

NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

National Gypsum Company
(A Saudi Joint Stock Company)
Financial statements for the year ended December 31, 2023

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National Gypsum Company
(A Saudi Joint Stock Company)
Statement of financial position as of 31 December 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	December 31, 2023	December 31, 2022, restated (Note 24)	January 1, 2022 Restated (Note 24)
Assets				
Non-current assets				
Property, plant and equipment- net	5	211,049,467	219,424,481	265,666,520
Investments in associates	6	33,920,879	34,214,671	34,035,624
Investments in equity instruments at fair value through other comprehensive income	7	33,155,510	31,364,650	35,281,072
Right to use assets	9	6,437,033	6,980,569	7,524,101
Total non-current assets		284,562,889	291,984,371	342,507,317
Current assets				
Inventories- net	10	20,121,267	21,039,191	25,986,073
Financial assets held at fair value through profit and loss	8	41,550,919	10,089,515	10,000,000
Trade receivables – net	11	26,457,960	21,439,753	17,859,190
Prepaid expenses and other debit balances	12	24,371,904	5,297,024	6,010,414
Cash and cash equivalents	13	9,184,021	49,849,442	87,975,714
Total current assets		121,686,071	107,714,925	147,831,391
Total assets		406,248,960	399,699,296	490,338,708
Shareholders' Equity and liabilities				
Shareholders' Equity				
Share capital	14	316,666,667	316,666,667	316,666,667
Statutory reserve	15	95,000,001	95,000,001	95,000,001
Evaluation reserve for investments at fair value through other comprehensive income		12,321,824	11,224,152	17,047,150
Re-measurement reserve of employee defined benefits		(395,523)	316,395	498,487
(Accumulated losses) \ Retained earnings		(61,449,339)	(66,576,873)	33,198,366
Total shareholders' equity		362,143,630	356,630,342	462,410,671
Non-current liabilities				
Lease obligations	9	5,537,744	6,130,654	6,723,564
Employees' defined benefits obligations	16	4,616,069	3,588,133	3,148,331
Total non-current liabilities		10,153,813	9,718,787	9,871,895
Current liabilities				
Trade payables	17	1,554,472	2,016,299	3,241,040
Accrued expenses and other credit balances	18	28,802,978	27,819,757	10,774,302
Lease obligations - current portion	9	592,909	592,909	610,696
Zakat provision	19	3,001,158	2,921,202	3,430,104
Total current liabilities		33,951,517	33,350,167	18,056,142
Total liabilities		44,105,330	43,068,954	27,928,037
Total shareholders' equity and liabilities		406,248,960	399,699,296	490,338,708

Financial Manager



Chief Executive Officer



Chairman of the Board of Directors



The accompanying notes an integral part of these financial statements.



National Gypsum Company
(A Saudi Joint Stock Company)

Statement of profit or loss and other comprehensive income for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2023	2022 Restated (Note 24)
Net revenue	20	51,892,213	54,737,007
Cost of revenues		(43,288,914)	(47,010,650)
Gross profit		8,603,299	7,726,357
Selling and marketing expenses	21	(3,981,264)	(4,247,940)
General and administrative expenses	22	(9,336,553)	(8,219,214)
(Loss) from operation		(4,714,518)	(4,740,797)
Company's share from results of investment in associate	6	2,999,070	2,520,552
Unrealized gains on investments at fair value through profit or loss		146,404	89,515
Dividends from investments in equity instruments at fair value	7, 8	1,735,564	1,224,693
Financing costs		(208,761)	(122,511)
Provision for expected credit losses	11	(650,355)	(3,107,003)
Provision for slow moving items	10	(755,279)	-
Gain from Land expropriation compensation	5	8,109,386	-
Other income, Net		2,712,473	613,908
Net profit \ (loss) of the year before zakat		9,373,984	(3,521,643)
Zakat	19	(3,001,158)	(2,921,202)
Zakat differences from previous years		(1,245,292)	-
Net profit \ (loss) for the year		5,127,534	(6,442,845)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Unrealized gains \ (losses) in equity investments at fair value through other comprehensive income	7	1,790,860	(4,770,749)
The Company's share in the comprehensive income of associates - Unrealized gains \ (losses) in equity investments at fair value through other comprehensive income	6	(693,188)	(1,435,557)
(Losses) of re-measurement of employees' defined benefit obligations	16	(711,918)	(182,092)
Total comprehensive income \ (loss) for the year		5,513,288	(12,831,243)
Basic and diluted earnings \ (losses) per share for the year:	23		
Of the net profit \ (loss)		0.16	(0.20)
Weighted average number of shares		31,666,667	31,666,667

Financial Manager



Chief Executive Officer



Chairman of the Board of Directors



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National Gypsum Company
(A Saudi Joint Stock Company)
Statement of changes in shareholders' equity for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Evaluation reserve for investments at fair value through other comprehensive income	Re-measurement reserve of employee defined benefit obligation	(Accumulated losses) / Retained earnings	Total shareholders' equity
Balance as at January 1, 2022 – as issued	316,666,667	95,000,001	17,047,150	498,487	45,106,240	474,318,545
Adjustments for previous years (Note 24)	-	-	-	-	(11,907,874)	(11,907,874)
Balance as at January 1, 2022 (Restated)	316,666,667	95,000,001	17,047,150	498,487	33,198,366	462,410,671
Net (loss) for the year (Restated Note 24)	-	-	-	-	(6,442,845)	(6,442,845)
Other comprehensive income items for the year	-	-	(6,206,306)	(182,092)	-	(6,388,398)
Total comprehensive (loss) for the year	-	-	(6,206,306)	(182,092)	(6,442,845)	(12,831,243)
Dividends	-	-	-	-	(31,666,667)	(31,666,667)
(Loss) from sale of investments at fair value through other comprehensive income	-	-	383,308	-	(383,308)	-
Balance as at December 31, 2022 (Restated)	316,666,667	95,000,001	11,224,152	316,395	(5,294,454)	417,912,761
Balance as at January 1, 2023	316,666,667	95,000,001	11,224,152	316,395	(5,294,454)	417,912,761
Adjustments for previous years (Note 24)	-	-	-	-	(61,282,419)	(61,282,419)
Balance as at January 1, 2023 (Restated)	316,666,667	95,000,001	11,224,152	316,395	(66,576,873)	356,630,342
Net profit for the year	-	-	-	-	5,127,534	5,127,534
Other comprehensive income items for the year	-	-	1,097,672	(711,918)	-	385,754
Total comprehensive income for the year	-	-	1,097,672	(711,918)	5,127,534	5,513,288
Balance as at December 31, 2023	316,666,667	95,000,001	12,321,824	(395,523)	(61,449,339)	362,143,630

Financial Manager



Chief Executive Officer



Chairman of the Board of Directors




The accompanying notes are an integral part of these financial statements.

National Gypsum Company
(A Saudi Joint Stock Company)
Statement of cash flows for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2023	2022 Restated (Note 24)
Cash flows from operating activities:			
Net profit \ (loss) for the year before zakat		9,373,984	(3,521,643)
Adjustments for Net profit / (loss):			
Depreciation of property, plant and equipment and spare parts	5	9,895,811	-11,420,820
Depreciation of right to use	9	543,536	543,532
Financing costs		208,761	122,511
Employees' defined benefit obligations	16	527,458	449,999
Provision for expected credit losses	11	650,355	3,107,003
The company's share of results from investment in an associate	6	(2,999,070)	(2,520,552)
Provision for slow moving items	10	755,279	-
Unrealized gains on investments at fair value through profit or loss		(146,404)	(89,515)
		18,809,710	9,512,155
Changes in:			
Inventories	10	162,645	(1,866,960)
Trade receivables	11	(5,668,562)	(6,687,566)
Prepaid expenses and other debit balances	12	(19,074,880)	713,390
Trade payables	17	(461,827)	(1,224,741)
Accrued expenses and other credit balances	18	1,182,303	(1,879,232)
Cash flows (used in) by operating activities			
Employees' defined benefit obligations - paid	16	(365,223)	(277,609)
Zakat differences from previous years		(1,245,292)	-
Zakat paid	19	(2,921,202)	(3,430,104)
Net cash flows (used in) by operating activities			
		(9,582,328)	(5,140,667)
Cash flows from investing activities:			
Net payments to purchase property and equipment	5	(1,590,893)	(722,671)
Net payments to purchase capital projects in progress	5	(128,986)	-
Payments to purchase investments at fair value through profit or loss	8	(31,315,000)	-
Payments to purchase investments at fair value through other comprehensive income		-	(1,186,118)
Proceeds from the sale of investments at fair value through other comprehensive income		-	331,791
Dividends received from associates	6	2,599,674	905,948
Cash flows (used in) investing activities			
		(30,435,205)	(671,050)
Cash flows from financing activities:			
Dividends – paid		-	(31,666,667)
Lease obligations - paid	9	(647,888)	(647,888)
Cash flows (used in) financing activities			
		(647,888)	(32,314,555)
Net (Decrease) in cash and cash equivalents		(40,665,421)	(38,126,272)
Cash and cash equivalents at the beginning of the year		49,849,442	87,975,714
Cash and cash equivalents at the end of the year			
		9,184,021	49,849,442
Non-cash transactions:			
Unrealized gains \ (losses) on investments at fair value through other comprehensive income		1,097,672	(6,206,306)
(Losses) from re-measurement of employee defined benefit obligations		(711,918)	(182,092)

Financial Manager



Chief Executive Officer



Chairman of the Board of
Directors



The accompanying notes are an integral part of these financial statements.



