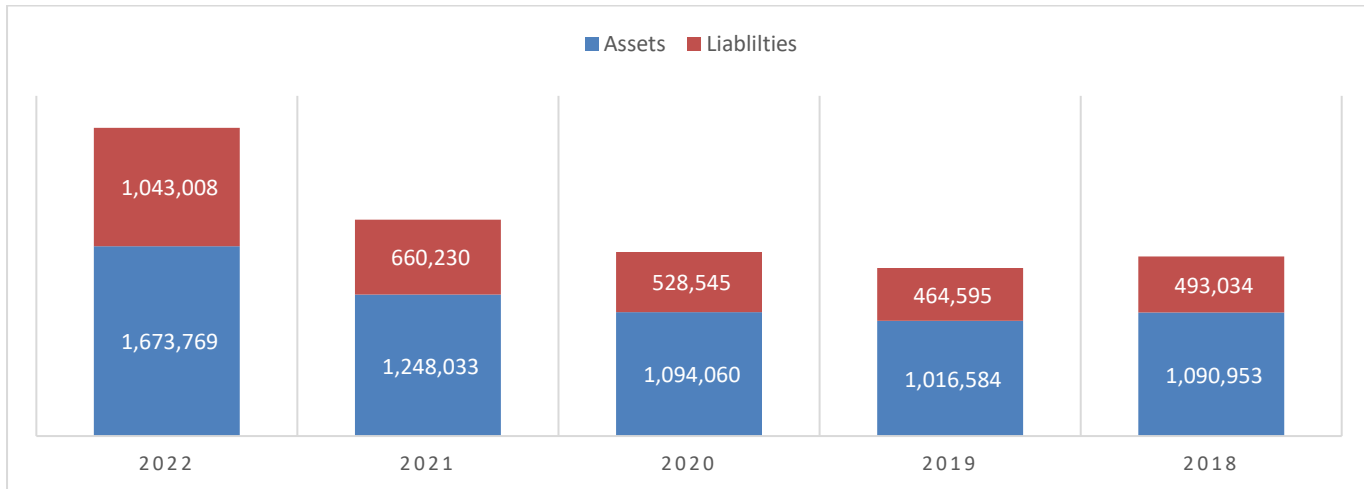


4- Summary of the company's assets, liabilities, and results

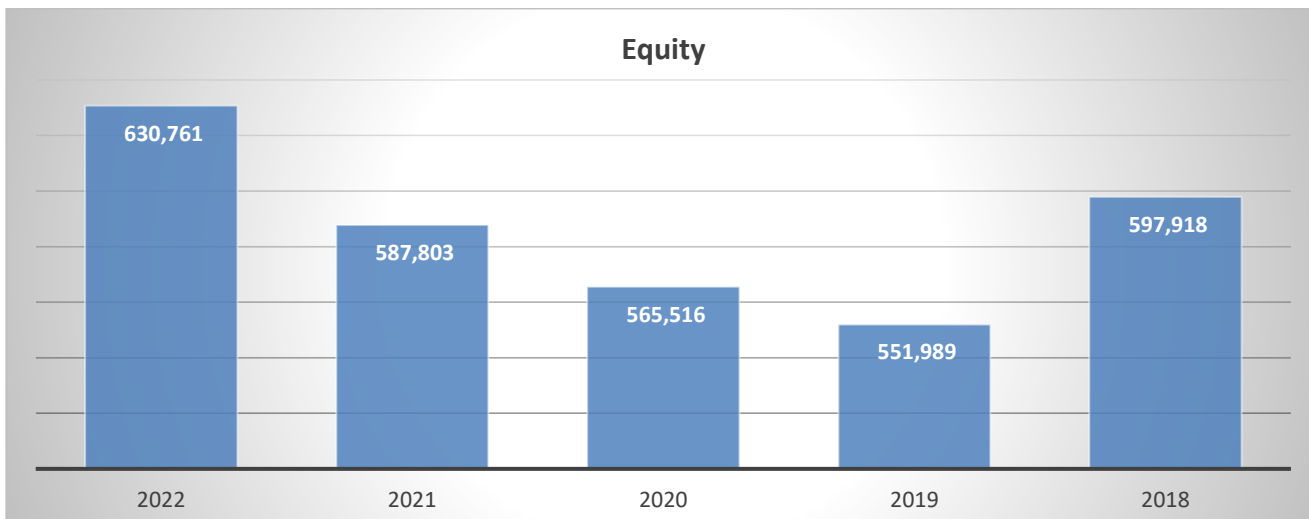
The following table shows the assets and liabilities for the last five fiscal years (in thousands)

Assets & Liabilities	2022	2021	2020	2019	2018
Current assets	1,369,764	925,149	788,064	705,600	775,403
Non - current assets	304,005	322,884	305,996	310,985	315,549
Total assets	1,673,769	1,248,033	1,094,060	1,016,584	1,090,953
Current liabilities	929,518	535,929	414,003	353,962	383,540
Non - current Liabilities	113,490	124,301	114,541	110,633	109,494
Total Liabilities	1,043,008	660,230	528,545	464,595	493,034
Equity	630,761	587,803	565,516	551,989	597,918

The following chart show the Company's assets and Liabilities for the last five years:



The following chart shows the Equity for the last five years:





