

**Report of the Board of Directors**  
**Ordinary Assembly No. (59) of the Company's shareholders**  
**For the fiscal year ending 31 December 2023 AD**

Dear Shareholders,

*Greeting*

We are pleased to welcome you to the Ordinary General Assembly Meeting No. (59). We have the honor to present to you the annual report for the fiscal year ending on 12/31/2023 AD. This is an explanation of the company's activity of gypsum powder and gypsum boards and the results during the past year. Please find attached the financial statements audited by the company's auditors for the fiscal year 2023 AD **(Al-Kharashi & Co. - Certified Accountants & Auditors)**. We are keen to work with production and marketing plans that work for our shareholders with good results. The Board of Directors will be pleased to listen to your inquiries, suggestions and thoughtful opinions that will provide a guard of interest and your company's developments. We hope that we have fulfilled your expectations and fulfilled the tasks assigned to us.

**The establishment of the company**

The company was established in the city of Riyadh under Royal Decree No. 5/5/583 on the first day of Rabi' al-Awwal 1376 AH and pursuant to Cabinet Resolution No.: 232 dated 4/11/1375 with a capital of 12 million. And a production capacity of 38,593 tons annually. The company expanded its factories to meet local needs, export the surplus to neighboring countries, and establish factories in Yanbu, Dammam, Yanbu bringing the company's capital to 316,666,667 million riyals. The annual production capacity is 960,000 tons of gypsum powder and 23.760,000 square meters of gypsum boards.

**The company's activity**

The activity of the company is the fabrication as well as the production of gypsum and its derivatives. The company's activity is extracted from an area of excellence in the field of gypsum and trading in the materials and fabrication related to it, including the chemical and mechanical production of its derivative materials. Furthermore, the company specializes in the activities that are helpful and necessary for achieving such purpose. The company may be benefited from other establishments and companies specialized in the similar activities in the kingdom of Saudi Arabia or abroad, by augmentation, buying or being attached to them.

- ❖ **Manufacturing of Gypsum powder** it extracts from the stone raw gypsum from the quarries to the factories and then breaker stage intervention crushed to sizes suitable then the toaster is thermally treated (calcinations) and supplemented by

various production stages until it reaches the final stage of packing in the designated for sale to customers bags.

	Daily capacity		Annual capacity		Land Ownership
Riyadh Al-Kharj Road, kilo 10 Royal	1200	Tons	360.000	Tons	Company lands
Yanbu Royal Commission	1000	Tons	300000	Tons	Royal Commission Light Industries District
Dammam in front of the second industrial area	1000	Tons	300000	Tons	Company lands

- ❖ **Walls gypsum** passed through several stages of processing begin phase gypsum processing from gypsum factory in preparation for transfer to the additions unit , which consists of prepared materials for the processing of a mixture of plaster board and then to the unit configuration to thicknesses required and undergoing industrialization several boilers process until you reach by belts to stage drying designated furnaces under certain temperatures and then transported by belt to the stage of packing and stacking in the form of bales intended for sale.

	Annual capacity	
Riyadh Al-Kharj Road, kilo 10 Royal	5.760.000	square meters
Yanbu Royal Commission	6.000.000	square meters
Dammam in front of the second industrial area	12.000.000	square meters

**Environmental licenses:** All of the company's factories and quarries have environmental licenses

**Please allow us to present to your esteemed assembly the major aspects of the company's activities during the year 2023 AD .**

## First: Production & production Capacity

### *A - Primary Products*

Products	Unit	capacity year	Current Year	Previous Year
Gypsum Powder	Ton	960.000	350,373	317,535
Plaster Board	M2	23.760.000	60.768	299.196

## Second: Sales

The total sales, for this year reached the sum of 54,737,007 SR while they were 85,559,036SR in the previous year as per the followings:

Products	Previous Year 2022	% total	Current Year 2023	% total
Value of domestic market sales	53,975,604	98%	50,920,435	98.13 %
Value of Export sales	721,053	1,3%	971,778	1,87%
Internal use - gypsum in the production of panels	40,350	0,7%	00,000	0,0%
<b>Total sales</b>	<b>54,737,007</b>		<b>51,892,213</b>	

## The Sales particulars were as follows

### A – Primary Products sales

Products	Previous Year 2022	Current Year 2023	Percentage
Gypsum Powder sales	53,901,476	50,725,995	- 97.75 %
Plaster Board sales	835,531	1,166,218	- 2.25 %
<b>Total sales</b>	<b>54,737,007</b>	<b>51,892,213</b>	

### **Third: INVESTMENT**

#### **1 – The Saudi Qatari Gypsum company:**

Your company owns one third of capital of this company which is equal to the sum of 40 million Qatari Riyals (Established in Qatar) 33.33% The fair value of the contribution of the National Gypsum Company in Qatar Gypsum Company according to the net book value of the net assets of the Qatari company at 31/12/2023

Number of shares	book value per share at 31/12/2023	Total stock value
1,333,333	25,44 SR	33,920,879 SR

#### **2- Kayan petrochemical Company:-**

Your company owns one million shares in this company, fair value according to the market value of the share price declared in the trading

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
500,000	10.96 SR	5,480,000 SR

#### **3– Aramco Saudi Arabia (Kingdom of Saudi Arabian):-**

The company owns 363.000 shares of Saudi Aramoc, the fair value of the investments of the National Gypsum Company according to the Tadawal price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
363,000	33 SR	11,797,000 SR

#### **4– Al Rajhi Bank (Kingdom of Saudi Arabian) :-**

The company owns 60,118 shares of Al Rajhi bank, the fair value of the investments of the National Gypsum Company according to the Tadawal price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
60,118	86.50 SR	5,200,207 SR

#### **5 – Tabuk Cement company :-**

The Company owns 77,142 shares of fair value according to the book value of the quoted share price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
77,142	13,60 SR	1, 049,131 SR

#### **6– Chemanol (Kingdom of Saudi Arabian) :-**

The company owns 249,770 shares chemanol, the fair value of the investments of the National Gypsum Company according to the Tadawal price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
249,770	20.20 SR	5,045,354 SR

#### **7– Acwa Power (Kingdom of Saudi Arabian) :-**

The company owns 253 shares of Acwa Power, the fair value of the investments of the National Gypsum Company according to the Tadawal price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
253	257.00 SR	65,021 SR

#### **8 – Marafiq Company:-**

The company owns 6.65 fair value shares of the investments of the National Gypsum Company according to the Tadawal price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
6,465	64.80 SR	418,932 SR

#### **9 – Elm company:-**

The company owns 4.771 fair value shares of the investments of the National Gypsum Company according to the Tadawal price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
4,771	815.00 SR	3,888,365 SR

#### **10 – National Building and Marketing Company:-**

The company owns 100 fair value shares of the investments of the National Gypsum Company according to the Tadawal price

Number of shares	Share price at 31/12/2023	The total fair value at 31/12/2023
100	295	29,500

## **Fourth: liabilities & commitments**

**1- LOAN :** The Board of Directors acknowledges that the Company does not have any loans in the current year (2023)

### **2 – Contingent Liabilities, Obligations and Guarantees provided by others**

- Letter of credits issued for third parties up to 31/12/2023 AD with a total value of SR 1.700.000. For Aramco supply of crude oil to the company's factories (Riyadh-yanbu- damamm)
- The company received guarantees from third parties with a total value of SR 700,000 , some of which provided by the customers against credit facilities.