National Gypsum Company
(A Saudi Joint Stock Company)

Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

1. Company and activity

National Gypsum Company ("the company") is a Saudi joint stock company registered in the city of Riyadh, Kingdom of Saudi Arabia under the commercial registration No. 1010001487 dated Shawwal 19, 1378H (corresponding to April 27, 1959).

Company activity

The main activity of the company, according to the register, is the manufacture and production of gypsum and its derivatives extracted from concession areas, trading in gypsum and its derivatives, the production of various materials that can be extracted from gypsum mechanically and chemically, and carrying out all the necessary work to achieve its purpose, which helps to achieve this purpose. The company has concession rights for raw stone in three concession areas (quarries) in the city of Riyadh, the city of Dammam and the city of Yanbu.

Company Branches:

The company has several branches registered as follows:

<u>Branch</u>	<u>C.R. Date</u>	<u>C.R. No</u>
Jeddah	26 Muharram 1392H	4030007100
Dammam	6 Rajab 1395H	2050003512
Yanbu	18 Rabi Awwal 1400H	4700000546
The National Factory for Gypsum Walls - Riyadh	10 Rabi al-Akhir 1425H	1010198301
The National Gypsum Company Factory - Dammam	4 Jumada Al-Akhir 1426H	2050048707
National Gypsum Company - Dammam	4 Rabi al Awwal 1428H	2050053971

The company's capital

The company's capital is SR. 316,666,667, divided into 31,666,667 shares, with a nominal value of SR.10 per share.

Company Address:

General and commercial administration

Prince Muhammad Bin Abdulaziz Road - Al Olaya District
PO Box 187 Riyadh, Postal Code 11411
Riyadh, Saudi Arabia

Fiscal year

The company's fiscal year starts from the beginning of January of each calendar year and ends at the end of December of the same year.

2. Basis of preparation

2.1. Statement of compliance

These annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA.

2.2. Basis of measurement

These financial statements have been prepared in accordance with the historical cost principle and using accrual basis and going concern principle except for:

- Investments in equity instruments, which are measured at fair value through other comprehensive income.
- Investments in equity instruments, which are measured at fair value through profits or losses.
- Employees' defined benefit obligations, which are measured at the present value of future obligations in accordance with the projected credit unit method.



National Gypsum Company
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Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation...(Continued)

2.3. Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional and presentation currency of the company. All figures are rounded to nearest Saudi Riyal unless otherwise stated.

2.4. Significant accounting estimates, assumptions and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies on the reported amounts of assets, liabilities, revenue and expenses.

Although these estimates and judgments are based on management's best information regarding current operations and events, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The recognized accounting estimates are reviewed in the period in which the estimates are revised prospectively, In the event that the changed estimates affect the current and future periods.

The following is an explanation of information about the most important estimates and cases of uncertainty when applying accounting policies that have a significant impact on the amounts shown in the financial statements:

Measurement of employees benefits obligations

The Company's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions.

Impairment of inventories

Management estimate the impairment of inventories to reach the net realizable value. Where the goods are measured at the lower of cost and net realizable value. Factors that affect the inventories value include obsolescence, changes in demand for the goods, technological changes, or the presence of damaged inventory or part of it, or if the selling price is less than its cost.

Provision for expected credit losses (ECL)

The Company applies the expected credit loss (ECL) model to determine the impairment losses of trade receivables and other receivables. This requires the Company to take certain factors to ensure that the balances of receivables are not overvalued as a result of the possibility of un-collecting them, such as ageing of receivables and continuous credit evaluation. Provisions are recorded when there is an objective evidence indicates the possibility of un-collection according to IFRS 9.

Impairment of non-financial assets

Non-financial assets (except inventories) are reviewed for impairment. If the indication exists, then the asset's recoverable amount is estimated.

For the purpose of assessing impairment, assets are divided into small groups that generate cash flows resulting from continuous use and that are largely independent of cash flows resulting from other assets or cash generating units. The recoverable value of an asset or a cash-generating unit is its value in use or its fair value net costs to sale, whichever is higher. The value in use is based on the estimated future cash flows discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or to cash-generating unit.

Impairment losses are recognized if the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. The impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed its carrying value after deducting the depreciation that would have been determined unless the impairment losses were recognized.



National Gypsum Company
(A Saudi Joint Stock Company)
Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation...(Continued)

2.4 Significant accounting estimates, assumptions and judgments... (Continued)

Useful lives of property and equipment

The management determines the estimated useful lives of property and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually, and the change in depreciation expenses (if any) is adjusted in the current and future periods.

Measurement of fair value

The fair value of the assets and liabilities

Fair value is the selling price that would be received in exchange for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or, otherwise. The best market available on that date. The fair value of obligations reflects the risk of inability to perform.

When measuring the fair value of a financial asset or liability, the company uses market observable data as much as possible.

Fair values are categorized into a hierarchy based on the data used in the valuation techniques as follows:

- Level 1: Quoted prices in active market for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at December 31, 2023 and December 31, 2022, there are no transfers between levels.

3. Significant accounting policies

The significant accounting policies set of below have been applied consistently to all periods presented in these financial statements.

3.1. Foreign currency

Transactions in currencies other than Saudi Riyals are recorded at the rates of exchange prevailing on the dates of the transactions. At reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Gains or losses from exchange rate differences are included in the statement of profits or losses and other comprehensive income.



National Gypsum Company
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Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

3. Significant accounting policies...(Continued)

3.2 Employee benefits

Employee defined benefit obligations

According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the company is required to pay end-of-service benefits (a defined benefit plan) and it is calculated based on half the salary of the last month of each year of the first five years of service, including fractions of the year, in addition to full salary for each of the following years of service, including fractions of the year. End of service benefits are not funded.

Employees end of service benefits

The defined benefit plan is a compensation plan for the employees for their end of services. The company pays employees in accordance with the Saudi labor law in the Kingdom of Saudi Arabia, which depends in its calculation on the number of years of service, salary and the reason for termination of service.

The valuation method and main assumptions of the actuarial study

Commitment to the requirements of International Accounting Standard No. (19) Employee benefits, end-of-service benefits obligations are calculated using the actuarial valuation using the projected unit credit method at the end of each financial year, and the profits or losses resulting from the actuarial revaluation are recorded in the comprehensive income statement for the period in which it is specified reevaluation. The re-measurement recognized in other comprehensive income is immediately included in retained earnings and is not included in profit or loss. Past service cost is calculated in profit or loss during the period of plan amendment. Interest is calculated using the discount rate at the beginning of the period on the defined employee benefit obligation.

The current service cost of a defined benefit plan is recognized in the profit or loss statement within the employee benefit expense, to reflect the increase in the obligation resulting from the employee's services for the current year and cases of change, reduction or settlement of benefits. The cost of services for the previous years is included directly in the statement of profit or loss.

Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions in equity are charged and recognized in the statement of other comprehensive income in the period in which they occur.

The defined benefit costs are classified as follows:

Service cost (including current service costs and past service costs, in addition to profits and losses resulting from promotions and reimbursement to employees).

Short-term employee benefits

The obligation for benefits related to wages, salaries, annual leave and sick leave is recognized and measured in the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid for those services.

