

**ElSewedy Electric S.A.E**  
**Board of Directors report for the period from 1<sup>st</sup> of January 2023 and ending on 31/12/2023**  
**Attached with the standalone financial statements**  
**(prepared in accordance with article 40 of the listing rules)**

In preparing the report of its Board of Directors prepared for presentation to the General Assembly, the company is committed to the data included in Appendix No. 1 attached to the executive regulations of Law No. 159 of 1981, in addition to what is stated in the following form:

Company Name	Elsewedy Electric		
Company Purpose	The company's purpose is to establish and operate a factory for the production of electrical cables, electrical poles, towers, transformers, electrical circuit breakers, and all accessories for connections or terminations for insulated and non-insulated copper and aluminum conductors at low, medium, and high voltage, and to produce plastic granules (PVC) in its various forms and derivatives, and to design, construct, manage, operate, and maintain generating stations. Electricity from various sources and distribution networks.		
Company's term	25 years	EGX listing date	18/5/2006
Company's law	No. 72 for year 2017	Par value	EGP 1
Authorized Capital	5,000,000,000	Issued Capital	2,170,777,876
Paid up Capital	2,170,777,876	No. and date of commercial register	
IR	Noha Agaiby		
Head office address	Plot 13C03 - Cairo Festival City- Fifth settlement- New Cairo - Cairo		
Telephone No	27599700/701	Fax	27599731
Website	<a href="http://www.elsewedyelectric.com">www.elsewedyelectric.com</a>		
E-Mail	<a href="mailto:Noha.Agaiby@elsewedy.com">Noha.Agaiby@elsewedy.com</a>		

**Auditor:**

Auditor's Name	Mohamed Tarek Mostafa Nagy (Partner in KPMG Hazem Hassan and partners)		
Hiring Date	28/12/2021		
Authority registration number	392/2005	Date of registration with the Authority	5/2005

**Shareholders General Assembly**
**Shareholders Structure**

Holders of 5% or more of the company's shares	Number of shares	%
Sadek Ahmed Sadek Elsewedy	546,502,820	25.175%
Ahmed Ahmed Sadek Elsewedy	546,252,820	25.164%
Mohamed Ahmed Sadek Elsewedy	385,602,690	17.763%
<b>Total</b>	<b>1,478,358,330</b>	<b>68.103%</b>

Board Member ownership	No. of Shares	Percentage %
Sadek Ahmed Sadek Elsewedy	546,502,820	25.175%
Ahmed Ahmed Sadek Elsewedy	546,252,820	25.164%
Mohamed Ahmed Sadek Elsewedy	385,602,690	17.763%
Amr Mohamed Ahmed Labib	84,500	0.004%
Azza Ahmed Sadek Elsewedy	64,916,280	2.99%
Sherif Samy Ebada Youssef	Non	0%
Abdelrahman Ahmed Ahmed Sadek Elsewedy	604,300	0.028%
Ahmed Sadek Ahmed Sadek Elsewedy	Non	0%
Ahmed Saad Eldein Abdou Abou Hendia	Non	0%
Shahinaz Nabil Amin Foda	Non	0%
<b>Total BoD ownership</b>	<b>1,543,963,410</b>	<b>71.125%</b>

Treasury shares	No. of treasury shares as per a previous disclosure	Percentage %
<b>Total Treasury shares</b>	<b>30,000,000</b>	<b>1.382%</b>

- The board approved in its meeting dated 22/6/2023 the cancellation of treasury shares and the financial regulatory authority approved the cancellation. The execution will be done once the procedures are completed.

#### Board of Directors

Name	Title	Representation Entity	Executive/ non/ independent
Sadek Ahmed Sadek Elsewedy	Chairman	Non	Non-Executive
Ahmed Ahmed Sadek Elsewedy	CEO	Non	Executive
Mohamed Ahmed Sadek Elsewedy	Board member	Non	Executive
Amr Mohamed Ahmed Labib	Board member	Non	Executive
Sherif Samy Ebada Youssef	Board member	Non	Non-Executive
Azza Ahmed Sadek Elsewedy	Board member	Non	Non-Executive
Abdelrahman Ahmed Ahmed Sadek Elsewedy	Board member	Non	Executive
Ahmed Sadek Ahmed Sadek Elsewedy	Board member	Non	Non-Executive
Ahmed Saad Eldein Abdou Abou Hendia	Board member	Non	Independent
Shahinaz Nabil Amin Foda	Board member	Non	Independent

#### Changes for the board of directors throughout the year:

Nothing changed

#### Board of directors' meetings:

**Number of the board of directors' meetings in the period of 1 January 2023 to 31 December 2023: 5**

## **Audit, Compliance and Risk Committee**

### **The latest Structure of the Audit, Risk and compliance Committee:**

<b>Name</b>	<b>Representation Entity</b>
Ahmed Saad Eldein Abdou Abou Hendia	Committee Chairman
Sadek Ahmed Sadek Elsewedy	Member
Shahinaz Nabil Amin Foda	Member