### **3 – Regular payment**

- The company has been paying the Zakat as the rules and regulations. The total amount of Zakat for this year is 3,001,158 SR as indicated in the annual balance sheet.
- The company terminated the Zakat final link form 2014 until 2021.
- The company has been paying fees for ministry of Petrol and mineral resources in return of extracting raw stones in concordance to council minister resolution No. 11 dated 14/1/1424 H wherein fees shall be paid for utilizing all types of minerals and stones (3 SR) for each ton of gypsum. The minimum total annual amount to be utilized is 40 thousand ton with total fees of 120.000 SR. The resolution also pointed out that the amount of the annual rent required by mining license holders which is 10.000 SR for each square kilometer or part of it. The total estimated amount to be paid the period from 1/1/2023 up 31/12/2023 is 965,922 SR. the company paid 733,880 SR And payable is 232,042 SR
- The company has paid an amount of 360,000 riyals, which is in advance (the minimum limit for the exploitation of gypsum ore in the company's quarries - Riyadh - Yanbu - the Eastern Region) From the period 1/1/2024 AD until 12/31/2024 AD, based on the regulations applied by the Ministry of Energy, Industry and Mining
- The company has been paid fees for the basic services for the period from 1/1/2023 AD until 31/12/2023 AD for Tadwul, according to the invoice sent from the Tadwul, the total amount is 372,931 SR
- The company has been paying fees for the social insurance during this year the total amount is 1,749,556 SR the company pay 1,663,709 and Accrued amount 85,847 as the rules and regulations.
- The company has been paying fees for the general insurance on the property of the company in Riyadh, dammam, Yanbu and Omlug during this year 2023 AD the total amount is 481,613 S.R as well as health insurance to employees of the company the total amount is 1,674,686 S.R.

- The company paid the fees of its workers in accordance with the instructions issued in this regard for the period from 1/1/2023 AD to 31/12/2023 in the amount 306,192 SR

#### **Regular payment schedule 2020 AD**

	Deserved	paid	Deserved	Previous	Paid in advance
Zakat (2022)	3,001,158			1,245,292	
Fees for ministry of Petrol and mineral resources	965,922	733,880	232,042		
Charge of basic service –Tadwul 2022	372,931	372,931			
Social insurance 2022	1,749,556 SR	1,663,709 SR	85,847 SR		
general insurance on the property of the company2022	481,613 SR	481,613 SR			
health insurance to employees of the company 2022	1,674,686 SR	1,674,686 SR			
Labor fees for 2022	306,192 SR	306,192 SR			

#### **Fifth : The capital investment projects**

- Your company has always been keen in upgrading of these factories so as to be in line with the development and also for supporting the company's profits and development in the long run. And to work on adding new production lines after the completion of technical studies and marketing and also maintain the consumption of energy used.

The company modernized its production lines, and the Dammam (2) factory was operated at full capacity, reducing the production weight of panels to keep pace with the markets while maintaining the quality of the product

- The company is expected to take into consideration the boom in the construction sector currently witnessed in the Saudi economy and the projects expected, God willing, more activity in the disposal of the company's products, especially gypsum walls.
- The company prepared a study of the recoverable value of the Alpha and Beta gypsum factory by a specialized company
- Capital projects under implementation (Alpha and Beta gypsum factory - in the company's factories branch in Dammam) the company's direction to produce other items and products, and a study of the recoverable value of the project was done internally by the company and, God willing, it is expected to complete the work and operation in the first half of 2023 AD

The company has contracted with the French company Girlpix to operate the factory, and it will be operational in the year 2024 AD

- The company prepared a study to develop gypsum wall factories and operate the Alpha and Beta gypsum factory by a specialized industrial consulting company

## **Sixth: Future vision, company mission and principles**

### *Future vision*

The company maintains its leadership in producing gypsum board and gypsum walls as a role model in providing its services to all customers of the company through its factories distributed in the central, eastern and western regions of the Kingdom that allow it to cover the entire regions of the Kingdom and the Gulf region

### *Her message*

The mission of the National Gypsum Company is to provide high-quality products of gypsum powder and gypsum walls with outstanding services to satisfy its customers and the contribution of one of them to the construction process, where the Gypsum Company has contributed since its establishment (1378 AH) and the development of its products to suit the requirements of the modern era in construction

### *The principles and ancient values of the company*

We are committed to satisfying all customers' needs in its production of gypsum powder, gypsum walls and agricultural gypsum

### *the responsibility*

The company accepts responsibility for all its products and confirms its conformity with international specifications, standards and quality

### *Performance improvement and development*

We are committed to providing the company's products of gypsum and gypsum boards in accordance with international (German) specifications and promoting the optimal use of the company's resources through continuous development of its performance and services to all the company's clients and those interested in the field of building and construction

### *Contribute to society*

The National Gypsum Company bears its social responsibility and commitment to society by providing its charitable products as a contribution from the company

### *Confidentiality*

The company maintains confidentiality of its dealings with its customers, shareholders, and customers

- National gypsum Company is distinguished in Riyadh, Dammam and Yanbu. It is the heart of the centers of architectural movement. It is the first national company producing gypsum and gypsum boards in the Kingdom and the Gulf region, and its expertise in this field qualifies it to export and distribute its products and obtain the largest share in local and neighboring markets. achieving higher profitability in Gypsum and gypsum board industry
- The company has the best technical elements and expertise in gypsum and gypsum board production. Its production lines are supplied by the world's largest German companies specialized in this field.
- **The company's land in Jeddah:** A communication form was received about the estimated compensation value on 21/A/1445 AH for the expropriated property (the company's land in Jeddah on Palestine Street) on which administrative offices for sales and a warehouse for distributing gypsum materials were built and owned according to Instrument No. 620224016308 dated 3/6/1441 AH, amounting to its area is 1,680 square meters. The financial compensation was estimated at 8,147,944 riyals (eight million one hundred and forty-seven thousand, nine hundred and ninety-four riyals), and the instrument was emptied in favor of the State Real Estate Authority, with the company retaining its right to object to the value of the estimate, as the company took legal measures to file a lawsuit. No. 4158 of 1445 AH filed by the National Gypsum Company against the General Authority for State Real Estate, branch of the General Authority for State Real Estate in Jeddah, in the Administrative Court in Jeddah, in the First Circuit.