Costs of retirement benefits

The Company contributes to the costs of employee retirement benefits in accordance with the regulations of the General Organization for Social Insurance, and it is calculated as a percentage of the employees' wages. Payments for semi-government managed retirement benefit plans are treated as payments for defined benefit plans because the Company's commitment to these plans equals the commitment resulting from the defined benefit plans. Payments to retirement plans are recognized as an expense when due.

3.3. Zakat and tax

3.3.1. Zakat

The company is subject to zakat in accordance with the regulations issued by the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. A provision for zakat is made on an accrual basis, and this provision is charged to the statement of profit or loss and other comprehensive income. The zakat provision is calculated according to the zakat base or the adjusted net profit, whichever is higher, and any differences between the calculated zakat and the final assessment (if any) are recognized within the profit or loss in the year in which the assessment is finalized. Zakat is calculated based on 2.5% of the zakat base or adjusted net income, whichever is higher.



**National Gypsum Company
(A Saudi Joint Stock Company)**

**Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)**

3. Significant accounting policies...(Continued)

3.4. Property and equipment...(Continued)

The Company reviews the methods of depreciation, useful lives and the residual values of property, plant and equipment at the end of each financial year and if there is a difference, it is treated as changes in the accounting estimates (in the year of change and subsequent years).

3.5. Capital projects in progress

Assets under construction or development are capitalized within the capital projects in progress account. Assets under construction or development are transferred to the appropriate category within property, plant and equipment or investment properties (according to the nature of these businesses) when the assets are delivered to their location and/or condition necessary for their intended use by the management.

The cost of an item of capital projects in progress represents the construction/development cost and any other costs directly related to the costs of constructing or acquiring an item as intended by management.

Capital projects in progress are measured at cost less any recognized impairment. Capital projects in progress are not subject to depreciation. Depreciation begins only when the assets can be used as intended by management. It is then transferred to the appropriate asset class.

3.6. Inventories

Inventories are shown at cost or net realizable value, whichever is lower, after deducting the provision for any obsolete or slow moving inventory. The company currently uses the weighted average method for Inventories cost valuation, (except for the complete production of gypsum during the annual physical count), which is permitted by the standard.

Costs represent all expenses incurred to bring each product to its present location and condition, and are calculated on the following basis:

- Raw materials, consumables and spare parts: Purchase cost on a weighted average basis.
- Production in progress and finished goods: direct material and labor cost plus overheads.

Spare parts

Spare parts are the interchangeable parts of property, plant and equipment that are necessary to support routine maintenance and overhaul of plant and equipment or its emergency use for repairs.

Strategic spare parts (within property, plant and equipment)

The company maintains strategic and reserve spare parts inventory for its plants. The management aims to maintain for periods more than one year. The management believes that all spare parts will be provided with future economic benefits from the future use of all property, plant and equipment. The management reviews spare parts that are in reserve equipment, which should be available as needed and depreciated with the estimated useful life of the associated asset.

3.7. Investments in associates

Associates are those entities in which the company has significant influence, but not control, over the financial and operating policies. The company's investments in its associates are accounted for using the equity method of accounting from the date of such influence. In the event of non-temporary impairment of investments, the cost of investment is reduced and the impairment is recorded in the statement of profit or loss and other comprehensive income for the year.

When the company's losses exceed the investment values in the investee associate companies, the book value of investment is reduced to nil and no other losses are charged except for the existence of legal or guarantor obligations of the obligations of the investee.



National Gypsum Company
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Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

3. Significant accounting policies...(Continued)

3.8. Investments in equity instruments held at fair value through other comprehensive income

Investments in equity instruments held at fair value through other comprehensive income represent investments in ordinary shares of entities that are not under the control of the Company and over which the Company's management has no significant influence.

The investment is recognized when it is acquired at cost and is subsequently modified to reflect the changes in the fair value of the investment as on the date of the statement of financial position, the difference is recognized in other comprehensive income through the statement of profit or loss and other comprehensive income. The fair value is determined by reference to the market value if an active market exists. In the absence of an active market, the fair value is determined through other indicators. Otherwise, cost, less impairment losses, is considered fair value. Profits on investments are recognized when the right to obtain/ receive dividend payments within the income, unless the dividends clearly represent a recovery of part of the investment cost.

3.9. Financial assets held at fair value through profit and loss

Financial assets held at fair value through profit or loss are represented by investments in financing funds managed by locally approved entities. The investment is recognized when it is acquired at cost and is subsequently modified to reflect the changes in the fair value of the investment as on the date of the statement of financial position, the difference is recognized in other comprehensive income through the statement of profit or loss and other comprehensive income. The fair value is determined by reference to the market value if an active market exists. In the absence of an active market, the fair value is determined through other indicators. Otherwise, cost, less impairment losses, is considered fair value. Profits on investments are recognized when the right to obtain/ receive dividend payments within the income, unless the dividends clearly represent a recovery of part of the investment cost.

3.10. Related parties

Transactions with related parties comprise : transfer of resources, services, obligations or financing between the company and the related party, regardless of whether such transactions are carried out on terms that are similar to those prevailing in an arm length basis or not.

A person related to the company is deemed to be a kin of that person's family:

- One of the senior management personnel in the company
- Has a joint influence or control over the company
- Has an important impact on the decisions and trends of the company
- Senior management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the company, directly or indirectly, including any manager, whether executive or otherwise.

An entity is considered to be related to the company if:

- The entity and the company are members of the same group or owned by joint owners
- The entity is an associate or owned to the company
- The fact that the entity is controlled by the company, or vice versa, or the entity and the company are subject to joint control.

3.11. Right-of-use assets and obligations of leases

A) right-of-use assets

The lease is recognized as a right-of-use asset with its corresponding obligations on the date on which the leased asset becomes ready for use by the company. Each payment of the lease is allocated between the obligations and the cost of financing. The cost of financing is recognized in the statement of profits or losses over the term of the lease.

Right-of-use assets are depreciated over shorter the useful life of the asset and the term of the lease, on a straight-line basis. Depreciation begins on the lease commencement date.



National Gypsum Company
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Notes to the financial statements for the year ended December 31, 2023
(All amounts in Saudi Riyals unless otherwise stated)

3. Significant accounting policies...(Continued)

3.11. Right-of-use assets and obligations of leases...(Continued)

Right-to-use assets are initially measured at cost and consist of the followings:

- The initial measurement amount for the lease obligation,
- Any lease payments made on or before the lease commencement date less any lease incentives received,
- Any initial direct costs, and
- Costs of recovery, where applicable.

It is subsequently measured at cost less accumulated depreciation and accumulated impairment losses

Right-of-use assets are presented in a separate line item in the statement of financial position.

B) Lease obligations

On the commencement date of the lease, the company records the rental obligations measured at the present value of lease payments made over the term of the lease. Rent payments include fixed payments (including fixed payments in substance) less any receivable rental incentives, variable rental payments that are index or rate based, and amounts expected to be paid under residual value guarantees. Lease payments include the price of exercising a purchase option when there is reasonable certainty that the company will exercise this right in addition to the lease termination fines payments in the event that the terms of the lease stipulate that the company exercises the option to cancel. Regarding, variable rent payments that are not dependent on an indication or rate, are recorded as an expense in the period in which the payment is made. Lease payments are deducted using the interest rate included in the lease agreement or the company's incremental borrowing rate. The rental obligation is presented in a separate line item in the statement of financial position.

C) Short-term leases and impaired assets

Short-term leases are contracts with a lease term of 12 months or less. Impaired assets are items that do not meet the company's capitalization limits and are not material to the company's statement of financial position as a whole. Payments for short-term leases and leases with impaired assets are recognized on a straight line basis in the statement of profits or losses.

D) Variable lease payments

Certain leases include variable payments related to the use / performance of the leased asset. These assets are recognized in the statement of profits or losses

3.12. Financial instruments

The company has applied the classification and measurement requirements for financial instruments.

Recognition of financial assets

The financial asset and liability are recognized when the company becomes a party to the contractual obligations of the instrument, and this is generally done at the trading date. The company derecognizes financial assets when the contractual cash flows of those assets expire or when the company transfers the right to obtain contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are transferred substantially. Any interest resulting from the transferred financial assets that the company creates or maintains are recognized as separate assets or liabilities.