### **Audit, Compliance and Risk Committee Responsibilities:**

#### **1. Financial Reports**

Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:

- Complex or unusual transactions and highly judgmental areas.
- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the group's selection or application of accounting principles.
- Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements.
- Review with management and the external auditor the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the external auditor's activities or on access to requested information, and any significant disagreements with management.
- Discuss the annual audited financial statements and quarterly financial statements with management and the external auditor, in addition to related announcements to the group's financial performance.
- Discuss earnings press releases. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made). The Committee does not need to discuss each release in advance.

#### **2. Internal control**

Review the adequacy, and effectiveness of the group's internal controls, with the group's Chief Internal Auditor (CIA), the group's Chief Financial Officer (CFO), and any other relevant parties. Including whether the group's management is communicating the importance of internal controls, evaluating the security of the computers' systems and applications, and any contingency plans for recovering the financial and other information in the event of a breakdown in the company's information systems.

### 3. Internal audit

- Review and approve the internal audit charter.
- Review with the group's CIA the preparation, execution, and results of the group's annual internal audit plan, as well as any activities conducted outside the annual plan.
- Review with the CIA and then report to the Board about the adequacy of the charter, plans, activities, staffing, and organizational structure of the internal audit department.
- Ensure that the Internal Audit Department maintains its independence and there are no unjustified restrictions or limitations on the Internal Audit scope of work.
- Review the effectiveness of the Internal Audit department, including compliance with The IIA's International Standards for the Professional Practice of Internal Auditing.
- Review and approve the appointment and change of the Chief Internal Auditor and annually review the performance of the Internal Audit Department.

### 4. External audit

- Review the external auditors' proposed audit scope and methodology, including coordination of the audit works with the internal audit.
- Review the external auditor's terms of service and notify the board of directors and the General Assembly with the committee's recommendations regarding the fees and the terms of service that will be provided by the External Auditor.
- An annual evaluation of the company's external auditor's qualifications, independence, and performance, and to submit a report to the Board of Directors and the General Assembly of the company's shareholders with the opinion of the committee regarding the independence and performance of the external auditor. The report shall include the committee's recommendations regarding the reappointment or dismissal of the company's external auditor. In case the Board of Directors does not agree on the evaluation and recommendations of the committee, the committee must submit its report to the general assembly of shareholders and to include it in its meeting agenda.
- Review the issues and obstacles that the company's external auditor encountered while performing his duties in the group, including any restrictions on the scope of work or the accessibility to the information or the people, or any disputes with the company's management or members of the internal audit department or the financial control department.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors that clarify the relationships between the auditors and the company, its management, its shareholders, or any of its affiliates including providing non-audit services, and to discuss the relationships with the company's External Auditors.
- Regularly, meet separately with the External Auditors to discuss any matters that the Committee or Auditors believe should be discussed clandestinely.
- Review in advance the terms of all non-audit services proposed by the company's management to be performed by the External Auditor, assess such services in accordance with the company's policy regarding the independence of the External Auditor, and to report to the Board the

Committee's opinion as to whether or not the company should engage the External Auditor to perform such services.

## 5. Compliance

Review the compliance control system's effectiveness with internal and external laws and regulations and the results of management's investigation and follow-up (including disciplinary actions) of any cases resulting from non-compliance or fraud.

Ensure that procedures are in place to:

- Receive, retain, and process the received complaints/cases related to accounting matters, internal control procedures, or audit-related matters.
- Confidential or anonymous reporting by employees regarding suspicious cases related to accounting or auditing.
- Review the results of any audits conducted by regulatory bodies and any observations by auditors.
- Reviewing the process of spreading the rules of the ethical code of conduct to the company's employees, and monitoring compliance with it.
- Obtaining periodic updates from management and the company's legal advisor regarding compliance issues.

## 6. Reports preparation responsibility

- Regularly report to the Board of Directors about Committee activities and issues that arise concerning the quality or integrity of the company's financial statements, the company's compliance with laws or regulatory requirements, the performance and independence of the company's External Auditors, and the performance of the Internal Audit Department.
- Provide an open channel of communication between the Internal Audit, the External Auditor, and the Board of Directors.
- Submitting an annual report to the company's shareholders, specifying the composition and responsibilities of the committee and how it is implemented, and any other information required.
- Review any other reports that the company issues that are related to the committee's responsibilities.

## 7. Other responsibilities

- Perform other activities related to committee's charter based on a request from the company's Board of Directors.