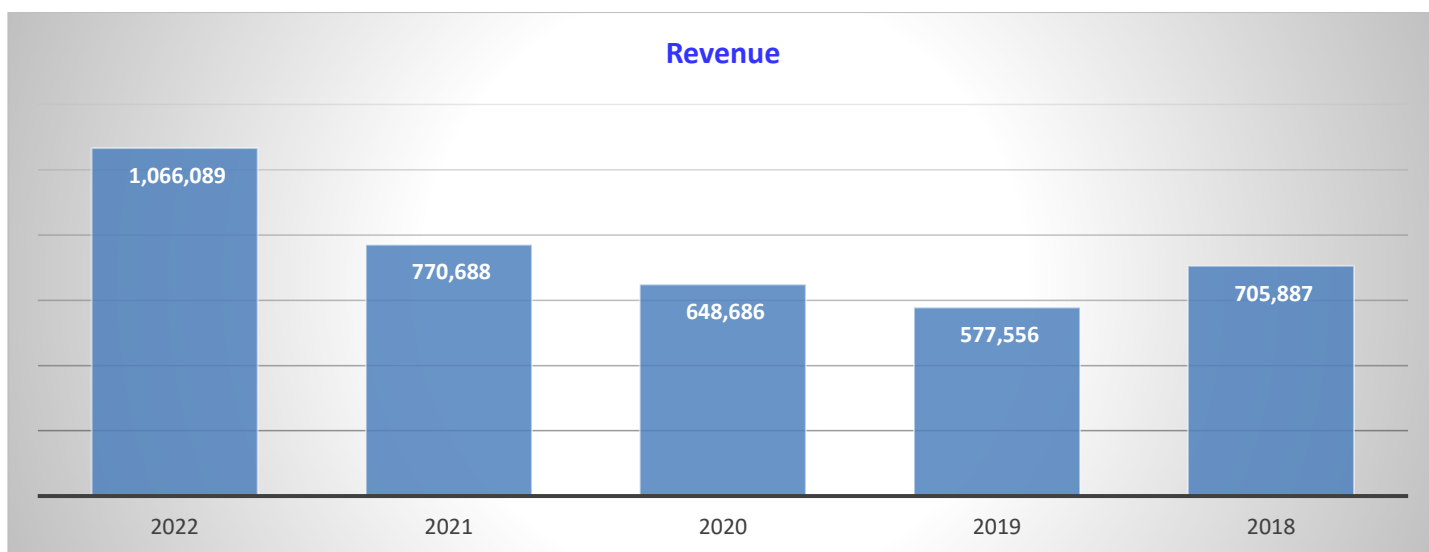
Board of Directors Report for 2022

Comparing the results of business:

The following table shows the results for the last five years (the amounts in thousands, SR)

Profit & Loss	2022	2021	2020	2019	2018
Sales	1,066,089	770,688	648,686	577,556	705,556
Cost of sales	(828,467)	(621,138)	(539,585)	(526,849)	(603,418)
Gross profit	237,622	149,550	109,100	50,706	102,469
Net profit	94,170	48,485	23,923	(44,182)	7,113

The following chart shows the revenue for the last five years:



The following chart shows the Gross and Net profit for the last five years:





5- Geographical Analysis of Revenue for the Company during 2022

The following table shows the geographical analysis of the company's revenue during 2022 (in thousands SR)

Region	Revenue
Saudi Arabia	981,325
GCC Countries	36,457
Europe	23,760
Asia	24,547
The total	1,066.089

6- Clarifications of any substantial differences in operating results compared with the preceding year (in thousands, SR)

Statement	2022	2021	Differences (+), or (-)	Percentage
Sales	1,066,089	770,687	295,504	38 %
Cost of Sales	(828,467)	(621,138)	(207,329)	33%
Gross Profit	237,622	149,550	88,072	59%
Other Operating Income	1,090	4,045	(2,955)	-73%
Other Operating Expenses	(107,103)	(83,337)	(23,766)	28.5%
Operating Profit	131,609	70,258	61,351	87%

The increase in net profit, gross profit & operating profit for the current year compared with last year is mainly attributed to Increase of sales from SAR 770,7 Million to SAR 1,066 billion, despite increase in sales &Marketing expense, Admin& General expense and higher cost of finance.

7- Clarifications for any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountant

The consolidated annual financial statements of the Company for year 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by SOCPA.



8- List of the Company's Subsidiaries

S	Name of the Subsidiary	Location	Main activities	Ownership	Capital
1	Saudi Transformers Co.	First Industrial City Dammam - KSA	Manufacture of Distribution Transformers, Compact Substations, and LV Panels	100	SR 102,750,000
2	Wahah Electric Supply Co of Saudi Arabia (WESCOSA)	First Industrial City Dammam - KSA	Manufacture of Distribution Transformers, Substations, Switchgears, Cable Trays, and service.	100	SR 64,000,000
3	Saudi Power Transformers Co.	2 ND Industrial City Dammam - KSA	Manufacture of Medium Power Transformers	100	SR 30,200,000
4	Gulf Electrical Equipment Co.	Dubai - UAE	Trading in Power Generation, Transmission and Distribution Equipment	100	DHS 100,000
5	Pauwels Transformers Co.	Michelin - Belgium	Manufacture of Electrical Transformers, Engineering and Technical consultancy	100	Euro 5,000,000

- 1) Saudi Transformers Co. is a limited liability with a paid up capital of SAR 102,750,000. STC is fully owned, directly and indirectly, by EIC. STC manufactures Distribution Transformers, Compact Substations and low voltage distribution panels/boards.
- 2) Wahah Electric Supply Co. of Saudi Arabia is a limited liability, with a paid-up capital of SR 64,000,000. WESCOSA is fully owned, directly and indirectly, by Electrical Industries Co. WESCOSA manufactures transformers and substations, low and medium voltage switchgears, and provides services and technical support.
- 3) Saudi Power Transformers Co. , is a limited liability, with paid up capital of (SAR 30,200,000). SPTC is owned fully by EIC. SPTC manufactures medium capacity power transformers with a power capacity between 20 MVA and up to 100 MVA..
- 4) Gulf Electrical Equipment Co. is a limited liability, with paid up capital of DHS 100,000. GEEC is fully owned by EIC. GEEC activities is trading in power generation, transmission and distribution equipment.
- 5) Pauwels Transformers Co. is a public limited Liability, with paid up capital (Euro 5,00,000). Pauwels is fully owned by EIC. Pauwels activities is manufacture of electrical Transformers, Engineering, and technical consultancy.

Electrical Industries Co. owns a stake at Gulf Laboratory Co. for Testing Electrical Equipment, a closed joint stock Co. with current capital of (360) million SR , and its headquarters is located at the third industrial city - Dammam.

Company Name	Ownership %	Value of Shares
Gulf Lab for Testing Electrical Equipment.	2.5%	SR 15,300,000



9- Details of shares and debt instruments.

The following table shows the capital of the Co. and the number of shares. The company did not issue any debt instruments during 2020.

No	Details	Value in SAR / Number of shares
1	Paid up capital	450,000,000
2	Number of issued shares	45,000,000
4	Nominal value of Share	10

10- Description of dividends policy

Dividends is subject to realized net income and free cash flow during the year and according to Article (50) of the company bylaw which reads as follow:

- 1- Annually the company will set aside (10) of the net profit to form a statutory reserve. The General Assembly may decide to stop this deduction whenever the said reserve amounts to (30%) of the capital of the company.
- 2- The General Assembly as per suggestion from the board, may decide to set aside (10%) of the net profit to form additional reserve to be allocated for the benefit of the company.
- 3- After deducting the statutory reserve and any other reserve that may be decided by the General Assembly, (5%) of the paid-up capital shall be distributed from the annual net profit to the shareholders as initial dividend.