### **Seventh: Risks and their management**

- ❖ The company's activities expose it to a variety of financial risks, including: market risks (including currency risks, fair value risks, interest rate risks, and price risks), credit risks, and liquidity risks. The company focuses on unexpected fluctuations in the financial markets and aims to reduce the potential negative effects on the company's performance Financial. The risk management policy is implemented by

senior management in accordance with the policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close cooperation with the company's operating activities. The most important types of risks are credit risks, currency risks, fair value and interest rates of cash flows.

- ❖ The Board of Directors assumes overall responsibility for establishing and supervising the company's risk management framework. The executive management team is responsible for developing and monitoring the company's risk management policies. The work team holds meetings on a regular basis, and any changes or matters related to compliance with the policies are reported to the Board of Directors through the Audit Committee.
- ❖ Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and company activities. The company aims, through training, management standards and procedures, to develop a responsible and structured control environment so that all employees are aware of their roles and obligations.

The Audit Committee oversees management's compliance with the company's risk management policies and procedures, and reviews the suitability of the risk management framework in relation to the risks faced by the company. The financial instruments included in the statement of financial position include cash and cash equivalents, trade receivables and other receivables, loans, trade payables and other payables. The methods of evidence used are disclosed in the policy statement related to each item.

### ➤ **Elements of financial risk**

Financial risks are market risks, which include (the risk of changes in foreign exchange rates, price risks, the risk of interest rates affecting cash flows and fair value), as well as credit risk and liquidity risk. The company does not use any of the derivative financial instruments to cover specific risks.

### **Risk Management :**

Financial risks are part of the company's activities and are managed through a process of determining its nature, measurement and continuous monitoring, and

according to the limits of risks and other elements of control. The risk management process is important for the company's ongoing operations. The company's activities are exposed to a variety of financial risks that mainly include Market, credit risk and liquidity risk.

#### **A. Risks of changing currency rates**

The currency risk arising from fluctuations 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 in the normal course of its business. The company did not carry out any significant transactions in currencies other than the Saudi riyal, the US dollar and the euro during the year, and therefore the company was not exposed to significant risks in other foreign currencies for the year ending on December 31, 2022 AD, as the change in the exchange rate of the Saudi riyal against the US dollar and the euro does not represent significant currency risks.

Changes in exchange rates as a result of the company's activities, mainly the US dollar and the euro. The risk of change in foreign exchange rates results from future commercial transactions, assets and liabilities in foreign currencies existing at the balance sheet date.

#### **B. Commission rate risk**

The commission rate risk is the fluctuation of the fair value or the financial instrument due to changes in the rates of commission rates in the market as on 31/12/2023 AD. The company has bank facilities from a local bank to issue letters of guarantee and approve suppliers, and accordingly, the company is not exposed to these risks.

#### **C. Liquidity risk:**

Liquidity risk represents the difficulty that the Company faces in raising funds to meet commitments relating to financial instruments. Liquidity risk results from the inability to sell a financial asset quickly at an amount equal to its fair value. The company manages liquidity risks by maintaining cash balances with banks and ensuring that it can obtain sufficient facilities, if required, to cover its short-term obligations on an ongoing basis.

The conditions for collecting the sales value within a period of 30 to 60 days from the date of sale and that the value of purchases be paid within a period of 30 to 60 days from the date of purchase

Being vigilant about liquidity risks requires maintaining an adequate level of cash and providing financing through sufficient amounts of customer collections and reducing the average repayment period from customers. Given the dynamic nature of the core activities and the company's management aims to maintain flexibility in financing by taking appropriate measures to reduce that risk to reasonable limit. Monitor liquidity

needs on a regular basis so that management can ensure that there are sufficient funds to meet any commitments as they occur.

**D -Interest rate risk:**

There is no material impact on the company's activities, as the company does not have any outstanding loans during the fiscal year ending on 12/31/2023 AD. In general, it represents interest risk, which may have an impact on business results. This risk is considered low, as the company does not rely on credit facilities to a large extent from banks to finance working capital and long-term assets.

**E - Price risk:**

The Company has no investments in equity instruments or debt instruments that are registered and traded in the financial markets. and therefore, the risk of changes in the fair value of investments as a result of price changes.

**F -Credit Risk:**

Credit risk represents the inability of a party to meet its obligations, resulting in a financial loss to the other party.

The Company is committed to managing customer credit risk by setting credit limits for each customer and monitoring existing receivables.

the credit risk in the customer accounts and individuals of customer accounts for the banks it is dealing with banks with higher credit rating, the banks with high credit and appropriate in the absence of an independent credit rating for Customers The management of credit by offering credit relevance in the light of the financial center, previous experience in Transactions and other factors, and configure the necessary allocations to face the risk of default in payment by a Customer for each case separately.

Management also does not expect the company to be exposed to significant credit risks from customer accounts, given that it has a broad base of customers that operate in different locations and in different activities. Management monitors receivables and outstanding receivables periodically and ensures that the necessary provision for expected credit loss is created.

**G - Capital risk management:**

The aim of the company from the Department of capital is to maintain its ability to achieve the return to shareholders and benefits to other parties that use the financial statements. the company also aims to provide and maintain the best capital, thereby reducing the cost of capital, the company is to maintain the best structure of capital through the change in value of the dividends paid to the shareholders or the reduction of capital or the issuance of new shares of capital or by reducing the debts

due on the company (if any) the company is also monitors the capital structure using the ratio of net loans to total capital the net loans in total loans and advances and commercial creditors, other creditor assets minus cash and cash equivalents, and there is no any loan on the company and praise God

#### **H - Fair Value Estimate**

Fair value is the amount that is received upon the sale of one of the assets or to convert a batch of liabilities in an organized transaction between market participants at the measurement date the fair value measurement is based on the assumption

That the transaction to sell assets or to transfer of the liabilities and occur either:

- In the main market in relation to the assets or liabilities
- In the absence of the main market in the market the most favored Item assets or liabilities

The fair value of the asset or liability item is measured using the assumptions that market participants will use when pricing the asset or liability item, assuming that market participants act on the basis of their economic interest

And measurement of the fair value of non-financial assets, is taken into account the ability of market participants to achieve the economic advantages by using the asset item at its highest and best use or by selling it to another market participant who will use the asset item at its highest and best use

That all the assets and liabilities that are measured at fair value or disclosed in the financial statements are classified within the fair value hierarchy, which is explained as follows based on the minimum inputs required to measure the fair value as a whole.