De-recognition

Upon disposal of a financial asset, the difference between the carrying amount and the total of (1) the consideration amount received (including any newly acquired asset after deducting any newly assumed liabilities) (2) any accumulated profits or losses recognized in the statement of other comprehensive income, is recognized within profit or loss. However, with respect to equity shares classified as fair value through other comprehensive income, any accumulated profit / loss recognized in the statement of other comprehensive income is de-recognized in the profit or loss when de-recognized. A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract has been canceled or expired.



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3. Significant accounting policies... (Continued)

3.12. Financial instruments... (Continued)

Classification of financial instruments

Assets that are measured at amortized cost, or

The fair value through profit or loss, or

Fair value through other comprehensive income - investment in equity instruments.

The classification is based on the Company's business model for managing financial instruments and the contractual terms of cash flows for financial assets

Financial assets are not reclassified subsequent to the initial measurement unless the company changes the business model for managing financial assets in this case, all financial assets that will be affected by that are reclassified on the first day of the first financial period following the change in the business model.

Financial assets are measured at amortized cost if the following two conditions are met, and they are not recognized as financial assets at fair value through profit or loss:

It is maintained through a business model that aims to hold assets to collect contractual cash flows, or

The contractual terms lead to entering into specific dates for cash flows, which represent the principal amount and the interest of the outstanding principal amount.

Upon initial measurement of investments in financial instruments that are not held by the Company for the purpose of trading, the Company can choose to display any subsequent changes in the fair value of these investments in the statement of other comprehensive income. This selection is made on a per-investment basis.

Any other financial assets that are not classified and measured at amortized cost or fair value through other comprehensive income as indicated above are measured at fair value through profit or loss.

- **Financial assets - subsequent measurement - profit or loss / accounting policy:**

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment in value are recognized in profit or loss. Any gain or loss is recognized in profit or loss.

Equity instruments at FVOCI (Equity instruments investments) Subsequent measurement of these assets is carried at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost.

Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.

Financial assets at FVTPL All assets are classified as measured at fair value through the statement of profit or loss, such as shares held for trading, which are not classified on the basis of fair value through other comprehensive income. Subsequent measurement of these assets is carried at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

Financial liabilities

Financial liabilities are classified according to the contractual arrangements, which also include creditors, the amounts payable and loans. All financial obligations are initially measured at fair value, after the initial recognition, the direct transaction costs are recorded at amortized cost using the effective commission rate over the life of the instrument and are recognized in the statement of profit or loss and other comprehensive income. Loans are classified under current liabilities unless the Company has an unconditional right to defer payment for a period of at least 12 months after the statement of financial position date.



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3. Significant accounting policies... (Continued)

3.12. Financial instruments... (Continued)

Offsetting of financial instruments

Offsetting between financial assets and liabilities and the net amounts determined in the financial statements takes place when there is a legally enforceable right to set off those included amounts, as well as when the company has an intention to settle them on a net basis or sell the assets to pay the liabilities simultaneously.

Impairment

Impairment of financial assets

IFRS 9 states that, the entity is required to follow an Expected Credit Loss ("ECL") model for the impairment of financial assets. For account receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of receivables. Expected loss rates were derived from the historical information of the company and are adjusted to reflect the expected future outcome.

3.13. Impairment of non-financial assets

At each reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The losses arising from impairment are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of consolidated profit or loss.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.14. Provisions

A provision is recognized if the Company has a present (legal or constructive) obligations arising from previous events and it is probable that an outflow of economic benefit will be required to settle the obligations, and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to this liability.

3.15. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and other short-term, highly liquid investments with maturities of three months or less from the date of the original investment and which are available to the company without restrictions. The statement of cash flows is prepared according to the indirect method.



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3. Significant accounting policies... (Continued)

3.16. Accounts payable and accruals

Trade payables are recognized for amounts payable in the future for goods and services received, whether or not billed by suppliers.

3.17. Classification of assets and liabilities as current \ non-current

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

3.18. Revenue recognition

Revenue is recognized when the company fulfills its obligations in contracts with clients at an amount that reflects the material compensation for the goods sold. The company establishes contracts with clients based on a five-step model as defined in IFRS 15:

Step 1. Determine the contract (s) with a client: A contract is an agreement concluded between two or more parties that establishes rights and undertakings and sets out the criteria that must be fulfilled for each contract.

Step 2. Determine the performance obligations in the contract: A performance commitment is a promise in the contract with the client to transfer goods or provide services to the client.

Step 3. Determine the transaction price: The transaction price is the amount of the consideration that the company expects to receive in exchange for transferring the goods or services promised to the client, excluding the amounts collected on behalf of third parties.

Step 4. Allocation of the transaction price to the performance obligations in the contract: In a contract that contains more than one performance obligation, the company will distribute the transaction price to each performance obligation in an amount that determines the amount of the consideration that the company expects to receive in exchange for fulfilling each performance obligation.

Step 5. Recognition of revenue when (or where) the entity fulfills a performance obligation. If the amount intended to be paid in the contract includes a variable amount, the company shall estimate the amount that the company is entitled to in exchange for transporting the goods and services committed to be provided to the client.



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3. Significant accounting policies... (Continued)

3.18. Revenue recognition (Continued)

The Company satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

The Company's performance does not create an asset with an alternative use to the Company, and the Company has a legal right to payments for performance performed until the Company's performance amounts to creating or enhancing an asset that the customer controls during the creation or enhancement of the asset.

The customer's receipt and consumption of the benefits provided by the company's performance simultaneously with the company's performance.

For performance obligations that do not meet one of the above conditions, revenue is recognized at the time the performance obligation is satisfied.

Sale of goods

Revenues are recognized when control of the asset is transferred and the entity meets performance obligations, and are stated net after deducting discounts and exemptions.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenues and costs can be measured reliably.

3.18. Expenses

Production costs of direct and indirect expenses related to production are classified as cost of sales. All other expenses are classified as general and administrative or selling and distribution expenses.

3.19. Borrowing costs

Borrowing costs directly attributable to production of qualifying assets, which is required a period of time to be ready for required usage when all necessary activities are completed that related to preparation of the qualified asset for its intended use. All other borrowing costs are recognized as an expense and charged to the statement of profits or losses and other comprehensive income in the period in which they are incurred (IAS 23). The Company does not have any such costs to be capitalized in the current year.

3.20. Segment information

The company's main business is the manufacture and production of gypsum inside the Kingdom of Saudi Arabia, therefore it provides reports on the operating segments in different geographical areas within the Kingdom of Saudi Arabia.

3.21. Earnings per share

Basic earnings per share and diluted earnings per share (if any) are presented for ordinary shares, where basic earnings per share is calculated by dividing the profit or loss of the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year, adjusted for the number of ordinary shares repurchased or issued during the period. Diluted earnings per share is calculated by adjusting the profit or loss of the ordinary shareholders of the company and the weighted average number of shares outstanding during the period for the effects of all the diluted ordinary shares that are likely to be issued.

3.22. Dividends

Final dividends are recorded in the financial statements in the period in which these dividends are approved by the general assembly of shareholders.



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4. New standards, amendments to standards and interpretations

The following amendments to the International Financial Reporting Standards became effective for the annual reporting period beginning on or after January 1, 2024, and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements. These amendments are not expected to have significant impact in the Company's Financial Statements.

Amendments to IFRS 16 – Leases on sale and leaseback:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Noncurrent Amendments

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affects the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

IFRS S1, 'General requirements for disclosure of sustainability-related financial information'

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

IFRS S2, 'Climate-related disclosures'

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

5. Property, plant and equipment - net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment (Note 5.1)	183,022,299	190,590,731
Add:		
Strategic spare parts (Note 5.2)	14,817,182	15,752,750
Capital projects in progress (Note 5.3)	13,209,986	13,081,000
	<u>211,049,467</u>	<u>219,424,481</u>



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5. Property, plant and equipment – net... (Continued)

	For the year ended December 31, 2023							Furniture and fixtures	Total
	Lands	Buildings*	Roads	Plant and equipment	Water extensions	Electricity extensions	Vehicles		
Cost									
At the beginning of the year	22,250,326	125,089,097	14,141,134	488,886,273	3,017,905	8,317,471	14,545,442	1,394,797	10,602,300
Additions during the year	-	678,228	-	514,666	-	-	287,500	2,261	108,238
Disposals during the year**	(38,608)	(1,083,125)	(28,873)	(392,965)	(11,976)	(26,460)	-	-	(357,262)
At the end of the year	22,211,718	124,684,200	14,112,261	489,007,974	3,005,929	8,291,011	14,832,942	1,397,058	10,353,276
Depreciation:									
At the beginning of the year	-	107,703,811	8,305,263	347,619,884	2,599,976	7,436,069	13,369,375	1,357,447	9,262,189
Charged during the year	-	2,852,457	992,661	4,476,555	51,333	162,685	250,626	6,430	327,970
Disposals during the year	-	(1,083,125)	(28,873)	(392,965)	(11,976)	(26,460)	-	-	(357,262)
At the end of the year	-	109,473,143	9,269,051	351,703,474	2,639,333	7,572,294	13,620,001	1,363,877	9,232,897
Net book value:									
On December 31, 2023	22,211,718	15,211,057	4,843,210	137,304,500	366,596	718,717	1,212,941	33,181	1,120,379
On December 31, 2022	22,250,326	17,385,286	5,835,871	141,266,389	417,929	881,402	1,176,067	37,350	1,340,111

* The land on which one of the company's factories was established in the city of Yanbu is leased from the Royal Commission for Jubail and Yanbu (Ministry of Energy) for 10 years starting from 2020. The annual rent is 287,888 Saudi riyals.