11- A description of any interest in a class of voting shares held by persons other than (company's directors, senior executives, and their relatives) who have notified the Company with their holding pursuant to Article 67 of Listing Rules of securities and continuous obligations, together with any change to such interests during the last fiscal year.

The company did not receive any notice of any interests, or a change in the interests of persons other than board members and senior executives in the class of voting shares during 2022.



12- Ownership of 5% and more and the percentage of change during the year

Name	No of shares at the beginning of the year	%	No of shares at the end of the year	%	Net Change	Percentage Change
AJDA Industrial and Technical Services Co.	12,600,00	28	12,600,000	28	12,600,000	-
Sons of Saad Abdullah ALTuwaijri Holding Co.	10,265,850	22,81	10,265,850	22,81	12,600,000	-

13-A description of any interest, contractual securities or rights issue of the Board Members and Senior Executives and their relatives on shares or debt instrument of the Company or its affiliates, and any change on these interests or rights during the last fiscal year.

A- Board of Directors

Name	No. of Shares at the beginning of the year	No. of shares at the end of the year	Net Change	Percentage change
Mr. Yousef Ali Z. ALQuraishi	-	-	-	
Mr. Mahmoud M. ALToukhi	1,342,532	1,614,949	272,417	20%
Mr. Faisal Saleh ALQuraishi	-	-	-	
Mr. Fahad Saad A ALTuwaijri	1,000	1,000	-	-
Mr. Bader Ibrahim ALSwailem	1,000	-	(1,000)	%100
Mr Jameel Abdulalh ALMulhem	-	-	-	-
Mr. Sattam Abdulaziz ALZamil	-	-	-	-
Eng. Tariq Mohamad ALTahini	3,000	9,328	6,328	211%

B- Senior Executives

Name	No. of Shares at the beginning of the year	No. of shares at the end of the year	Net Change	Percentage change
Mr. Medhat Adham Ghaleb	6,000	11,530	5,530	92%
Eng. Hossam Abdulhaleem ALSheikh	-	-	-	-
Eng. Mohammed Yousef AbuSaada	-	-	-	-
Eng. Koen Van Peteghem	-	-	-	-
Eng. Maher Abdulhai ALNajar	-	-	-	-
Mr. Abdulaziz Azzam ALDhafiari	-	-	-	-



14-Information on any Loans

The following table shows the details of loans and payment status as of 31 Dec 2022

Bank Name	Nature of the Loan	Balance in 31/12/2021	New Loan	Amount paid during the year	Balance as of 31/12/2022
ALRajhi Bank	Short Term	100,870	113,870	152,153	62,379
Fransi Bank	Short Term	54,839	158,808	139,291	74,356
Saudi National Bank	Short Term	51,999	213,952	139,549	126,402
Gulf International BANK	Short Term	12,856	61,180	42,588	31,448
ABC Bank	Short Term	49,875	251,488	238,144	63,219
Riyadh Bank	Short Term	-	25,315	7,194	18,121
AL Jazeera Bank	Short Term	-	39,611	16,032	23,579
AL Arabi Bank	Short Term	-	12,094	-	12,094
SABB	Short Term	-	8,444	5,025	3,420
SIDF	Long Term	31,355	-	14,750	16,605
Total		301,586	884,762	754,726	431,623

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

There is no class and number of any convertible debt instruments or contractual securities, or preemptive rights or similar rights issued or granted by the Company during the last fiscal year.

16- A description of conversion or subscription rights under any convertible debt's instruments, or contractual based securities, warrants or similar rights issued or granted by the Company.

There are no conversion or subscription rights under any convertible debt instruments, or contractual based securities, warrants or similar rights issued or granted by the Company.

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

There is no redemption, purchase, or cancellation by the Company to any redeemable debt instruments and the value of such outstanding securities, distinguishing between those listed securities purchased by the company and those purchased by its affiliates.



18- The formation of the Board of Directors and classification of its members

The Board of Directors is composed of (8) members, have been elected by the General Assembly in its meeting held on 7th of Sept2021 for three years.

The following table shows the names of the board and the classification of membership:

Name	Membership Type	Position	Expiry of the term
Mr. Yousef Ali Z. ALQuraishi	Non-Executive	Chairman	10 th Sept.2024
Eng. Mahmoud M. ALToukhi	Non-Executive	Vice Chairman	10 th Sept.2024
Mr. Faisal Saleh Z. ALQuraishi	Non-Executive	Member	10 th Sept.2024
Mr. Fahad Saad A. ALTuwaijri	Non-Executive	Member	10 th Sept.2024
Mr. Bader Ibrahim I. ALSwailem	Independent	Member	10 th Sept.2024
Mr. Jameel Abdullah A. ALMulhem	Independent	Member	10 th Sept.2024
Mr. Sattam Abdulaziz ALZamil	Independent	Member	10 th Sept.2024
Eng. Tariq Mohamad A. ALTahini	Executive	Member	10 th Sept.2024

19- Names, Qualifications and experience of the Board, Committee Members and Executive Management

A- Board and Committee Members:

Name	Current positions	Previous positions and experience's	Qualifications
Mr. Yousef Ali ALQuraishi Chairman of the board	Managing director Ali Zaid ALQuraishi & Brothers Co.	Vice Chairman of the board Ali Zaid ALQuraishi & Brothers Co. Managing director Ali Zaid ALQuraishi marketing Co.	High school
Eng. Mahmoud M. ALToukhi Vice Chairman of the board Member of Remuneration & Nomination Committee	Chairman of the Board ALToukhi Trading Group	Assistant Project Manager of KV 132 transfer station in Riyadh, for Al Toukhi Company for Industry, Trading and Contracting	Bachelor's degree in electrical engineering, Northrop University - California, USA Master's degree of business administration, San Diego University- California, USA
Mr. Faisal Saleh ALQuraihsi Board Member Member of Remuneration & Nomination Committee	Chairman of the board Ali Zaid ALQuraishi & Brothers' Co	Managing director Ali Zaid ALQuraishi & Brothers Co	Bachelor of Science in Marketing, King Fahad University - Dhahran Master of Business Admin Pepperdine University USA