##### **Level 1**

Market prices traded (not modified) in active markets for similar assets or liabilities

##### **Level 2**

Methods for assessing the use of minimum necessary inputs to measure fair value and observable directly or indirectly.

##### **Level 3**

Assessment methods used the minimum necessary inputs to measure fair value, but not based on perceived market data.

##### **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 currency price risk, currency risk, and other price risk.

For assets and liabilities recognized in the financial statements on a recurring basis the Company determines whether transfers have been made between levels in the hierarchy Reclassification (based on the minimum inputs required to measure the fair value as a whole) at the end of each period for the preparation of financial reports

- ❖ The company's share of the shortage is due to the competition of new companies and the list that resorted to price war with the company and other companies in the same field the collapse of prices because of saturation of the domestic market of gypsum, as the Kingdom's markets achieved self-sufficiency of these materials as well as gypsum board and there are no restrictions on prices Sell gypsum and gypsum powder and set the price cap for the product according to supply and demand. Therefore, it is not expected to sell at higher prices than current prices, but the company always takes into account consumer protection while at the same time reaching the difficult equation by maintaining the interest of the company and the benefit to shareholders.
- ❖ The company's share in the local market was affected due to the control of some traders on the distribution of the company's main products (gypsum) locally. The company remedied this by diversifying the sources of distribution, find distributors, and direct selling to customers, which increased the company's share, praise be to God
- ❖ our company encounter tough competition in the domestic and overseas markets for their products from gypsum powder and gypsum boards, that represented in of construction new plants in our distribution always in the kingdom and aboard (Gulf Countries) exceeds the need of the domestic market as well as the import of those products (gypsum board) There is an ongoing work from the company's management to open new markets to meet the disposal of products. The company also faces rising energy prices (electricity, crude oil, kerosene and water), in addition to high increase of raw materials cost and continuous increase in Euro exchange rate.
- ❖ The effects of the continued rise in energy prices used by the company have led to fears of profitability. The company has made sure to reduce the use of energy by installing special devices the company works to raise production efficiency and reduce costs to reduce the size of the financial impact of dealing with these variables.
- ❖ Gypsum Company has the privilege of Riyadh (Al Maragha) and Yanbu (omlj) where it has a quarry license in Maragha area in Riyadh with an area of 11 km. This area is the only one where there is gypsum ore in addition to 21.405 km in yanbu (omlj) area. This distinguishes the company provides Raw materials needed. The company also has quarries with an area of 2.5 Kilo in Al-Aqeer area in the Eastern Province. This is one of the reasons why the company is a pioneer in this field and is acquiring a share in the local and Gulf markets. The company is currently working to increase its share of the local market and activate it and open new markets in the region and is developing studies on

the company's acquisition of the largest market shares the company asks the responsible authorities to monitor the conditions of the existing gypsum companies and the size of the market as well as the imported quantities of gypsum and gypsum boards and look forward to establishing controls

franchise	Ministerial decree		Type of license		raw	Location		
17/M	7613	22/10/1348H	raw material quarry		gypsum	Al Maragha- Riyadh		
The area is 11 km For a period of 30 years, starting from 14/5/1437 H								
<b>Environmental permit to operate</b>			<b>No</b>	<b>Date</b>	<b>valid until</b>			
			26299	28/10/1442 H	26/10/1445 H			
franchise	Ministerial decree		Type of license		raw	Location		
14/M	2658	08/04/1439 H	raw material quarry		gypsum	North Yanbu omj road - Yanbu		
The area is 21.504 km For a period of 30 years, starting from 21/03/1432 H								
<b>Environmental permit to operate</b>				<b>No</b>	<b>Date</b>	<b>valid until</b>		
				13770	20/06/1442 H	15/06/1446 H		
License Number			Ministerial decree				raw	Location
23/G	23/G	25/G	7667	7661	7670	22/10/1438 H	Gypsum	Umm Hawid, Al Uqair Center
The area is 2.182.053 km For a period of 20 years, starting from 29/01/1435 H								
<b>Environmental permit to operate</b>				<b>No</b>	<b>Date</b>	<b>valid until</b>		
				13285	14/06/1442 H	07/06/1446 H		

- ❖ National gypsum Company in this area by Al-Kharj Road since its establishment and contributed to the gathering of the population blocs in the region known as the "Gypsum District". These population areas have been pushed to the company's site which imposes on the company strict adherence to environmental policies in the region

Some of quarters try to transfer the plant from the current location in Karj road kilo 10 for the fear that the plant harmful to the environment surrounding. The company has obligation to wards the application of the environment standard. The national gypsum company commits to apply the international standard and Saudi standard to preserve the environment this is under the supervision and follow –up – by SMD and environmental protection in Riyadh where the company takes into account all the instruction and basic requirement and it is policy of operating factories, always keen on the maintenance and safety of the

filter in factories firstly in order to operate efficiently according to specialized by SMD protection of environment in the kingdom the company has been contracted with the one of the specialized office to affection environmental measurements for factories in Riyadh to renew the environmental certificate.

### **Eighth:**

#### **International accounting standards**

- The Company has applied the Financial Reporting Standards (9) and (15) IFRS Financial Administrations. All the financial effects associated with these two criteria were addressed and their financial impact was shown in 31/12/2019 AD IAS 39 and IFRS 4, Phase Two (Interest Rate Correction)
- The Company has changed the depreciation and equipment of the Company in according to International Standard No. (16) Real estate Equipment according to the method of production units used in calculating the depreciation of the group of machinery and equipment instead of the straight line method used to calculate the depreciation of the group of machinery and equipment and the reclassification of the group of machinery and equipment, Apply the new policy
- The company has completed the actuarial evaluation for the fiscal year 2023 AD and showed its impact on the financial statements.