- Review and evaluate the adequacy of the committee's charter annually, requesting board approval for proposed changes, and ensure disclosure in an appropriate manner in accordance with the requirements of rules and laws.
- Annual confirmation that all responsibilities outlined in the committee's charter have been carried out.
- Reviewing with the company's management and any other parties, according to the committee's vision, the details of any investigations, audits, or inquiries made by a public regulatory authority regarding the implementation of the company's activities or preparing the company's financial statements and submitting a report to the board of directors with the evaluation results.
- Review the programs established by the company's management to monitor compliance with the code of business ethics and conduct for the top management, and the employees.
- Review any management decision to seek a second opinion from Independent External Auditors other than Elsewedy Electric Group and its subsidiaries' External Auditors regarding any significant accounting matters.
- The committee shall conduct an annual performance evaluation itself based on the committee chairman's recommendation.

The committee submits at least quarterly reports directly to the company's Board of Directors. The company's Board of Directors and the relevant parties should respond to the committee's recommendations within fifteen days from the date of notification. The Committee Chairman should notify the stock exchange and the Financial Supervision Authority in case of failure to respond within sixty days to the fundamental observations that are submitted to the board.



**Committee duties throughout the period of January 1 2023 to December 31 2023:**

Number of times the audit committee meets	<b>4</b>
Have the committee's reports been presented to the company's board of directors?	<b>yes</b>
Did the committee's reports include essential observations that must be addressed?	<b>None</b>
Has the Board of Directors addressed the essential observations?	

**Company's employee's data:**

The average number of employees in the group during the financial period from January 1, 2023 to December 31, 2023	<b>19,056</b>
Average worker income during the financial period from January 1, 2023 to December 31, 2023	<b>28,285 EGP</b>

**The reward and motivation system for the company's employees and managers (if any):**

Nothing

**Violations and procedures related to the capital market law and listing rules:**

(A presentation of the measures taken against the company or the members of its board of directors or managers by the Authority or the Stock Exchange, which are related to violations of the Capital Market Law, its executive regulations, and listing rules during the year, with a statement of their reasons and how to address them and avoid their recurrence in the future, "if any").

nothing

**A statement of details of transactions carried out with related parties**

(It must include all compensation contracts concluded by the company with one of its founders or its main shareholders and groups associated with them during the previous year, the value of each contract, its conditions and details, and the date of the general assembly's prior approval for each contract)

Nothing

A statement of the commitment of internal personnel (including members of the Board of Directors, major shareholders, and managers) and groups associated with them to disclose to the Board of Directors all information related to any case of conflict of interest and any material interests or transactions that affect the company's activity or interests.

There are no reported cases

**The company's contribution during the year to community development and environmental preservation**

The company's policy of supporting social and environmental responsibility is explained in the sustainability report published on the official website of the United Nations 2030 Program.

<https://www.unglobalcompact.org/what-is-gc/participants/128851-Elsewedy-Electric->

## **Community development**

### **Social Responsibility**

#### **United Nations Global Compact Initiative**

##### **Contributing to improving the quality of education**

El Sewedy Technical Academy – Egypt

Elsewedy Technical Academy was established with the aim of contributing to finding practical solutions to overcome the following challenges:

- Weak education and vocational training programs in the Egyptian market
- Following traditional methods in technical education and training
- The current shortage of skilled workers in the field of electrical industries
- High prices for vocational training programs for students
- The spread of globalization and the attraction of workers from abroad
- Increased reliance on information and communications technology and the Internet in carrying out all work

**Key financial indicators for the period starting from January 1, 2023 and December 31, 2023:**

- Elsewedy Electric Company - an Egyptian joint stock company under the internal investment system - established in accordance with the provisions of Investment Law No. 72 of 2017 and its executive regulations. The company was registered in the commercial registry under No. 14584 on June 1, 2005.
- The company's purpose is to establish and operate a factory to produce electrical cables, electrical poles, towers, transformers, electrical breakers, and all accessories for connections or terminations for insulated and non-insulated copper and aluminum conductors at low, medium, and high voltage, and to produce plastic granules (P.V.C) in all its forms and derivatives, and to design, construct, manage, operate, and maintain electricity generation stations. Regardless of their sources and distribution networks.

**Elsewedy Electric's business portfolio includes 5 main business sectors:**

1. Wires and cables: wires, cables, wire coils, special cables, cable supplies, high voltage lines, fiber optic cables and insulators.
2. Electrical products: transformers and fiberglass.
3. Construction (electrical and civil): for power generation, transmission and distribution projects, civil construction, public works and water treatment plants.
4. Smart infrastructure: energy management solutions, communications networks, data center solutions, and government solutions.
5. Investment in infrastructure: development of industrial and logistics projects and investment in energy, water and facilities management projects.