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Name	Current Positions	Previous Positions and Experiences	Qualifications
Mr. Fahad Saad ALTuwaijri Board Member	Chairman of the Board Sons of Saad Abdullah ALTuwaijri Holding Co.	General Manager of National Concrete Products Est.	Bachelor in military science, King Khalid Military College – Riyadh
Mr. Bader Ibrahim ALSwailem Board Member Chairman of Audit Committee	Chief Executive Officer YANAL Finance Co.	Deputy CEO – Saudi Orix Leasing Co. CEO, Electronic Sector – ALFaisaliah Financial Controller - ALFaisaliah Finance Manager – Saudi Chemicals Co. Accountant & Internal Auditor - SABIC	Bachelor of Accounting King Saud University - Riyadh Certified Public Accountant (CPA) , SOCPA. Certified Public Accountant (CPA) , American Institute of Certified Public Accountants
Mr. Jameel Abdullah ALMolhem Board Member Chairman of Nomination & Remuneration Committee	Managing Director Takween Advanced Industries Co.	Executive President – Shaker Group Executive President for Operation Saudi Telecommunication Co (STC). Senior Investment Manager- SABB	Bachelor of Science in Marketing, King Fahad University – Dhahran
Mr. Sattam Abdulaziz AL Zamil Board Member Audit Committee Member	Vice President – Finance AL Zamil Group	Financial Analyst – Al Zamil Group	Bachelor of accounting King Fahad University, Dhahran
Eng. Tariq Mohamad ALTahini Board Member	CEO & Managing Director	CEO – Electrical Industries Co. More than 25-year experience in leading positions at SEC	Bachelor of Science in Mechanical Engineering, King Fahad University Dhahran
Mr. Abdulaziz Saud ALShabeebi Audit Committee Member (Outside the board)	Founder of Maham Office for Zakat & Tax	Audit partner at Ernst & Young. Board member – AL Itefaq Steel Co. Audit Committee member at Masder Co. Audit Committee Member – ALFa Capital Audit Committee – Dammam Airports Audit Committee Member – Saudi Global ports Co.	Bachelor of accounting King Faisal University, Dammam Certified Public Account (CPA) American Institute of CPA Certified Public Account (CPA) , SOCPA.



B- Executive Management

Name	Current Positions	Previous Positions and Experiences	Qualifications
Mr. Medhat Adham Ghalib	Executive Vice President Finance & IT	Senior Vice President for Finance & Shared Services - EIC. Finance & Admin Manager - STC Finance Manager - STC Chief Accountant - STC. Accountant - STC Programmer at Al Nasr Clothing & Textiles Co. (Egypt).	Bachelor in accounting, Alexandria University - Egypt
Eng. Hossam A. AL Sheikh	CEO – Saudi Power TR Co	Executive Vice President Operation & Engineering – EIC Vice President Operation & Eng- EIC Plant Manager – STC Design Manager – STC	Bachelor, Electrical Engineering King Fahad University – Dhahran Master of Business Admin King Fahad University, Dhahran
Eng. Mohamad Y. Abusaada	Executive Vice President For Sales and Marketing	Sales & Market Manager- WESCOSA Sales Supervisor -WESCOSA Senior Sales Engineer - WESCOSA Sales Engineer - WESCOSA.	Bachelor, Electrical Engineering ISRA University - Jordan Master, Electrical Engineering King Fahad University - Dhahran
Eng Koen Van Peteghem	CEO – Pauwels TR Co.	General Manager – CG Holding – EPC General Manger – Transmission Sector - Pauwels International, Jakarta – Indonesia Plant Manager Power TR Factory, Pauwels - Belgium General Manager, Pauwels, Canada	MBA, Electrotechnical Eng. Ghent University – Belgium Executive MBA Ghent University - Belgium
Eng. Maher A. AL Najjar	Executive Vice President Operation & Engineering.	Vice president Operation- EIC Operation Manger - EIC. Production Manager - STC. Production Supervisor - STC.	Bachelor, Electrical Engineering, Isra University, Jordan.
Mr. Abdulaziz A. AL Dhafeeri	Vice President for HR & Administration	HR & Administration Manager ALRajhi, Industrial Sector. HR & Administration Manager - EIC. Recruitment & Employee Relation Supervisor, MARAFIQ.	Bachelor, Information Tech. Arab open University, Riyadh MBA, HR, Open University Malaysia, Bahrain. Diploma in HR, Open University Malaysia, Bahrain.



20- Names of Companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager.

Member Name	Current Membership	Inside / Outside	Previous Membership	Inside / Outside
Mr. Yousef Ali ALQuraishi	AL Quraishi Marketing Co. (LLC)	Inside	Saudi Power TR Co. (LLC)	Inside
	AL Shula General Trading Co. (LLC)	Outside	United Motors Co. (LLC)	Inside
	Safar Holdings Co. (LLC).	Outside		Inside
	Saudi Chain-link Fence Manufacturing Co (LLC).	Inside		
	Kalaam Telecom Co. (LLC).	Outside		
	Ali Zaid ALQuraishi & Brothers Co. (Joint stock).	Inside		
	Assayel Arabia for Real Estate Co. (LLC).	Inside		
	Tilad Investment Co. (LLC).	Outside		
	TICO Middle East (LLC).	Inside		
	Himmah Capital (LLC)	Outside		
	Automotive Distribution & Market Co. (LLC)	Inside		
	Starlinks for Support Services (LLC).	Inside		
	Remaal ALKhobar Real Estate Co (LLC).	Inside		
National Life & General Insurance Co (Listed)	Outside			
Saudi Vision Bank (Joint Closed).	Inside			
Eng. Mahmoud M. ALToukhi	ALToukhi Trading Group (LLC).	Inside	Amana Cooperative Insurance	Inside
	Saudi Transformers Co. (LLC).	Inside	Co. (listed)	Inside
	ALToukhi Co. for Industry, Trading & Contracting ().	Inside	Saudi Power TR Co. (LLC).	Inside
	Advanced Electrical Industry Co (Ltd).	Inside	(WESCOSA (Ltd).	Inside
	International Industrial Tools (INDICO) Ltd	Inside	ALToukhi Ozdil Co. (LLC).	Inside
			Mona Cool Co. (LLC).	Outside
Mr. Fahad Saad ALTuwaijri	Sons of Saad Abdullah ALTuwaijri Holdings Co. (Closed Joint Stock).	Inside	National Concrete Est (LLC)	Inside
	Saudi Transformers Co. (LLC).	Inside		
	Wahah Electric Supply Co – WESCOSA (LLC).	Inside		