- The other buildings are built on lands owned by the company.

** Land disposals during the year include the expropriation of the company's land, as the company received notification of the value of financial compensation on 2/21/1445H from the General Authority for State Real Estate for the land located in the city of Jeddah in the Bani Malik neighborhood on Palestine Street, which it owns under an electronic deed, as it was expropriated within a project. Random neighborhoods according to the expropriation decision issued by His Royal Highness the Deputy prince of the Makkah Al-Mukarramah Region No. 2013341 dated 6/29/1443H. The company objected and requested a re-estimate of the value of this compensation. The value of the compensation was estimated according to the report received at 8,147,994 riyals, and the objection was submitted to the relevant authorities related to re-evaluating.

Depreciation on property, plant and equipment is distributed in the statement of profit or loss and comprehensive income as follows:

	December 31, 2023	December 31, 2022
Cost of sales	8,418,760	9,877,807
Selling and marketing expenses (Note 21)	99,174	161,112
General and administrative expenses (Note 22)	602,783	649,864
	9,120,717	10,688,783



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5. Property, plant and equipment – net... (Continued)

	For the year ended December 31, 2022									
	Lands	Buildings*	Roads	Plant and equipment	Water extensions	Electricity extensions	Vehicles	Tools	Furniture and fixtures	Total
Cost										
At the beginning of the year	22,250,326	125,089,097	14,141,134	488,870,218	3,017,905	8,317,471	13,945,442	1,377,296	10,513,185	687,522,074
Additions during the year	-	-	-	16,055	-	-	600,000	17,501	89,115	722,671
At the end of the year	22,250,326	125,089,097	14,141,134	488,886,273	3,017,905	8,317,471	14,545,442	1,394,797	10,602,300	688,244,745
Depreciation:										
At the beginning of the year	-	104,833,596	7,312,603	335,688,721	2,548,735	7,272,167	13,098,855	1,349,641	8,945,616	481,049,934
Charged during the year	-	2,870,215	992,660	6,015,866	51,241	163,902	270,520	7,806	316,573	10,688,783
Impairment loss (Note 24)	-	-	-	5,915,297	-	-	-	-	-	5,915,297
At the end of the year	-	107,703,811	8,305,263	347,619,884	2,599,976	7,436,069	13,369,375	1,357,447	9,262,189	497,654,014
Net book value:										
On December 31, 2022	22,250,326	17,385,286	5,835,871	141,266,389	417,929	881,402	1,176,067	37,350	1,340,111	190,590,731
On January 1, 2022	22,250,326	20,255,501	6,828,531	153,181,497	469,170	1,045,304	846,587	27,655	1,567,569	206,472,140

• The land on which one of the company's factories was established in Yanbu is leased from the Royal Commission for Jubail and Yanbu (Ministry of Energy) for a period of 10 years starting from 2020, the annual rent amounting to SR. 287,888.

• The other buildings are built on land owned by the company.



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5. Property, plant and equipment – net...(Continued)

5.2. Strategic spare parts - net

	December 31, 2023	December 31, 2022
Cost		
Balance on 1 January	17,224,395	17,211,039
Additions / Disposals during the year	(160,474)	13,356
Balance on 31 December	17,063,921	17,224,395
Accumulated Depreciation		
Balance on 1 January	1,471,645	739,608
Charged during the year	775,094	732,037
Balance on 31 December	2,246,739	1,471,645
Net book value	14,817,182	15,752,750

5.3. Capital projects in progress.

	December 31, 2023	December 31, 2022
Cost		
Balance on 1 January	42,759,756	42,759,756
Additions / Disposals during the year	128,986	-
Impairment loss in capital projects in progress (Note 24)	(29,678,756)	(29,678,756)
Balance on 31 December	13,209,986	13,081,000

The capital projects in progress represent in the amount spent on the installation and operation of the Alpha and Beta Factory in Dammam. 85% of the installation work in the factory has been completed, and the month of March 2020 has been set for trial operation with continuing of the rest of the installations for important devices, but due to the global situation of the Corona pandemic, and the suspension of most activities.

During the year 2023, the company obtained a study to re-evaluate the factory and recorded impairment loss in capital project in progress amounted to SR 29,678,756 (Note 24).

6. Investments in associates

	December 31, 2023	December 31, 2022
Qatari Saudi Gypsum Industries Company	33,920,879	34,214,671
	33,920,879	34,214,671

- The investments in an associate company represent in the investment in the Qatari Saudi Gypsum Industries Company
- The movement on investment during the year is as follows:

	Main business sector	Country of incorporation	Shareholding %	December 31, 2023	December 31, 2022
	Basic materials	Qatar	33.37%		
Balance at beginning of the year				34,214,671	34,035,624
Company's share of the associate's net income				2,999,070	2,520,552
Dividend				(2,599,674)	(905,948)
Company's share of the associate's other comprehensive income*				(693,188)	(1,435,557)
Balance at end of the year				33,920,879	34,214,671

* The balance of the reserve for revaluation of investments through other comprehensive income of the investee companies by the company amounted to SR 7,905,451.



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6. Investments in associates...(Continued)

The following are the condensed financial statements of the associate company based on the audited financial statements:

2023	Assets	Liabilities	Total revenue	Net profit for the year	Total other comprehensive income
Qatari Saudi Gypsum Industries Company	83,379,714	2,010,361	6,042,560	8,986,713	6,976,857
2022	Assets	Liabilities	Total revenue	Net profit for the year	Total other comprehensive income
Qatari Saudi Gypsum Industries Company	106,152,213	3,508,198	6,594,687	7,903,826	3,542,348

7. Investments in equity instruments at fair value through other comprehensive income

	No. of shares		December 31, 2023	December 31, 2022
	December 31, 2023	December 31, 2022		
Investments in stocks				
Saudi Arabian Oil Company (Aramco) (Note 7.1)	363,000	330,000	11,979,000	10,593,000
Saudi Kayan Petrochemical Company (Note 7.2)	500,000	500,000	5,480,000	6,830,000
Al Rajhi Bank (Note 7.3)	60,118	60,118	5,200,207	4,520,874
Methanol Chemicals Company (Note 7.4)	249,770	249,770	5,045,354	6,319,181
Elm Company (Note 7.5)	4,771	4,771	3,888,365	1,583,972
Tabuk cement company (Note 7.6)	77,142	77,142	1,049,131	1,150,958
MARAFIQ (The Power and Utility company for Jubail a& Yanbu) (Note 7.7)	6,465	6,465	418,932	303,209
ACWA Power Company (Note 7.8)	253	253	65,021	38,456
National Building and Marketing Co. (Note 7.9)	100	100	29,500	25,000
			33,155,510	31,364,650

Investments in equity classified as FVOCI are not held for trading, but instead, are held for medium to long-term strategic purposes. Accordingly, management has elected to classify these equity investments at fair value through other comprehensive income because the recognition of short-term fluctuations in the fair value of these investments in net income will not be in line with the company's strategy of saving these investments for long-term purposes and achieving their potential performance in the long term.

7.1. Saudi Arabian Oil Company (Aramco) (a Saudi joint stock company listed on the stock market) (Tadawul) and the company owns 330,000 shares, and the company has re-evaluated the balance of that investment at fair value according to the market price as at December 31, 2023, whereas the share price at that date amounted to SR 33 per share (at December 31, 2022 SR 32.10 per share).

