

NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2022
AND INDEPENDENT AUDITOR'S REVIEW REPORT

NATIONAL GYPSUM COMPANY

(A Saudi Joint Stock Company)

For the three-months period ended 31 March 2022

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS**TO THE SHAREHOLDERS****NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
JEDDAH - SAUDI ARABIA****(1/2)****Introduction**

We have reviewed the interim condensed statement of financial position of National Gypsum Company – Saudi Joint Stock Company - ("the Company") as at March 31, 2022, the interim condensed statements of profit or loss and other comprehensive income for the three months period ended on March 31, 2022, the condensed interim changes in equity and the condensed interim cash flows for the three months period then ended, and summary of significant accounting policies, and the notes (1) to (17) which considered an integral part of these interim condensed financial statements.

Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

In reference to note (6), the company's property, plant and equipment includes capital projects in progress balance of which amounted to SR. 42.7 million at the financial position date. The balance represents the expenditure of the installation and operation of the Alpha and Beta Factory at the company's branch in Dammam, where the installation and operation works have not been completed yet. It also includes strategic spare parts amounted to SR.16.4 million for plant and equipment. Furthermore, it includes property, plant and equipment for the company's factories amounted to SR.64 million to produce gypsum walls, whereby net annual loss was incurred. The management carried out a study for the recoverable value of the projects in progress and the plant. However, it was not adequate to determine whether there were any necessary adjustments to be made on the book value of these projects and plant. The management is currently working on a new study that takes into account all the new developments in the market. Accordingly, we were unable to determine, whether there is a need to recognize any impairment of these assets in the accompanying financial statements.

Qualified Conclusion:

Based on our review, except for the matter described in the Basis for Qualified Conclusion section, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" approved in the Kingdom of Saudi Arabia.

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
(Continued)

TO THE SHAREHOLDERS

NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)
JEDDAH - SAUDI ARABIA

(2/2)

Other matter related to Comparative figures

The company's interim condensed financial statements for the three-month period ending on March 31, 2021, were reviewed by another auditor who expressed an unmodified conclusion in those interim condensed financial statements on May 17, 2021 (corresponding to Shawwal 5, 1442 H). The company's financial statements for the financial year ending December 31, 2020 were also reviewed by another auditor, who expressed an unmodified opinion in the financial statements in his report on March 29, 2021 (corresponding to Sha'ban 16, 1442 H).

FOR EL SAYED EL AYOUTY & CO,

JEDDAH: May 22, 2022
Shawwal 21, 1443HAbdullah A, Balamesh
Certified Public Accountant
License No, (345)

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Interim condensed statement of financial position

As at March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

| | Notes | December 31, 2022 (Unaudited) | March 31, 2021 (Audited) |
|--|-------|-------------------------------------|--------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment- net | 6 | 263,487,948 | 265,666,520 |
| Investments in associates | 7 | 34,920,432 | 34,035,624 |
| Investments in equity instruments at fair value through other comprehensive income | 8 | 43,951,107 | 35,281,072 |
| Financial assets held at fair value through profit and loss | 9 | 10,005,705 | 10,000,000 |
| Right to use assets – net | | 7,524,101 | 7,524,101 |
| Total non-current assets | | 359,889,293 | 352,507,317 |
| Total assets | | | |
| Inventory - Net | | 28,857,782 | 25,986,073 |
| Trade receivables – net | | 31,879,461 | 29,767,064 |
| Prepaid expenses and other receivable balances | | 5,368,776 | 5,362,526 |
| Cash and cash equivalents | | 87,664,412 | 87,975,714 |
| Total current assets | | 153,770,431 | 149,091,377 |
| Total assets | | 513,659,724 | 501,598,694 |
| Shareholders' Equity and liabilities | | | |
| Shareholders' Equity | | | |
| Share capital | | 316,666,667 | 316,666,667 |
| Statutory reserve | | 95,000,001 | 95,000,001 |
| Reserve for revaluation of investments through other comprehensive income | | 25,821,596 | 17,047,150 |
| Re-measurement of employee defined benefits | | 498,487 | 498,487 |
| Retained earnings | | 47,934,967 | 45,106,240 |
| Total shareholders' equity | | 485,921,718 | 474,318,545 |
| Non-current liabilities | | | |
| Lease obligations - non-current portion | | 6,075,676 | 6,686,372 |
| Employees' defined benefits obligations | | 3,464,319 | 3,148,331 |
| Total non-Current liabilities | | 9,539,995 | 9,834,703 |
| Current liabilities | | | |
| Trade payables | | 3,346,099 | 3,241,040 |
| Accrued expenses and dividend payable | | 10,722,282 | 10,774,302 |
| Lease obligations - current portion | | - | - |
| Zakat provision | 9 | 4,129,630 | 3,430,104 |
| Total current liabilities | | 18,198,011 | 17,445,446 |
| Total liabilities | | 27,738,006 | 27,280,149 |
| Total shareholders' equity and liabilities | | 513,659,724 | 501,598,694 |

Financial Director, General Manager
and Member of the Board of Directors

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes from (1) to (17) form an integral part of these interim condensed financial statements.