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Member Name	Current Membership	Inside KSA/ Outside	Previous Membership	Inside KSA /Outside
Mr. Faisal Saleh ALQuraishi	Ali Zaid ALQuraishi & Brothers Co (Joint Stock) Tawkelat Financing Co. (Joint stock) United Motors Co. (LLC). Wahah Electric Supply Co, WESCOA (LLC). Automotive Distribution & Market Co. (LLC). Canon Saudi Arabia (Ltd).	Inside Inside Inside Inside Inside Inside	Saudi Air Navigation Services Co. (LLC). Saudi Power TR Co. (LLC). Saudi Transformers Co. (LLC) TECO Middle East (LLC). Eastern province chamber (GOV Authority).	Inside Inside Inside Inside Inside
Mr. Bader Ibrahim. ALSwaillem	YANAL Finance Co. (Closed Joint Stock). Amana Cooperative Insurance Co. (Listed) Houloul Co. - Semi GOVT.	Inside Inside Inside	Arabian Co. for Internet & Communication (Awal Net) LLC ALFaisaliah Group (LLC). Saudi Chemicals Co. (LLC)	Inside Inside Inside
Mr. Jameel Abdullah ALMulhem	Takaween Advanced Industries Co. (Listed) Wala Cooperative Insurance Co. (Listed) Saudi Post (GOV Authority). Saudi TELCOM Co.- STC (Listed). ALEssa for Industries (Joint Stock) Yanal Finance Co. (Joint Stock).	Inside Inside Inside Inside Inside Inside	SALECO – STC Channels Call Center Co. (LLC). Shaker Group (Listed) EMS, Dubai (LLC) New Vision Co, Jordan. VIVA, STC - Bahrain (LLC). VIVA, STC - Kuwait (LLC). AVEA – Turkey (LLC). Intigral Co. – Dubai (LLC).	Inside Inside Inside Outside Outside Outside Outside Outside
Mr. Sattam Abdulaziz AL Zamil	ALZamil Industrial Investment Co (Listed) Saudi German Co for Nonwoven products (LLC) Advance Flexible Packing Co. (LLC). Zamil Offshore Service Co. (Joint Stock) United Carton Industries Co (Joint Stock).	Inside Inside Inside Inside Inside	Methanol Chemicals Co. (Listed).	
Eng. Tariq Mohamad AL Tahini	Saudi Power Transformers Co. (LLC). Pauwels Transformers Co. (LLC).	Inside Outside		



21- The Board meetings and the attendance record.

The Following table shows the number of meetings held during 2022, their dates and the attendance record:

Name	1 st Meeting 17 March	2 nd Meeting 18 May	3 rd Meeting 30 August	4 th Meeting 31 Oct 2022	5 th Meeting 27 Dec 2022	Total
Mr. Yousef Ali ALQuraishi	✓	✓	✓	✓	✓	5
Eng. Mahmoud M. ALToukhi	✓	✓	✓	✓	✓	5
Mr. Faisal Saleh ALQuraishi	✓	x	✓	✓	✓	4
Mr. Fahad Saad ALTuwaijri	✓	✓	✓	✓	✓	5
Mr. Bader Ibrahim ALSwailem	✓	✓	✓	✓	✓	5
Eng. Tariq Mohamad ALTahini	✓	✓	✓	✓	✓	5
Mr. Jameel Abdullah ALMolhem	✓	✓	✓	✓	✓	5
Mr. Sattam Abdulaziz ALZamil	✓	✓	✓	✓	✓	5

22- General Assembly Meetings and the Board attendance

During 2022 the company held one General Assembly meeting, the attendance of the board is as per the following:

Name	Title	Ordinary General Assembly Meeting 20/4/2022
Mr. Yousef Ali ALQuraishi	Chairman of the Board	✓
Eng. Mahmoud Mohamad ALToukhi	Vice Chairman	✓
Mr. Faisal Saleh ALQuraishi	Board Member	✓
Mr. Fahad Saad ALTuwaijri	Board Member	✓
Mr. Bader Ibrahim ALSwailem	Board Member	✓
Mr. Jameel Abdullah ALMulhem	Board Member	✓
Mr. Sattam Abdulaziz ALZamil	Board Member	✓
Eng. Tariq Mohamad ALTahini	Board Member	✓



23- Shareholders Register

During the fiscal year ended on 31 Dec 2022, the Company has requested the shareholders register (3) times.

The following table show the dates of the request and the reason:

No.	Date of the request	Reason of the request
1	27/02/2022	Company procedures
2	20/4/2022	Annual General Assembly meeting
3	24/4/2022	Dividends Distribution

24- Description of any transaction between the Company and any related party

According to the information available to the company, there is no transactions concluded between the company and any related party during 2021.

25- Contracts and businesses to which the company is a party and in which a board member, senior executives or any person related to any of them has an interest in such contracts and businesses.

The following table shows the business and contracts in which the Company was a party and in which there is an interest for some of the board members during 2022.

Name of the related party	Member who has interest.	Nature of the business	Duration of Contract	Terms	Amount (SR)
Ali Zaid ALQuraishi & Partners for Electrical Services.	Mr. Yousef A. ALQuraishi Mr. Faisal S. ALQuraishi	Sale of products	One year	Without Preferential terms	320,639
Wala Cooperative Insurance Co.	Mr. Jameel A. ALMulhem	Insurance Policy	One year	Without preferential terms	286,810
Ali Zaid ALQuraishi & Partners for Electrical Services.	Mr. Yousef A. ALQuraishi Mr. Faisal S. ALQuraishi	Purchase of products	One year	Without preferential terms	616,124



26- The remuneration of the Board, Committees and Executive Management

The company prepared the "Remuneration Policy for the "the Board of directors, Committees and Executive management in accordance with the provisions of Article (61) of Corporate Governance issued by the CMA. The policy was approved by the Company's General Assembly on 24/12/2017. It is taken into considerations that the remuneration paid to members of the Board, committees and senior executives should be in line with the approved policy.