### **Ninth: General Assemblies of the Company for the fiscal year 2023 AD(1 General Assembly)**

1- Ordinary General Assembly No. (58) On May 26, 2023 A.D. (24 Shawal 1444 Hijri) It was held at the company's headquarters in Riyadh via (Visual Meeting Society website) <https://app.jameeah.com/meetings/in> in the presence

S.No	Name of member	Number of sessions attended
1	Ahmed Bin Abdullah Al Thanayan	Chairman of the Board of Directors
2	Fahd Bin Thanayan Al Thanayan	Managing Director of the Board of Directors
3	Suad Bin Abdullah Al Thaonayan	Member of the Board of Directors, Vice Chairman of the Board and member of the Investment Committee
4	Mohamed Bin Salih A. Al Awad	Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee
5	Abdul Rahman Ibrahim Al-Medaimagh	Member of the Board of Directors, member of the Audit Committee, and member of the Nominations Committee
6	Mansour Abdul Khaleq Al-Ghamdi	Member of the Board of Directors, member of the Executive Committee and Chairman of the Investment Committee
7	Suad Ahmed Bin Abdullah Al Thanayan	Member of the Board of Directors, member of the Audit Committee, and member of the Nominations Committee
8	Fahd bin Lafi Zaben Al-Mutairi	Director& chairman of the nominations and Rewards Committee
9	Zabin bin Lafi Zabin Al-Mutairi	Member of the Board of Directors and member of the Investment Committee

➤ 211 shareholders representing 60.33% of the capital(Online voting)

**The Company has requested a record it is shareholders by Tadawul for the current fiscal year (2023 AD) as follows:**

<u>No.</u>	<u>DAt</u>	<u>Reason</u>
1	09/04/20233 AD	Others On the level of identity (B)
2	03/05/2023 AD	Others On the level of identity (B)
3	11/06/2023 AD	General Assembly of the Company
4	21/11/2023 AD	Others On the level of identity (B)

**Tenth: (A) Board of Directors meetings for the year 2023 (attendance and passing)**

S.No	Name of member	Number of sessions attended		
1	Ahmed Bin Abdullah Al Thanayan	Chairman of the Board of Directors	nonexecutive	7 -Full Attendance
2	Fahd Bin Thanayan Al Thanayan	Managing Director of the Board of Directors	Executive	6 -Full Attendance
3	Suad Bin Abdullah Al Thaonayan	Member of the Board of Directors, Vice Chairman of the Board and member of the Investment Committee	nonexecutive	6 -Full Attendance
4	Mohamed Bin Salih A. Al Awad	Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee	independent	6 -Full Attendance
5	Abdul Rahman Ibrahim Al-Medaimagh	Member of the Board of Directors, member of the Audit Committee, and member of the Nominations Committee	independent	6 -Full Attendance
6	Mansour Abdul Khaleq Al-Ghamdi	Member of the Board of Directors, member of the Executive Committee and Chairman of the Investment Committee	independent	6 -Full Attendance
7	Suad Ahmed Bin Abdullah Al Thanayan	Member of the Board of Directors, member of the Audit Committee, and member of the Nominations Committee	nonexecutive	6 -Full Attendance
8	Fahd bin Lafi Zaben Al-Mutairi	Director& chairman of the nominations and Rewards Committee	nonexecutive	6 -Full Attendance
9	Zabin bin Lafi Zabin Al-Mutairi	Member of the Board of Directors and member of the Investment Committee	nonexecutive	6 -Full Attendance

Schedule meeting	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	30/3/2022	17/5/2023	22/5/2023	13/8/2023	9/11/2023	28/11/2023	26/12/2023

According to Article (26) of the Articles of Association

	Name	Member attribute	Attending sessions		Attending executive committee	Attending audit committee	Attending Nominations Committee	investment committee	Total
			actual	Scroll					
1	Ahmed Bin Abdullah Al Thanayan	nonexecutive	6	1					7
2	Fahd Bin Thanayan Al Thanayan	Executive	6	1					7
3	Suad Bin Abdullah Al Thaonayan	nonexecutive	6	1				2	9
4	Mohamed Bin Salih A. Al Awad	independent	6	1					7
5	Abdul Rahman Ibrahim Al-Medaimagh	independent	6	1		13			20
6	Mansour Abdul Khaleq Al-Ghamdi	independent	6	1				2	9
7	Suad Ahmed Bin Abdullah Al Thanayan	nonexecutive	6	1		13			20
8	Fahd bin Lafi Zaben Al-Mutairi	nonexecutive	6	1					7
9	Zabin bin Lafi Zabin Al-Mutairi	nonexecutive	5	1				2	8

### Eleventh:

**As per clause No (23 paragraph 6) of company's article of association, All board members are committed of not being board members for more than five joint stock companies at the same time**

Name of Member	1	2	3	4	5
Fahd Bin Thanayan Al Thanayan	Yamamah Cement Company	National Marketing & Building Co. Listed Contribution	Saudi German Industrial Company(closed contribution)	Adwaa Al-Hidaya Schools for boys (closed contribution)	
Mohamed Bin Salih A. Al Awad	Kaakat Company for Nutrition and Catering	Alma Military Industries Company	Saudi German Industrial Company	Adwaa Al-Hidaya Schools for boys	
Abdul Rahman Ibrahim Al-Medaimagh	Global Impact Company	Al Ma'ather Rit Fund	Basic materials company	Future Company for ceramics and porcelain	The National Building and Marketing Company- Listed Contribution
Mansour Abdul Khaleq Al-Ghamdi	Al Sharqiyah Development				

**Twelfth:** The percentage of board members and top executive, their wives and dependants in the company's shares (2023)

NO	Name of member	Number of shares				Change of share & % the begin of year	Change of share & % the end of year		
1	Ahmed Bin Abdullah Al Thanayan	71942	share	0.227	%		71942	share	0.227%
2	Fahd Bin Thanayan Al Thanayan	817244	share	2.581	%		817244	Share	2.581%
3	Suad Bin Abdullah Al Thaonayan	1000	share	0.003	%		1000	share	0.003%
4	Mohamed Bin Salih A. Al Awad	1133	share	0.004	%		1133	share	0.004%
5	Abdul Rahman Ibrahim Al-Medaimagh	1000	share	0.003	%		1000	share	0.003%
6	Mansour Abdul Khaleq Al-Ghamdi	7512	share	0.37	%		1000	share	0.37%
7	Suad Ahmed Bin Abdullah Al Thanayan	1025	share	0.003	%		1000	Share	0.003%
8	Fahd bin Lafi Zaben Al-Mutairi	500	share	0.0016	%		500	share	0.0016%
9	Zabin bin Lafi Zabin Al-Mutairi	600	share	0.0019	%		600	share	0.0019%

• **Executive Members**

		number of shares & percentage at the beginning of the year				Change in shares & percentage	number of shares & percentage at the end of the year		
1	Fahd Bin Thanayan Al Thanayan	817244	share	2.581	%		817244	Share	2.581%
2	Khalid Abdullah Ibrahim Al Ghadeer	1000	share	0.003	%		1000	share	0.003%