7.2. Saudi Kayan Petrochemical - is a Saudi joint stock company listed on the stock exchange (Tadawul) in which the company owns 500,000 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as at December 31, 2023, where the share price on that date was SR. 10.96 per share (on December 31, 2022 at SR. 13.66 per share).

7.3. Rajhi Bank (a Saudi joint stock company listed on the stock market) (Tadawul) and the company owns 60,118 shares, the Company re-evaluated the balance of that investment at fair value according to the market price as at December 31, 2023, whereas the share price at that date amounted to SR 86.50 per share (at December 31, 2022, SR 75.20 per share).



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7. Investments in equity instruments at fair value through other comprehensive income...(Continued)

7.4. Methanol Chemicals Company, a Saudi joint stock company listed on the financial market (Tadawul), in which the company owns 249,770 shares, and the company has re-evaluated the balance of that investment at fair value according to the market price as of December 31, 2023, as the share price on that date amounted to SR. 20.20 per share (on December 31, 2022: SR. 25.30 per share).

7.5. Elm Company, a Saudi joint stock company listed on the stock exchange (Tadawul), in which the company owns 4771 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as on December the 2023, where the share price on that date was SR. 815 per share (on December 31, 2022: SR. 332 per share).

7.6. Tabuk Cement Company (a Saudi joint stock company listed on the stock market) (Tadawul) in which the company owns 77,142 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as on December 31, 2023, where the share price on that date was SR 13.6 per share (On December 31, 2022, at SR. 14.92 per share).

7.7. The Power and Utility company for Jubail a& Yanbu, a Saudi joint stock company listed on the stock exchange (Tadawul) in which the company owns 6,465 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as on December 31, 2023, where the share price on that date was SR. 64.8 per share (On December 31, 2022, at SR. 46.9 per share).

7.8. ACWA Power Company, a Saudi joint stock company listed on the financial market (Tadawul), in which the company owns 253 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as of December 31, 2023, as the share price on that date amounted to SR. 257 per share (on December 31, 2022: SR. 152 per share).

7.9. National Building and Marketing Co., a Saudi joint stock company listed on the stock exchange (Tadawul - Nomu), in which the company owns 100 shares. The company has re-evaluated the balance of that investment at fair value according to the market price as on December 31, 2023, where the share price on that date was SR. 295 per share (on December 31, 2022: SR. 250 per share).

- All investments in shares of listed joint stock companies were evaluated according to the share price as of December 31, 2023.

The movement of investment during the year was as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	31,364,650	35,281,072
Additions during the year	-	1,186,118
Net unrealized (losses) / gains of fair value	1,790,860	(4,770,749)
Disposals during the year	-	(331,791)
Balance at the end of the year	33,155,510	31,364,650

The movement of fair value reserve for investments at fair value through other comprehensive income is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	2,625,503	7,012,944
Net unrealized (losses) / gains of fair value	1,790,860	(4,770,749)
Reclassification of net (losses) / gains of sale and disposal of investments at fair value through other comprehensive income	-	383,308
Balance at the end of the year	4,416,363	2,625,503



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8. Financial assets held at fair value through profit or loss

The company invested an amount of SR. 40,415,000 in closed fund with Riyadh Capital Company.

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	10,089,515	10,000,000
Additions during the year	31,315,000	-
Gain from change in fair value during the year	146,404	89,515
Balance at the end of the year	41,550,919	10,089,515

9. Lease contracts

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	6,980,569	7,524,101
Less: Depreciation of right to use assets	(543,536)	(543,532)
Right to Use Assets (Net)	6,437,033	6,980,569
Lease liabilities		
The present value of the obligation at the beginning of the year	6,723,563	7,334,260
Paid during the year	(647,888)	(647,888)
Interest charged for the year	54,978	37,191
	6,130,653	6,723,563
Current portion - of lease obligations	592,909	592,909
Non-current portion - of lease obligations	5,537,744	6,130,654
Balance at the end of the year	6,130,653	6,723,563

10. Inventories – Net

	December 31, 2023	December 31, 2022 Restated (Note 24)
Material	18,331,211	19,810,533
Fuel and other	4,976,560	4,025,962
Finished production and production in progress	2,554,638	2,140,924
Spare parts	2,272,700	2,320,335
	28,135,109	28,297,754
Provision for slow moving inventory (Note 10.1)	(8,013,842)	(7,258,563)
Total	20,121,267	21,039,191

10.1. Movement in provision for slow moving inventories during the year:

	December 31, 2023	December 31, 2022 Restated (Note 24)
Balance at the beginning of the year	7,258,563	7,258,563
Provided during the year	755,279	-
Balance at the end of the year	8,013,842	7,258,563



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11. Trade receivables - net

	December 31, 2023	December 31, 2022 Restated (Note 24)
Trade receivables	40,996,757	37,203,463
Provision for expected credit losses (Note 11.1)	(14,538,797)	(15,763,710)
Total	26,457,960	21,439,753

11.1. Movement in provision for expected credit losses during the year:

	December 31, 2023	December 31, 2022 Restated (Note 24)
Balance at the beginning of the year	15,763,710	12,656,707
Provided during the year	650,355	3,107,003
Write off	(1,875,268)	-
Balance at the end of the year	14,538,797	15,763,710

12. Prepaid expenses and other debit balances

	December 31, 2023	December 31, 2022
Advance payments to suppliers and contractors	13,183,539	1,812,687
Gain from Land expropriation compensation	8,147,994	-
Prepaid expenses	1,247,066	1,212,847
Employees' receivables	1,161,368	836,337
Accrued revenue	704,276	1,499,910
Other receivables	96,500	104,082
Provision for expected credit losses (Note 12.1)	(168,839)	(168,839)
Total	24,371,904	5,297,024

12.1. Movement in the provision for expected credit losses during the year

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	168,839	168,839
Provided during the year	-	-
Balance at the end of the year	168,839	168,839

13. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash at banks	8,503,958	44,801,671
Checks under collection	350,000	400,000
Cash on hand	208,925	110,048
Cash at the investment portfolio	121,138	4,537,723
Total	9,184,021	49,849,442

14. Share Capital

As at December 31, 2023, the company's capital is amounting to SR. 316,666,667 (December 31, 2022: SR. 316,666,667) authorized, subscribed and fully paid, divided into 31,666,667 shares (December 31, 2022: 31,666,667 shares), of SR. 10 each.



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15. Statutory Reserve

In accordance with Companies' Act in Saudi Arabia and the Company's Article of Association, the Company is required to transfer 10% of its net annual income to a statutory reserve until this reserve reaches 30% of the share capital. This statutory reserve is not available for distribution to shareholders. No amounts have been transferred to the statutory reserve in the presented statements due to the reserve reaching the required statutory percentage.

16. Employees' defined benefits obligations

In application of International Accounting Standard No. 19, the company has appointed an independent actuarial evaluator to provide an actuarial valuation to measure the company's employee benefit obligations as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The present value of the employee benefit obligation	4,616,069	3,588,133

The movement of employee benefit obligations during the financial year ended December 31 is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance at beginning of the year	3,588,133	3,148,331
Current service cost	527,458	449,999
Interest charged for the year	153,783	85,320
Losses of re-measurement of the obligation	711,918	182,092
Paid during the year	(365,223)	(277,609)
Balance at the end of the year	4,616,069	3,588,133

The following are the most significant actuarial assumptions used to calculate the present value of employee benefits:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	4.50%	4.50%
Salary increase rate	2%	2%
Employee turnover rates	10%	10%

The impact of the defined benefit obligation value was presented on one of the actuarial assumptions, which has a reasonable rate of change, with all other variable elements fixed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate -0.5%	4,422,676	83,479
Discount rate +0.5%	4,884,344	(78,672)
Long-term salary increment -0.5%	4,907,404	(80,930)
Long-term salary increment +0.5%	4,398,615	85,155

Although the above analysis does not take into account the full distribution of expected cash flows, management believes that it provides a reasonable representation of the sensitivity assumptions shown.

The company pays the end of service to its employees in accordance with the provisions of the labor law in the Kingdom of Saudi Arabia. The entitlement to these benefits depends on the employee's final salary, length of service, and completion of a minimum service period. End of service is paid to the employee when the work stops.