The following are the principles of the remuneration policy of board of directors, committees and senior executives as stated in the policy:

Principles of the Remunerations:

- The remuneration should be consistent with the company's strategy and objectives
- Granting remuneration with the aim of encouraging the Board members and Executives management to achieve the success of the Company in its long- term development.
- Determine the remuneration is based on job level, duties and responsibilities, educational qualifications, practical experience, skills, and level of performance.
- Take into consideration the practices of other companies in respect of determination of the remuneration, while avoiding the disadvantages of such comparison in leading to unjustifiable increases in remunerations and compensations.
- Remuneration should be based on the sector of the company business, its size and the practical experiences of the board.
- The remuneration should aim to attract talented professionals, retain and motivate them without exaggeration.
- Board members' remuneration may vary to reflect the member's experience and competences.
- The remuneration should be based on recommendation from the Remuneration & Nomination Committee.

The policy stated that the remuneration of the members of the Board of Directors and its committees should be as follows:

The remuneration of the Board of Directors and the committees consists of certain amount, attendance fees and travel expenses not exceeding what is stated in the companies Law, its executive regulations, and the company's bylaws as per the following details:

- Annual remuneration of SAR (200,000) paid to each member of the Board of Directors.
- Annual remuneration of SAR (50,000) paid to each member of the committee.
- Attendance fees of SAR (3,000) for each session for each member of the board of directors or committees
- Overnight allowance and travel allowance for members who come from outside the city where the meeting is convened.

The policy also stated that the remuneration of the Executives management should be as follow:

- A)** The company grants senior executives specific benefits based on the salary scale and the company policy. Senior executive remuneration and compensation includes the following:
- A basic salary paid at the end of each month.
 - Allowances including, but not limited to, housing, transportation, and education allowance.
 - Medical insurance for the employee and his family.



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- Other benefits include, but are not limited to, annual leave, annual travel tickets, end-of-service award according to human resources policy approved by the company.
- Annual bonus determined by performance.

The relation between the paid remuneration and the approved remuneration policy

Based on the remuneration policy mentioned earlier in this report and in view of the remuneration paid for the board and its committees and the top executives, it shows that the remunerations are in line with the approved policy and there was no material deviation from such policy.

A- The remunerations and compensations paid to the board of directors during 2022 (in Thousand)

Members Of the board	Fixed remuneration							Variable remuneration						End of Service award	Total	Expenses Allowance
	Specific Amount	Attendance allowance for board meetings	Total attendance allowances for committee meetings	In-kind benefits	Remuneration for technical & Consultancy	Remuneration of the Chairman, MD or Secretary of Board	Total	Percentage of profits	Periodic Remuneration	Short term incentive plan	Long term incentive plan	Granted shares	Total			
Independent Members																
*Eng. Talal Ahmed ALZamil	138	-	-	-	-	-	138	-	-	-	-	-	-	-	138	-
Mr. Bader Ibrahim ALSwailem	200	15	24	-	-	-	239	-	-	-	-	-	-	-	239	-
Mr. Jameel Abdullah ALMolhem	200	15	24	-	-	-	239	-	-	-	-	-	-	-	239	-
** Mr. Sattam Abdulaziz. AL Zamil	62	15	24	-	-	-	101	-	-	-	-	-	-	-	101	-
Total	600	45	72	-	-	-	717	-	-	-	-	-	-	-	717	-
None - Executives Members																
Mr. Yousef Ali ALQuraishi	200	15	-	-	-	-	215	-	-	-	-	-	-	-	215	-
Eng. Mahmoud Mohamad ALToukhi	200	15	6	-	-	-	221	-	-	-	-	-	-	-	221	-
Mr. Faisal Saleh ALQuraishi	200	12	6	-	-	-	218	-	-	-	-	-	-	-	218	-
Mr. Fahad Saad ALTuwaijri	200	15	-	-	-	-	215	-	-	-	-	-	-	-	215	-
Total	800	57	12	-	-	-	869	-	-	-	-	-	-	-	869	-
Executive Members																
Eng. Tariq Mohamad ALTahini	200	15	-	-	-	-	215	-	-	-	-	-	-	-	215	-
Total	200	15	-	-	-	-	215	-	-	-	-	-	-	-	215	-

Remarks:

The fixed amount in the above table represents the annual remuneration based on the period spent by the member at the board membership for year 2021 which was disbursed after the approval of the General Assembly meeting on 20 April 2022.

*His membership ended on 9th Sept 202

**His membership started on 10th Sept 2021

The Annual remuneration for the year 2022 will be disbursed after the General Assembly approval in 2023.



B- Remunerations and compensations paid to the Committees members during 2022.

Name	Fixed remunerations (Excluding session attendance allowances)	Session attendance allowance.	Total
Audit committee			
Mr. Bader Ibrahim ALSwailem	50,000	24,000	74,000
Mr. Sattam Abdulaziz ALZamil	50,000	24,000	74,000
*Mr. Jameel Abdullah ALMolhem	34,521	-	34,521
**Mr. Abdulaziz Saud ALSabeebi	15,497	24,000	39,497
Total	150,000	72,000	222,000
Remuneration & Nomination Committee			
*Mr. Jameel Abdullah ALMulhem	15,479	6,000	21,479
Eng. Mahmoud Mohamad ALToukhi	50,000	6,000	56,000
Mr. Faisal Saleh ALQuraishi	50,000	6,000	56,000
**Eng. Talal Ahmed AL Zamil	34,521	-	34,521
Total	150,000	18,000	168,000

* His membership at Audit Committee ended on 9th of Sept2021

** His membership sat Audit Committee started on 10th Sept2021

* His membership at Remuneration & Nomination Committee started on 10^h Sept2021

** His membership at Remuneration& Nomination Committee ended on 9th Sept2021

C- Remuneration of Senior Executives during 2022.

The following table shows the remuneration paid to Six Senior Executives, including the CEO and CFO for the year ended in 31 December 2022 (amounts in thousands, SR):

Senior Executives	Fixed Remuneration				Variable Remuneration						End of services award	Total Remuneration For Board Executives If any	Total
	Salaries	Allowances	In-kind benefits	Total	Periodic Remuneration	Profits	Short Term Incentives Plan	Long term incentive plan	Shares granted	Total			
Six Senior Executives													
Total	5,779	1,882	-	7,661	1,514	-	-	-	-	9,175	-	200	9,375



27- Waiver of Remuneration

No members of the board of directors or senior executives of the company has made any waiver of any remuneration.