Elsewedy Electric's long list of regional and international clients and its distinguished history of work with regional government entities and industrial giants in the world represent a global testimony to the company's exceptional quality, speed in performance and accuracy in providing services.

On the other hand, Elsewedy Electric owns various factories in 31 countries, employing more than 17,000 employees, and the group exports its products to more than 110 countries around the world. Therefore, Elsewedy Electric is one of the leading companies in the world of electricity and energy around the world, through the advanced and environmentally friendly technological solutions it provides that are characterized by superior quality and cost efficiency. The company also operates in a wide geographical scope and enjoys a strong presence in the Middle East and Africa region.

Elsewedy Electric focuses on energy sector services based on its strong capabilities and capabilities in providing integrated energy solutions, in addition to the superior production capabilities of the company's wires and cables sector, whose annual capacity reaches 280 thousand tons.

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The energy transmission and distribution sector at Elsewedy Electric represents one of the most important leaders in the Egyptian market, as it has a long record of achievements and quickly implemented projects, in addition to its clear footprint in 17 countries in the Middle East and Africa, such as Angola, Egypt, Ethiopia, Ghana, Kuwait, the United Arab Emirates and Zambia.

**Standalone income statement for the period ending December 31, 2023:**

Description	31-Dec-2023	31-Dec-2022
Construction Revenue	9 115 332 173	7 671 179 052
<b>Total Revenue</b>	<b>9 115 332 173</b>	<b>7 671 179 052</b>
Construction cost	(7 825 003 297)	(6 436 940 115)
Service cost	( 289 998 701)	
<b>Total Cost</b>	<b>(8 115 001 997)</b>	<b>(6 436 940 115)</b>
<b>Gross Profit</b>	<b>1 000 330 104</b>	<b>1 234 238 937</b>
General & Administrative expenses	( 915 382 066)	(483 844 791)
Selling and Marketing expenses	( 40 492 602)	( 28 822 356)
Other Expense	(1 093 950 448)	( 518 535 452)
Gain/Loss on Investments Available for Sale		3 846 446
Other operating income	705 091 294	791 607 708
<b>Operating activities net profit</b>	<b>( 344 403 718)</b>	<b>998 490 492</b>
Finance income	1 900 677 508	571 274 257

Finance cost	( 389 624 369)	( 415 461 656)
<b>Net Finance Income/Cost</b>	<b>1 511 053 139</b>	<b>155 812 601</b>
Dividends	1 820 041 845	1 762 154 006
<b>Profit before income tax</b>	<b>2 986 691 266</b>	<b>2 916 457 100</b>
Income Tax	( 636 393 774)	( 365 226 076)
<b>Gain / Loss for the year</b>	<b>2 350 297 564</b>	<b>2 551 231 024</b>

**Proposed dividends distribution for the period ends in December 31, 2023:**

<b>2023 Dividend distribution statement</b>	<b>31/12/2023 EGP</b>
Net profit for the year	2 350 297 564
Legal reserve	(117 514 878)
Retained profits from previous year	5 334 305 264
<b>Total Earnings available to distribution</b>	<b>7 567 087 950</b>
<b>Distributed as following: -</b>	
Employees distributions	167 736 056
Shareholders' share (0.50/share after deducting Treasury shared (30 000 000) and employees shares ( 1 422 160)	1 069 677 858
<b>Retained profits for next year</b>	<b>6 329 674 036</b>
<b>Shares eligible for distribution 2023</b>	<b>Number of shares</b>
Total number of issued shares	2 170 777 876
Treasury shares and employees shares	31 422 160
Total number of eligible shares	2 139 355 716

**Key financial indicators for the year ends in December 31, 2023 (consolidated financials):**

1. Revenues recorded EGP 152.2 Bn in 2023 compared to EGP 92.2 bn in 2022.
2. Net income recorded EGP 10.2 Bn in 2023 compared to EGP 5.4 bn in 2022.

**Revenues summary in 2023 from the different sectors compared to 2022:**

Sector	Year ends in December 31, 2023 EGP MN	Year ends in December 31, 2023 EGP MN	Percentage change (+ / -)
Cables and raw materials	82,421	43,710	88.6%
Electrical products	16,282	9,101	78.9%
Turnkey	53,483	39,357	35.9%
Total revenues	152,483	92,168	65.1%

**Donations statement:**

Donations throughout the period of January 1, 2023 to December 31, 2023 recorded EGP 39,007,548 compared to EGP 40,505,811 in the period of January 1, 2022 to December 31, 2022.

**Stocks and bonds issued during the year:**

None

**Legal representative of the company**

Name: Mr. Sadek Ahmed Sadek Elsewedy

Date: 12/3/ 2024

Signature:



**Company's stamp**