**Thirteenth:** Description of any benefit belong to board members and top executive, their wives and dependants in the company's shares or consequent to any one off their companies. (2023 AD)

Name of member	Change of share & % the begin of year		Change of share & % at the end of year		Change of share & % at the end of year	
Nothing	Share	%	share	%	share	%

**fourteenth:** description of any benefit belongs to board members and top executive, their wives and dependants in the company's (2023 AD)

Name of member	Change of share & % t the begin of year		Change of share & % t the end of year		Change of share & % t the end of year	
Nothing	Share	%	share	%	share	%

**fifteenth:** Contracts with the relationship with the company 2023 :

- The company confirms that there are no contracts have been signed of that have related to the board members and top executives during year 2023 AD However, the National Gypsum Company has a third of the contribution of the Saudi Qatari Gypsum Company in the State of Qatar

Company name	Activity	State of incorporation and operations	shares of the company	The percentage of ownership National Gypsum Company			2020		2021	
The Qatari-Saudi Gypsum Industry Company	Gypsum industry	Qatar- Daoha	4 million share	1,333,333	33,33	%	000.00	SR	000,00	SR
				<p>Dealing stop from the date of 9/9/1438 Hijri, 4/6/2017 Ad</p> <p>The board of directors of the National Gypsum Company is represented on the board of directors of the Saudi Qatar Gypsum Company by Mr. Ahmed bin Abdullah Fahad Al-Thunayan and Mr. Khalid bin Abdullah Al-Ghadeer</p>						

## Sixteenth: Committees ( 2023AD)

### 1 – Auditing Committee

1	Nawaf Abdul Majeed Khashoggi	Head	Independent	Independent	14	Full Attendance
2	Abdul Rahman Ibrahim Al-Medaimegh	Member	Resignation dated 24/12/2023	Independent	14	Full Attendance
3	Suad Ahmed Bin Abdullah Al Thanayan	Member	Independent	nonexecutive	14	Full Attendance
4	Suad Bin Abdullah Al Thanayan	Member	Appointed on 25/12/2023	nonexecutive		

Schedule meeting	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	25/1/2023	12/2/2023	16/2/2023	30/3/2023	4/4/2023	22/5/2023	5/7/2023

(8)	(9)	(10)	(11)	(12)	(13)	(14)
13/8/2023	6/9/2023	16/9/2023	18/10/2023	9/11/2023	20/12/2023	25/12/2023

### **Responsibilities of the committee.**

- Supervision of auditing the company's activities to ensure its effectiveness regarding execution of assigned tasks and internal control by laws.
- Conduct the study of internal control system and preparing a written report including its evaluation and recommendations thereof.
- Evaluation of internal auditing reports and follows up the corrections required.
- Recommendation of appointing and termination of chartered accountants and their rewards.
- Follow up of chartered accountants activities and approval of any work out of their duties that assigned to them while performing their auditing activities.
- Study of remarks and discussion of chartered accountant about the annual and quarter statements status and addition to their opinion and recommendations therein

- 7- They Study of applied accounting policies and providing their comments and recommendations.
- 8- Review the audit with the chartered accountant and make them observable
- 9- Study notes chartered accountant statement and follow up the action

**2-Nominations & Remuneration Committee 2023AD**

1	Mohamed Bin Salih A. Al Awad	Head
2	Fahd bin Lafi Zaben Al-Mutairi	Member
3	Suad Ahmed Bin Abdullah Al Thanayan	Member

**Responsibilities of the committee.**

1. Recommendations regarding board of directors' nominations according to approved standards and policies. And taking care not to nominate any person previously convicted of a crime involving moral turpitude and dishonesty
2. Annual auditing regarding the suitable qualifications required for the board membership and setting of abilities and qualification criteria required including the time that shall be allocated by the member for carrying out the board of directors' activities.
3. Revision and forwarding of recommendations to the board of directors regarding any changeable modifications in addition to defining of weakness and strength and providing the suggested remedial solutions that in concordance with the company's interests.
4. To ensure, on annual basis, the independency of the board members and nonexistence of any member hold a board membership in any other company.
5. Setting of policies regarding remuneration of board of directors and top executives as per the standards related to their performance.

**A-Executive Committee 2023**

1	Ahmed Bin Abdullah Al Thanayan	Head
2	Fahd Bin Thanayan Al Thanayan	Member
3	Mansour Abdul Khaleq Al-Ghamdi	Member
4	Khalid Abdullah Ibrahim al Ghadeer	Member

**Responsibilities of the committee**

- Represent company in exhibitions and conferences so that it does not conflict with the sub-committees of the company.
- Supervision and follow-up with the company management to the sections and development of human resources and strategic priorities and allocation of resources and reports relevant workflow.
- The issuance of the regulations and instructions and take decisions on the organization of work of urgent company, that would not be inconsistent with the statute other commissions and powers of the Managing Director and the Director General and Assistant Director-General.
- To follow up the implementation of the policy and administrative financial, technical and marketing executive committee and undertake all the responsibilities of management of the company according to general plans and decisions of the Council of Administration with the company management.
- The Executive Committee of the company's daily go and play the role the company's general manager in the case of vacated this function.
- The Executive Committee closer relations and coordination of work between the company and of all the relationship so as not contrary to regulations of the company and the Statute, in order to achieve the purposes of the company and stimulate sales and develop the production.
- The committee had the right to interrogate other administrative sections and structures to their work by providing reports to the Governing Council so as not contrary to the work of the other Committees (Audit Committee and the Commission, nominations).
- The committee consists of three members and the quorum of two executive committee members and shall take its decisions by majority vote of Members present.

#### **4-Risk Management Committee (Audit Committee Members) 2023**

1	<b>Nawaf Abdul Majeed Khashoggi</b>	Head	Independent	Independent
2	<b>Abdul Rahman Ibrahim Al-Medaimagh</b>	Member	Resignation dated 24/12/2023	Independent
3	<b>Suad Ahmed Bin Abdullah Al Thanayan</b>	Member	Independent	nonexecutive
4	<b>Suad Bin Abdullah Al Thanayan</b>	Member	Appointed on 25/12/2023	nonexecutive

#### **Responsibilities of the committee**

1. Develop a comprehensive strategy (current and future) on the quality and level of risk for all the activities of the company and work to review and careful development periodically in light of the variables and effects surrounding
2. To develop a policy commensurate with the business of the company and identify the risks to which the company is exposed and monitored and taking into consideration the development and updating of these policies
3. As well as the development of the surrounding conditions (internally and externally) that will affect the company's activity and the financial collection of its receivables
4. Follow up procedures and potential deficiencies in internal controls and surrounding risk environment and management when approving expansions and opening markets
5. Deliver appropriate information to the Board and Executive Management in a timely manner through accurate, complete, concise and comprehensive reports on the Company's activity
6. Monitor risk limits and raise any override from these limits and actions to be taken for treatment
7. Provide the Board periodically of the risks facing the company and any override in the application of the internal control system
8. Given the opportunity for direct communication between the Internal Audit Sections, Committee, External Auditors and the Board of Directors to ensure transparency in the issuance of reports and the application of internal controls
9. Review serious violations in cooperation with the Audit Committee and follow up the reactions of management, correct procedures and proposed preventive measures
10. Review the recruitment activities, policies and organizational structure of internal audit departments and divisions
11. Assisting the Board in fulfilling its legal and regulatory obligations in all aspects of risks and developing plans to reduce the risks faced by the Company in all its departments, divisions and factories.