28- Waiver of dividends

No shareholder of the Company has waived any rights to dividends.

29- Paid and Outstanding Statutory Payment during 2022

The below table shows the values of the paid and outstanding statutory payments and a brief description:

Statement	2021		A brief description	Reasons
	Paid during the year	Due and not paid at the end of the year		
Zakat	13,994	16,881	The amount recorded as an expense to the period pursuant to Zakat provisions.	Regulatory Payment
VAT	88,909	12,664	The amounts recorded as an expense to the period pursuant to Income Tax Law.	Regulatory Payment
GOSI	8,795	828	The amounts recorded as an expense to the period pursuant to Social Insurance regulation.	Regulatory Payment
Labor Office & passport	1,010	-	Expenses as per Labour Law.	Regulatory Payment
Customs Fees	10,618	-	The amount recorded as an expense for the period as per Saudi Customs regulation.	Regulatory Payment



30- A statement of the value of any investment made or any reserves set up for the benefit of the employees of the Company.

There are no investments or reserves established for the benefit of the company's employees.

31- The Board of Directors declarations.

The Board of directors acknowledges the following:

- The accounting records were properly prepared.
- The internal control system was founded and implemented effectively.
- There are no doubts on the company's ability to continue business.

32- The External Auditors report reservations of the annual financial statement.

The auditor's report shows that the consolidated financial statements are free from any material misstatements and any reservation towards it.

33- The Board of Directors recommendation to replace the External Auditor before the end of its term.

The board of directors has not issued a recommendation to change the external auditor before the expiry of the term which he was appointed.

34- The Audit Committee's recommendation on the need for appointing an Internal Auditor

The company has already appointed an Internal auditor and there is no recommendation from the Audit committee.

35- The Audit Committee's recommendations conflict with the Board resolutions with regard to the appointment of the external auditor and determination of his fees.

There is no conflict between the recommendations of the audit committee and the resolution of the board of directors, which included the appointment of the external auditor and determination of his fees.



36- A brief description of the competencies and duties of the committees.

A- Audit Committee

The Audit Committee consists of three members and was appointed by the General Assembly in its meeting held on 7th Sept 2021 , for three years.

The following table lists the committee members, their membership type and their attendance in the meetings held during 2022.

Name	Position	Audit Committee Meeting during 2022									Total
		16 /3	30 /3	27/4	26/5	29/6	10/8	17/8	30/10	29/11	
Mr. Bader ALSwailem	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Sattam AL Zamil	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Abdulaziz AL Shabeebi	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

Audit Committee's main tasks.

- 1- Analyzing the Company's Interim and annual financial consolidated statements before presenting to the board and providing its opinion and recommendation to ensure their integrity, fairness, and transparency.
- 2- Providing its technical opinion as per request from the board regarding whether the board's report and the company's financial statement are fair, balanced, and understandable.
- 3- Investigate accurately any issues raised by the Company CFO or the External auditor.
- 4- Reviewing the accounting estimates in respect of significant matters that are contained in the financial statements.
- 5- Reviewing the accounting policies adopted by the Company and providing its opinion and recommendation to the board thereon.
- 6- Study and review the Company's internal and financial control systems and risk management system.
- 7- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- 8- Monitoring and overseeing the performance and activities of the Internal auditor and internal audit department.
- 9- Recommend to the board on the nomination or termination of services and fees of the external auditors,
- 10- Ensuring the independence of the external auditor, its objectives, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- 11- Reviewing the plans of the External auditor and its activities and ensuring that it does not provide any technical or administrative works that are beyond its scope of work and provide its opinion thereon.
- 12- Reviewing the external auditor's reports and its comments on financial statements and following up the procedure taken in connection therewith.
- 13- Ensuring the company's compliance with the relevant laws and regulations, policies, and instructions.
- 14- Reviewing the findings of reports of the supervisory authorities and ensuring that the company has taken the necessary action in connection therewith.
- 15- Reviewing the contacts and transactions that company intends to conclude with the related parties and provide its recommendation to the board in connection therewith.



B- Remuneration and Nomination Committee:

The Remuneration and Nomination Committee consists of three members was appointed by the board at the start of the current board term which started on 10th Sept 2021.

Name	Membership	First Meeting 31/01/2022	Second Meeting 30/12/2022	Total
Mr. Jameel A. ALMulhem	Chairman	✓	✓	2
Eng. Mahmoud M. ALToukhi	Member	✓	✓	2
Mr. Faisal S. ALQuraishi	Member	✓	✓	2

Remuneration and Nomination committee's main task:

- 1- Preparing a clear policy for remunerations of the board and its committees and the executive management and presenting such policy to the board in preparation for approval from the general assembly.
- 2- Clarifying the relation between the paid remunerations and the adopted policy and highlighting any material deviation from that policy.
- 3- Periodical review of the remuneration policy and assessing its effectiveness in achieving its objectives.
- 4- Recommend to the board in respect of the remuneration of its members, committee members and senior executives.
- 5- Suggesting a clear policies and standards for membership of the board and executive management.
- 6- Recommend to the board for the nomination or re- nomination of its members in accordance with the approved policy.
- 7- Preparing a description of the capabilities and qualifications required for membership of the board and executive management positions.
- 8- Annual review of the skills and expertise required of the board members and the executive management.
- 9- Review the structure of the board and executive management and provide recommendation regarding changes that may be made to such structure.
- 10- Annually ensuring the independence of independent directors and the absence of any conflicts of interest if a board member also acts a member of the board of directors in another company.
- 11- Provide job description for the executive, non – executive and independent directors and senior executive management.
- 12- Setting procedures to be followed if the position of a member of the board or senior executive becomes vacant,
- 13- Determine the strengths and weakness of the board and recommend solutions.



37- Any punishment, penalties, precautionary procedures, or preventive measures imposed on the Company.

There are no penalties, disciplinary actions, precautionary measures, or restrictions imposed on the company by the competent body or by any other supervisory organization or legal body.

38- The results of the Annual review of the effectiveness of the internal controls procedures of the Company.

The internal audit department carries out planned audits to verify the effectiveness of the internal control system in protecting the company's assets, assessing business risks, measuring performance efficiency and the integrity of financial reports. The Audit Committee also confirmed that the Internal Audit department had implemented the agreed audit plan, and the external auditor had completed his work professionally and independently and had accessed all the data and documents required to perform his duties.