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17. Trade payables

	December 31, 2023	December 31, 2022
Suppliers	1,401,437	1,666,457
Advance payments from customers	153,035	349,842
Total	1,554,472	2,016,299

18. Accrued expenses and other credit balances

	December 31, 2023	December 31, 2022 Restated (Note 24)
Accrued customer incentives	19,102,712	18,874,524
Dividend payable	5,932,094	5,932,094
Remuneration of board members	1,800,000	1,800,000
Accrued expenses	1,338,164	663,735
Other credit balances	412,212	387,596
Value added tax (VAT) payable (net)	217,796	161,808
Total	28,802,978	27,819,757

19. Zakat

19.1. The Zakat calculation are as follows:

	December 31, 2023	December 31, 2022
Total items subject to zakat	482,818,989	451,750,386
Total items not subject to zakat	(383,588,834)	(337,667,938)
Zakat base	99,230,155	114,082,448
Zakat base for the year* (The base 354/365 days)	113,774,437	117,627,383
Adjusted net (loss) / profit	-	(779,285)
Adjusted Zakat Base	125,235,296	116,848,098
Zakat payable at 2,5%	3,001,158	2,921,202

- The zakat payable is calculated at 2.5% of the zakat base or from the adjusted net profit for the year, whichever is higher.
- Zakat was calculated in proportion to the number of days of the financial year according to the period of the financial statements attributable to the number of the lunar year 354 days after excluding the profits and losses of the year because it pertains to the period, based on Article Fourteen of the new Zakat levy Regulations issued by Ministerial Resolution No. (2216) dated 07/07/1440 H.

19.2. Movement of zakat Provision

	December 31, 2023	December 31, 2022
Balance at beginning of the year	2,921,202	3,430,104
Less: Zakat paid during the year	(2,921,202)	(3,430,104)
Charged for the year	3,001,158	2,921,202
Balance at the end of the year	3,001,158	2,921,202



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19.3. Zakat status

- The company finalized its zakat status with the Zakat, Tax and Customs Authority (ZATCA) until the year 2018.
- The company submitted its zakat returns until the year 2022.
- The company has registered for value added tax (VAT) in the Kingdom of Saudi Arabia in line with the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia and has submitted all its returns on the statutory dates during the year of 2023.

20. Net revenue

	December 31, 2023	December 31, 2022
Revenue	53,214,207	55,805,897
Discount	(1,321,994)	(1,068,890)
	<u>51,892,213</u>	<u>54,737,007</u>

Revenue classification:

A- Classification by product:

	December 31, 2023	December 31, 2022
Gypsum	50,954,183	52,047,990
Gypsum walls	1,166,217	835,532
	<u>53,214,207</u>	<u>55,805,897</u>

- The Company has two main clients whose purchases amounted to 47% of the company's total sales.
- All of the above revenues are recognized at a certain point in time.

21. Selling and distribution expenses

	December 31, 2023	December 31, 2022
Employee salaries and other benefits	3,092,469	3,034,451
Maintenance and repair	150,697	127,949
Depreciation for property, plant and equipment (Note 5-1)	99,174	161,112
Advertising	78,501	311,275
Others	560,423	613,153
Total	<u>3,981,264</u>	<u>4,247,940</u>

22. General and administrative expenses

	December 31, 2023	December 31, 2022
Employee salaries and other benefits	3,389,943	3,252,591
Professional and legal fees	515,000	177,257
Remuneration of the board of directors and committees (Note 27)	3,163,650	3,230,500
Depreciation for property, plant and equipment (Note 5-1)	602,783	649,864
Maintenance and repair	186,444	207,608
Electricity and water	97,668	68,517
Fees and subscriptions	394,913	431,798
Others	986,152	201,079
	<u>9,336,553</u>	<u>8,219,214</u>



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23. Earnings per share

Basic and diluted earnings per share

Basic and diluted earnings per share was calculated based on net income \ (loss) for the year divided by the weighted average number of outstanding shares at the end of the year December 31:

Profit attributable to ordinary shareholders:

	2023	2022 Restated (Note 24)
Net profit \ (loss) for the year	5,127,534	(6,442,845)
Weighted average number of common shares at the end of the year	31,666,667	31,666,667
Basic and reduced	0.16	(0.20)

24. Adjustments for pervious years

The Management found errors for prior periods and the Management adjusted the comparison figures to correct prior years' errors in accordance IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors as follows:

- A - The Company did not record expected credit losses for trade receivables for the year ended on December 31, 2022 in the amount of SAR 14,014,877 in accordance with IFRS 9 "Financial Instruments". The effect of correct this on the company's financial statements is an increase in the company's Accumulated losses as of January 1, 2023 and a decrease in the balance of accounts receivable with the same balance.
- B - The Company's management reviewed the book value of one of the production lines of the gypsum wall line, Yanbu branch, on December 31, 2023, as indicators of impairment appeared during the previous years, and production was stopped during the previous years and before issuing the financial statements for the year 2022, and the net book value of the line was as of December 31, 2022 an amount of SAR 7,355,297, and the recoverable amount amounted to an amount of SAR 1,440,000, based on a study conducted by an evaluation by the company's management. The evaluation was made according to the prevailing market prices for the salvage values of similar production lines. This impairment in plant and equipment was not recognized in the amount of SAR 5,915,297 as of December 31, 2022, even though the book value of the asset exceeded its recoverable amount at that value on that date.
The impact of this on the company's financial statements is an increase in the Company's Accumulated losses as of January 1, 2023 and a decrease in the balance of plant and equipment with the same balance.
- C - The Company's management reviewed the recoverable amount of the capital projects in progress, the Alpha and Beta line in Dammam on December 31, 2023 as indicators of impairment appeared during the previous years, and the installation and operation work for those lines had not been completed during the previous years and before the issuance of the financial statements for the year 2022. The net book value of the line amounted to as on December 31, 2022, an amount of SAR 42,759,755, and the recoverable value amounted to SAR 13,081,000, based on a study by a certified independent valuer expert. The evaluation was made according to prevailing market prices for similar production lines.
This impairment in plant and equipment was not recognized in the amount of SAR 29,678,755 as of December 31, 2022, even though the book value of the asset exceeded its recoverable amount at that value on that date.
The impact of this on the company's financial statements is an increase in the company's Accumulated losses as of January 1, 2023 and a decrease in the balance of capital projects in progress by the same balance.
- D - The Company did not record the outstanding obligations to customers - against the incentives of sale due to its customers in the amount of SAR 18,874,525 in the financial year ended on December 31, 2022 in accordance with the Company's policy for incentives of sale due to its customers. The effect of correct this on the company's financial statements is to increase the Company's Accumulated losses as at January 1, 2023 and an increase in accrued expenses and other credit balances with the same balance.



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24. Adjustments for pervious years (Continued)

E - The Company did not record provision for slow-moving inventory - in accordance with the Company's policy in the amount of SAR 6,813,842 in the financial year ended on December 31, 2022. The effect of correct this on the company's financial statements is an increase in the company's Accumulated losses as of January 1, 2023 and a decrease in inventory with the same balance.

The error was corrected by amending previous years, as it is not practically possible to determine the effects of determining these errors for items No. (B - C - D - E) on the comparative information for a specific period, whether or not more than the previous periods presented, the Company's management has adjusted the opening balances of assets, liabilities and equity to the earliest period for which it is practically possible to retroactively re-present it, which is the beginning of the current period.