#### **(5) Investment Committee for the fiscal year 2023 AD**

1	Mansour Abdul Khaleq Al-Ghamdi	Head	(1)	(2)
2	Saud bin Abdullah Al -Thanyan	Member	7/9/2023	18/9/2023
3	Zabin bin Lafi Zabin Al-Mutairi	Member		
4	Khalid Abdullah al Ghadeer	Member		

#### **Responsibilities of the committee**

- 1- Study the investment opportunities that fall within the company's investment activities (investment portfolios - real estate - investment in other companies) and which the company wishes to benefit from in a way that does not harm the company's interests and does not conflict with the company's system and the financial market system and its implementing regulations.
- 2- Follow-up of the company's investment portfolios with banks.
- 3- Submitting recommendations to the Board of Directors and the Executive Committee on the available investments.

### **Seventeenth: Operating profit**

- The operating profit through the (12 ) month of 2023 AD is - 4,714,518 riyals compared to 4,740,797 -riyals of the previous year
- The total sales of the company for this year 2023 were 51,892,213 riyals, compared to 54,737,007 riyals last year 2022. Net income (9,373,984 riyals) and the legitimate Zakat for the year 2023 AD was 2,880,464 riyals

	<b>2023 AD</b>	<b>2022AD</b>	<b>Change</b>	
<b>sales</b>	51,892,213 SR	54,737,007 SR	-2,844,794	- 5.20%
<b>Gross profit</b>	8,603,299 SR	7,726,357 SR	876,942	11,35%
<b>operating profit</b>	4,714,518- SR	4,740,797- SR	26,279	- 0,055%
<b>Net profit after Zakat</b>	9,373,984- SR	3,521,643- SR	18,895,627	- 366,18%
<b>net year</b>	5,127,534 SR	6,442,845- SR	11,570.379	-179,58 %
<b>Total comprehensive income</b>	5,513,288 SR	12,831,243- SR	18,344,531	-142,79%
<b>Total shareholders' equity</b>	362,143,630 SR	356,630,342 SR	5,513,288	1.55%
<b>Earning per share from operating profit</b>	0,15-	0,15-		
<b>Earnings per share from net profit</b>	0,16	020-		

### **Eighteenth: Remuneration of Boar of directors**

The Board of Directors wishes to clarify that the Chairman and members have not received any allocations or other benefits other than the amounts determined by the rules and regulations (shown in the table below)

	Number of Members	Number of meetings	Session allowance		Total meeting allowance per member		Allowances for all members	
Board sessions allowance	9	7	3000	SR	21	SR	186000	SR
Allowance of the audit committee sessions	2	14	3000	SR	42000	SR	84000	SR
Allowance of the Nomination Committee sessions	3	-	3000	SR	-	SR	-	SR
Allowance of executive committee sessions	5	-	3000	SR	-	SR	-	SR
investment committee	3	2	3000	SR	6000	SR	18000	SR
<b>Total</b>							288,000	SR

**Statement of the annual remuneration of the council members (included in the remuneration schedule for council members, page 22**

S.No	Name of member	Number of sessions attended	The reward for the fiscal year 2022 AD, 58 . Assembly approval	Bonuses for the fiscal year 2023 are presented to a vote of the 59th Assembly
1	Ahmed Bin Abdullah Al Thanayan	Chairman of the Board of Directors		200.000 SR
2	Fahd Bin Thanayan Al Thanayan	Managing Director of the Board of Directors		200.000 SR
3	Nawaf Abdul Majeed Khashoggi	Directors and chairman of the Audit Committee		200.000 SR
4	Suad Bin Abdullah Al Thaonayan	Member of the Board of Directors and Chairman of the Investment Committee		200.000 SR
5	Mohamed Bin Salih A. Al Awad	Member of the Board		200.000 SR
6	Saud bin Abdullah Al –Bawardi	Member of the Board		200.000 SR
7	Khalid Abdullah Ibrahim al Ghadeer	Member of the Board of Directors and General Manager		200.000 SR
8	Khalid Abdulaziz Al-Hoshan	Director & chairman of the nominations and Rewards Committee		200.000 SR
9	Abdul Rahman Ibrahim Al Medaimegh	Member of the Board		200.000 SR
<b>total</b>			No exchange was made	1.800.000SR

• **Audit Committee remuneration**

According to article (10) of the regulation system rewards the Audit Committee adopted by the General Assembly on 17/1/2018 A.D. (Spent for 2023 AD)

Nawaf Abdul Majeed Khashoggi	Chairman		Annual amount	50,000	SR
Abdul Rahman Ibrahim Al-Medaimagh	Member	Resignation dated 12/24/2023	Annual amount	50,000	SR
Suad Ahmed Bin Abdullah Al Thanayan	Member		Annual amount	50,000	SR
Suad Bin Abdullah Al Thanayan	Member	Appointed on 12/25/2023			

➤ **Senior executives**

Executive member	Salaries & Rem	Total annual allowances	
Member of the Board of Directors and General Manager	600,000	274,650	SR
Technical factory Manager Riyadh	360,000	90,000	SR
Director of administrative affairs	120,000	30,800	SR
Dammam Branch Supervisor	120,000	36,000	SR
Technical factory Manager Yanbu	120,000	.34200	SR

## **Nineteenth Approval of the internal audit, penalties and punishments for the fiscal year**

### **2023 AD**

- 1- The National Gypsum Company's internal auditing committee confirms that the financial accounts for the fiscal year ending in 31/12/2023 AD, have been prepared in a proper manner and the internal control system has been set up in a proper efficient basis. The internal auditing has been carried out according the standard accounting principles which, includes examining and reviewing accounts and other required procedures in accordance with company's regulations and articles of association. There is no doubt about the company's abilities to continue its activities.
- 2- The financial statements have been prepared, as of 31/12/2023 AD as per the standard accounting principles that issued by Saudi Chartered Accountants authority. The financial statement has been prepared in a way that reflects the real status of the company.
- 3- It appears from the report of the Auditors that the financial statements are free from significant mistakes.
- 4- There is also no punishment or penalty imposed or under reserve of the company (2023) from the Commission or any other supervisory or regulatory or other jurisdiction.