The Audit committee has also reviewed the procedures taken by the Internal Audit Department and the management to study the observations and to correct them in coordination with the concerned departments. The internal audits referred to did not show any fundamental weakness in the company's internal control systems. The Audit Committee periodically informs the Board of Directors of the activities and functions of the Committee.

39- Communication with the shareholders'

The company gives great attention to its shareholders by informing them of the company's performance and activities during the year through the annual board report, as well as constantly informing them of any major developments that have an impact on its financial position and to the extent that it does not harm the interests of the company to enable them to exercise their rights and make sound decisions. The disclosure of information through (Tadawul) website and the company's website shall be in accordance with the approved disclosure policy.

40- The procedures taken by the board to inform its members, especially the none executives of the shareholder's suggestions and remarks on the company and its performance.

The Board of Directors is being informed of the inquiries and suggestions of the shareholders about the company and its performance, especially those received during General Assembly meetings. All questions and inquiries are answered during the meetings and recorded in the minutes of meeting. The board of director's charter also stipulates that member of the board must attend general assembly meetings and not be absent except with a legitimate excuse, in order to listen to the comments of the shareholders and their suggestions about the company and its performance.



41- Disclosure of the details of treasury shares held by the Company and the details of the use of such shares.

No of treasury shares retained by the Co.	Value	Date of retaining	Details of usage
500,000	SR 9,861,621	15/10/2019	The shares will be allocated to the incentive's shares program

42-Information related to any competing business, or any branches of activity practiced by the company and practiced or used by any member of the Board of Directors, including the names of those concerned with the competing business and the nature and conditions of these businesses.

The following table shows the information related to the competing business of the board members.

Name of the competing Co.	The concerned person for Competing business	Nature of business	Terms of the business
Ali Zaid ALQuraishi& Partners for Electrical Services	Mr. Yousif A. ALQuraishi Mr. Faisal S. ALQuraishi	Trading in Switchgears, Transformers and Substations	It does not include any special terms or preference



43- Governance of the Company

The company is complying with all the provision stated in the corporate governance manual issued by CMA except for the following articles:

Article Number	Description of the article	Explanation
Article (37) Paragraph 2 Training	Setting the necessary mechanisms for each of the members of the Board, members of committees and executive management to obtain training programs and courses.	Guiding Article
Article (39) Assessment of the Board	The means used by the board to assess its performance, its members and committees and the external body which conducted the assessment and its relationship with the company.	Guiding Article The board will study in the future to comply with this article.
Article (67) Formation of Risk Management Committee	The board shall by resolution form a committee to be named "risk management committee"	Guiding Article The board has formed an internal committee from the management to identify the risks encountering the company and to set out the required controls and procedures that mitigate such risks. The committee shall submit periodical reports for its activities to the audit committee.
Article (84) Social responsibly	The General Assembly, based on the board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for the purposes of developing the social and economic conditions of the community	Guiding Article The Board does not see a need for that as it has adopted a policy to regulate the relationship with stakeholders, which includes the social responsibility of the company, and the policy has stated that the company's responsibility towards society is not limited to the sale of products but extends beyond that. The company is keen to provide its customers with high quality products with the highest levels of safety.
Article (85) Social Initiatives	The board shall establish programs and determines the necessary methods for proposing social initiatives by the Co.	Guiding Article
Article (92) Formation of Corporate Governance Committee	If the board form a Governance committee, it shall assign to it the competences stipulated in article 94	Guiding Article As per Article 50 of the Corporate Governance Regulations, which stipulates that the Board shall form specialized committees according to the company's needs and circumstance so that it can perform its functions effectively, therefore the Board deems that there is a need to form a specialized committee for governance, as the work of the Board and its committees are among the main components of governance, each of which contributes to the achievement of its objectives.



44-The Board recommendation to the General Assembly

- 1- Review and discuss the Board of Directors Report for the fiscal year ending on 31/12/2022.
- 2- Review and discuss the Company's consolidated financial statements for the fiscal year ending on 31/12/2021.
- 3- Voting on the Auditors Report for the fiscal year ending on 31/12/2021
- 4- Voting on the appointment of external auditors from among the candidates recommended by the Audit Committee to audit the company's annual financial statements for the second, third quarter, annual financial statements for the fiscal year 2023 and the first quarter of year 2024 along with determining their fees.
- 5- Voting on the Board of Directors recommendation not to distribute cash dividends to the shareholders for year 2022.
- 6- Voting on the discharge of the Board of Directors members for the fiscal year ending on 31 December 2022
- 7- Voting on the disbursement of an amount of SAR (1,600,000) as a remuneration for the Board Members for the year ending on 31 Dec.2022
- 8- Voting on the business and contracts concluded between the Company and ALQuraishi Co. for Electrical Services, in which the Chairman of the Board, Mr. Yousef A. ALQuraishi and the board member Mr. Faisal S. ALQuraishi have an interest. The nature of these contracts is for sale of products, without special terms or preference. The total amount during 2022 has reached SR (320,639) .
- 9- Voting on the business and contracts concluded between the Company and Wala Cooperative Insurance Co, in which the board member, Mr. Jameel A. ALMulhim has indirect interest. The nature of business is Insurance policy, without special terms or preference. The total amounts of the contract during 2022 have reached SR (286,810)
- 10- Voting on the contracts concluded between the Company and ALQuraishi Co. for Electrical Services, in which the Chairman of the Board, Mr. Yousef A. ALQuraishi and the board member Mr. Faisal S. ALQuraishi have indirect interest. The nature of the business are the purchase of products, without special terms or preference. The total amount of the contracts during 2022 has reached SR (616,124)
- 11- Voting on the participation of the Chairman of the Board, Mr. Yousef Ali ALQuraishi in a business that competes with the business of the company.
- 12- Voting on the participation of the board member, Mr. Faisal Saleh ALQuraishi in a business that competes with the business of the company.

In conclusion, the Board of Directors extends its sincere thanks to our wise government for its continuous support for all sectors of the national economy. The Board also thanks the Capital Market Authority, Tadawul and all relevant authorities for their cooperation in serving the business sector.

The board also appreciates the efforts of all the employees of the company and urges them to continue, and also extending their thanks to the company's clients inside and outside the Kingdom for their confidence in the company and its products and the constant support for it.