The effect of the above amendments and adjustments on the statement of financial position as of January 1, 2022, is as follows:

	Issued balance as of January 1, 2022	Adjustments	Restated balance as of January 1, 2022
Impact of amendments on January 1, 2022			
Financial statements			
Trade receivables – net	29,767,064	(11,907,874)	17,859,190
Shareholders' Equity			
Retained earnings	45,106,240	(11,907,874)	33,198,366

The effect of the above amendments and adjustments on the statement of financial position and Statement of profit or loss and other comprehensive income as of December 31, 2022 is as follows:

	Issued balance as of December 31, 2022	Adjustments	Restated balance as of December 31, 2022
Impact of amendments on January 1, 2022			
Financial statements			
Trade receivables – net (A)	35,454,630	(14,014,877)	21,439,753
Property, plant and equipment- net (B)	196,506,028	(5,915,297)	190,590,731
Projects in progress (C)	42,759,755	(29,678,755)	13,081,000
Accrued expenses and other credit balances (D)	8,945,232	18,874,525	27,819,757
Inventory – net (E)	27,853,033	(6,813,842)	21,039,191
Shareholders' Equity			
Retained earnings	8,720,422	(75,297,295)	(66,576,873)
Statement of profit or loss and other comprehensive income			
Provision for expected credit losses	(1,000,000)	(2,107,003)	(3,107,003)
Earnings per share	(0.13)	(0.07)	(0.20)



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25. Segment reporting

The company is managed as a single operating sector in the production of gypsum of all kinds. The company operates in the Kingdom of Saudi Arabia. The Company's activities detail are as follows:

As at	Riyadh		Yanbu		Dammam		Total		
	Gypsum	Walls	Gypsum	Walls	Gypsum	Walls	Gypsum	Walls	
31/12/2023									
Net sales	37,844,629	307,667	6,563,799	-	6,317,567	858,551	50,725,995	1,166,218	51,892,213
Gross profit / loss	8,659,006	19,000	1,160,353	-	1,240,663	(2,475,723)	11,060,022	(2,456,723)	8,603,299
Net profit / loss before Zakat	8,728,006	23,000	1,175,353	-	1,252,663	(1,805,038)	11,156,022	(1,782,038)	9,373,984
Net property, plant, equipment and equivalent	48,913,824	2,093,647	30,743,133	1,440,000	71,951,134	55,907,729	151,608,091	59,441,376	211,049,467
31/12/2022									
Net sales	34,238,839	386,064	9,993,055	-	9,669,582	449,467	53,901,476	835,531	54,737,007
Gross profit / loss	9,465,064	(434,813)	611,117	-	866,351	(2,781,362)	10,942,532	(3,216,175)	7,726,357
Net profit / loss before Zakat	32,992	(625,340)	19,568	-	23,026	(2,971,889)	75,586	(3,597,229)	(3,521,643)
Net property, plant, equipment and equivalent	49,913,824	2,279,637	32,743,133	1,440,000	74,451,134	58,596,753	157,108,091	62,316,390	219,424,481



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26. Contingent liabilities and capital commitments

The company has Contingent liabilities represented in bank guarantee letters issued to third parties as at December 31, 2023, amounting to SR. 1.7 million (December 31, 2022: SR. 1.7 million).

27. Transactions with related parties

Transactions with related parties mainly represent salaries, allowances and remunerations for senior executives' staff. Senior management personnel are persons who have the power and authority to plan, direct and control the activities of the company, directly or indirectly, including members of the board of directors and shareholders (whether executive or otherwise).

The following is a statement of the total amounts that were included in the statement of profits or losses during the year:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses for senior management staff	874,650	806,500
Remuneration of members of the board of directors	1,800,000	1,800,000
Remuneration of committee members	150,000	150,000
Allowance for attending board meetings	204,000	303,000
Allowance for attending the company's committee sessions	135,000	144,000
Total	3,163,650	3,203,500

28. Fair value of financial instruments

Fair value is the amount that would be received when an asset was sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company's financial instruments consist of financial assets and financial liabilities.

The company's financial assets consist of cash and cash equivalents, trade and other debit balances and investments at fair value through profit or loss, and investments in equity instruments at fair value through other comprehensive income, while the financial liabilities consist of trade payables, dividend payables and accrued expenses.

The fair value of financial instruments is not materially different from their carrying value, unless otherwise indicated.

The table below shows the book values and fair values of financial assets and liabilities including their levels in the fair value hierarchy and does not include fair value information for financial assets and financial liabilities that are measured at fair value if the book value reasonably approximates the fair value:

	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>As at December 31, 2023</u>				
Investments at fair value through profit or loss	41,550,919	-	41,550,919	-
Investments in equity instruments at fair value through other comprehensive income	33,155,510	33,155,510	-	-
<u>As at December 31, 2022</u>				
Investments at fair value through profit or loss				
Investments in equity instruments at fair value through other comprehensive income	10,089,515	-	10,089,515	-
	31,364,650	31,364,650	-	-



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29. Financial risk management

Financial risk is part of the Company's activities and is managed through a process of determining its nature, measurement and continuous monitoring, according to risk limits and other elements of control. The risk management process is critical to the Company's continuing operations. The Company's activities expose it to a variety of financial risks, which mainly include market risk, credit risk, and liquidity risk.

29.1. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk consists of commission rate risk, currency risk and other price risk.

(A) Commission rate risk

Commission rate risk is the fluctuation of the fair value or financial instrument due to changes in market commission rates. As on December 31, 2023, the company has bank facilities from a local bank to issue letters of guarantee and credit to suppliers. Therefore, the company is not exposed to these risks.

(B) Currency risk

Currency risk represents the risk resulting from the fluctuation in the value of financial instruments as a result of changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates during its normal business cycle. The company did not perform any significant transactions in currencies other than the Saudi Riyal, US dollar and euro during the year. Therefore, the company was not exposed to significant risks in other foreign currencies for the year ending on December 31, 2023, as the change in the exchange rate of the Saudi riyal against the US dollar and euro does not represent a significant currency risk.

29.2. Credit risk

Credit risk is the risk related to the inability of one party, for a financial instrument, to meet its obligations, resulting in the other party incurring a financial loss. The Company is exposed to credit risk arising from its operating activities mainly from cash at banks and trade receivables (customers). The company deposits its funds in banks with high reliability and creditworthiness, The Company also has a policy regarding the amount of funds deposited in each bank, and the management does not expect the existence of significant credit risks resulting from this.

The management also does not expect the company to be exposed to significant credit risks from customers accounts, since it has a wide base of customers that operate in different locations and in different activities, and it monitors the outstanding receivables periodically and the company has made the necessary provision for the expected credit loss.

Credit risk on the company on the following balances:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and cash equivalents	9,184,021	49,849,442
Trade receivables net	26,457,960	21,439,753

29.3. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The management works to ensure that sufficient funds are available to meet any obligations when they fall due.

The company's financial liabilities consist of trade payables, accrued expenses and other credit balances. The company works to reduce liquidity risk by making sure that bank facilities are available when needed, knowing that the company has an abundance of cash at banks.



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29. Financial risk management...(Continued)

29.3. Liquidity risk...(Continued)

Company sales terms require payments to be made within 30 to 60 days of the sale date. Accounts payable is usually paid within 30 to 60 days of the purchase date.

All accounts payable and due amounts do not bear any financing expenses, and payment is expected within 12 months from the date of the company's financial statements.

Contractual maturities financial liabilities as at	Less than one year	1-5 years	More than 5 years	Book value
December 31, 2023				
Trade payables	1,554,472	-	-	1,554,472
Accrued expenses and other credit balances	28,802,978	-	-	28,802,978
Lease obligations	592,909	5,537,744	-	6,130,653
December 31, 2022				
Trade payables	2,016,299	-	-	125,827
Accrued expenses and other credit balances	27,819,757	-	-	27,819,757
Lease obligations	592,909	6,130,654	-	6,723,563

Capital management

For the purpose of managing the company's capital risk, the company's capital structure consists of shareholders' equity (consist of share capital, statutory reserve, Reserve for revaluation of investments through OCI, re-measurement reserve of employee defined benefit obligation and retained earnings). The main objective of capital management is to maximize shareholders' equity.

The company manages and adjusts its share capital structure in view of changes in economic conditions and financial commitment requirements. In order to maintain or adjust the share capital structure, the company may adjust dividends to shareholders or issue new shares.

The company has no capital structure with specific objectives or rates to be achieved in connection with managing capital risk. The overall strategy of the company remains unchanged from the previous year.

30. Comparative figures

Certain figures for the comparison year have been reclassified to conform to the classification of the current year.



National Gypsum Company

(A Saudi Joint Stock Company)

Notes to the financial statements for the year ended December 31, 2023

(All amounts in Saudi Riyals unless otherwise stated)

31. Subsequent events

The Company's management received an official letter from Saudi Arabian Oil Company (Aramco) stating that the prices of fuel products used in production have been adjusted starting from January 1, 2024. The approximate financial impact of the increase in sales costs is estimated at 10.81%, and this impact is expected to appear starting from The results of the first quarter of the year 2024, and the company's management is working to reduce the financial impact of this amendment on the financial results.

Except to the above, the company's management believes that there are no significant subsequent events from the date of the statement of financial position on December 31, 2023, until the date of approving these financial statements that may require amendments or disclosures in the financial statements.

32. Approval of the financial statements

These financial statements were approved by the Board of Directors on 20 Ramadan 1445H (corresponding to 30 March 2024).