#### **➤ The board and the audit committee shall approve the following**

1. That the financial accounts(2023), have been prepared in a proper manner
2. The internal control system has been set up in a proper efficient basis.(2023)
3. All of the company's financial accounting records - according to standards approved and kept by the company.
4. There is no doubt about the company's abilities to continue its activities
5. It does not have any substantial interest in it to one of the members of the board of directors or executive directors or senior executives held.
6. There is no any investments or reserves have been established for the benefit of employees (such as savings - Loans - Shares staff ..... etc.
7. The Audit Committee does not have any conflict between them and the decisions of the Board on the appointment of the auditor of the company and the determination of his fees.
8. There are no restrictions on the company's shares as stated in both the rules regulating qualified foreign financial institutions' investment in listed securities and the instructions regulating foreign strategic investors' ownership of strategic stakes in the listed company, in accordance with the company's articles of association and instructions issued by the supervisory and supervisory authorities to which the company is subject.

## Twenty.

The company has been applying all articles set forth in companies' governance regulation in concordance with the company's articles of association and corporate regulations issued by ministry of commerce, especially the articles related to shareholders right. Except for a few items and include the following. The company follows the cumulative voting system in voting for the selection of board members

## Twenty one. Profit distribution policy:

**Article (62) of the statute of the National Gypsum Company under extraordinary general assembly resolution dated 2/9/1438 AH, on the distribution of the profits of the company as follows:**

### **Profits distribution**

**Article (62) :** annual profits shall be distributed , among share holders ,after deducting depreciations, all expenses and costs including the Zakat, as follows:

- 1- 10% out of the net profits shall be kept as statutory reserves. The general assembly reserves the right to stop this if such reserve is equal to 30% of capital. It is permissible to stipulate in the company's bylaws that a certain percentage of net profits be set aside to form a contractual reserve to be allocated for the purposes specified by the aforementioned bylaws.
- 2- The statutory reserve shall be used to cover the company's loss or increase the company's capital. (If this reserve exceeds 30% of the capital) in accordance with the Companies Regulations The General Assembly may decide to distribute the increase to shareholders in the years in which the company does not achieve net profits sufficient to distribute the share determined for them in the company's bylaws.
- 3- 5% out of the balance shall be distributed, as first payment of dividend distribution to shareholders. If the profits of a year do not permit the distribution of such shares, they shall not be claimed from the profits of the coming years
- 4 – 10% of the balance shall be allocated for board director's remuneration Not to exceed 500,000 riyals per member may be recommended to the General Assembly regular disbursement of a certain amount in accordance with Article (39) of these rules .
- 5 – If the reward for a certain percentage of the profits of the company, the percentage may not exceed 10% of the net profits after deducting the reserves which the General Assembly decided to implement in accordance with the provisions of the Articles and Articles of Association of the Company and after the distribution of profit the not less than (5%) of the company's capital' Provided that the entitlement of the reward such remuneration shall be commensurate with the number of meetings attended by the member and any other estimate shall be null and void

- 6- Distributed the remainder after that an additional share to shareholders
- 7- On the recommendation of the Board of Directors of the Ordinary General Assembly to decide how to manage the remainder of the profits to the benefit of the company
- 8- The report of the Board of Directors shall include a general statement of all the members of the Board of Directors received during the fiscal year from remuneration, expenses and other benefits, as well as a statement of what members of the Board have received as employees, administrators, Administrative or consulting, and shall also include a statement of the number of meetings of the Council and the number of meetings attended by each member from the date of the last meeting of the General Assembly
- 9 -The Ordinary General Assembly when determining the share of the shares in the net profits to decide to be other reserves to the extent that in the interest of the company or to ensure that the distribution of the profits again as much as possible to the shareholders, Assembly mentioned also that the amounts deducted from the net profits to establish social institutions for the company's employees or to assist existing These institutions
- 10 -The reserve may not be used except only by decision of the extraordinary general assembly if this is not an ad hoc reserve for a specific purpose may be of the Ordinary General Assembly based on the proposal of the board of directors that decides disbursed for the benefit of the company or shareholders
- 11 -The Company may distribute profits to its shareholders in progress an annual or semi-annual or quarterly basis in accordance with the regulations issued by the Capital market Authority, based on the authorization issued by the ordinary general assembly of the Board of Directors to distribution of interim profits.

**Article (63): Profitability**

The shareholder shall be entitled to his share of the profits in accordance with the General Assembly resolution issued in this regard. The decision shall indicate the date of maturity and the date of distribution. The rights of the shareholders of the registered shares shall be in the shareholders' registers at the end of the day specified for the entitlement. The competent authority shall determine the maximum period for which the Board of Directors shall implement the General Assembly resolution. Such as the distribution of profits to shareholders.

**Article (64):** The General Assembly Ordinary may use the earnings and distributable reserves for the payment of the remaining amount of the value of the share or part thereof. Provided that this does not prejudice the equity of the shareholders

**Twenty two :**

**The Board of directors proposes the following  
Distribution is as follows**

	<u>Saudi Riyal</u>
Net profit before deduction of Zakat	9,373,984
Zakat is deductible	(3,001,158)
The legal zakat deducts the differences from previous years	(1,245,296)
Net profit after deduction of Zakat	5,127,534
Add profits (accumulated losses)	(66,576,873 )
Total Presentation stage to the association (reducing accumulated losses from the statutory reserve)	(61,449,339)

The Board of Directors extends thanks and appreciation to the government that pays great attention and support to national industries. It also extends thanks to all the company's customers inside and outside the Kingdom for their trust and good choice of the company's products. It also does not fail to praise the efforts made by the Chairman and members of the Board of Directors, its committees and all its employees.

The board of directors and all its employees takes this opportunity to thank shareholders for accepting our invitation to attend this general assembly session, and for your trust and confidence. We pray to Allah the almighty that our country continues to enjoy the security, prosperity under the leadership of the Custodian of the two holy mosques. King Salman Bin Abdul Aziz, and His Crown Prince Mohammed Bin Salman Bin Abdul Aziz Deputy Prime Minister and Minister of defense, and their righteous government, and to help them all towards the achievement of success and prosperity of our beloved country.

*Best regards*  
*Board of Director*