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Interim condensed statement of profits or losses and other comprehensive income (unaudited)

For The Three-Months Period Ended March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

| | Notes | For the three months period ended March 31, | |
|---|-------|---|---------------------|
| | | 2022 (Unaudited) | 2021 (Unaudited) |
| Sales - net | | 14,584,774 | 27,008,870 |
| Cost of sales | | (9,399,639) | (12,433,479) |
| Gross profit | | 5,185,135 | 14,575,391 |
| Selling and marketing expenses | | (1,047,579) | (846,592) |
| General and administrative expenses | | (1,552,654) | (1,423,681) |
| Profit for the period from major operations | | 2,584,902 | 12,305,118 |
| Company's share from results of investment in associate | | 884,808 | - |
| Unrealized profits in investments at fair value through profits or losses | 7 | 5,705 | - |
| Dividends from investments in equity instruments at fair value | | 251,838 | - |
| Financing costs | | (37,192) | - |
| (Losses) / profits on sale of investments at fair value through profit or loss | | (11,416) | 2,428,616 |
| Other income | | 221,500 | 356,148 |
| Net profit of the period before zakat | | 3,900,145 | 15,089,882 |
| Zakat | | (699,526) | (897,616) |
| Net profit for the period | | 3,200,619 | 14,192,266 |
| Other comprehensive income: | | | |
| Unrealized profits in equity investments at fair value through other comprehensive income | | 8,402,554 | 2,871,935 |
| Total comprehensive income for the period | | 11,603,173 | 17,064,201 |
| Basic and diluted earnings per share for the period: | | | |
| Of the major operations profit | | 0,08 | 0,39 |
| Of the net profit | | 0,1 | 0,45 |
| Weighted average number of shares | | 31,666,667 | 31,666,667 |

Financial Director, General
Manager and Member of the
Board of Directors

Chief Executive Officer

Chairman of the Board of Directors



The accompanying notes from (1) to (17) form an integral part of these interim condensed financial statements.

NATIONAL GYPSUM COMPANY
(A SAUDI JOINT STOCK COMPANY)

Interim condensed statement of changes in shareholders' equity (unaudited)

For The Three-Months Period Ended March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

| | Share capital | Statutory reserve | Reserve for revaluation of investments through OCI | Re-measurement of employee defined benefits | Retained earnings | Total shareholders' equity |
|--|---------------|-------------------|--|---|-------------------|----------------------------|
| Balance as at January 01, 2022 | 316,666,667 | 95,000,001 | 17,047,150 | 498,487 | 45,106,240 | 474,318,545 |
| Net profit for the period | - | - | - | - | 3,200,619 | 3,200,619 |
| Change in other comprehensive income for the period | - | - | 8,402,554 | - | - | 8,402,554 |
| Total comprehensive income for the year | - | - | 8,402,554 | - | 3,200,619 | 11,603,173 |
| Loss on sale of investments at fair value through other comprehensive income | - | - | 371,892 | - | (371,892) | - |
| Balance as at March 31, 2022 | 316,666,667 | 95,000,001 | 25,821,596 | 498,487 | 47,934,967 | 485,921,718 |
| Balance as at January 01, 2021 (Restated) | 316,666,667 | 95,000,001 | 13,073,092 | (143,287) | 35,960,711 | 460,557,184 |
| Net profit for the period | - | - | - | - | 14,192,266 | 14,192,266 |
| Change in other comprehensive income for the period | - | - | 2,871,935 | - | - | 2,871,935 |
| Total comprehensive income for the period | - | - | 2,871,935 | - | 14,192,266 | 17,064,201 |
| Balance at March 31, 2021 | 316,666,667 | 95,000,001 | 15,945,027 | (143,287) | 50,152,977 | 458,621,385 |



Financial Director, General Manager
and Member of the Board of Directors



Chairman of the Board of Directors



The accompanying notes from (1) to (17) form an integral part of these interim condensed financial statements.

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Interim condensed statement of cash flows (unaudited)

For The Three-Months Period Ended March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

| | For the three months period ended March 31, | |
|---|---|--------------------|
| | 2022 | 2021 |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities: | | |
| Net profit for the period before zakat | 3,900,145 | 15,089,882 |
| Adjustments for Net profit: | | |
| Depreciation | 2,173,483 | 1,943,625 |
| Depreciation of right to use | - | - |
| Employees' defined benefit obligations - charged | 336,713 | 157,617 |
| Finance cost - lease obligations | 37,192 | - |
| The company's share of results from investment in an associate | (884,808) | - |
| Unrealized profits in investments at fair value through profits or losses | (5,705) | - |
| Losses on sale of investments at fair value through profit or loss | 11,416 | - |
| | 5,568,436 | 17,191,124 |
| Changes in items of operating assets and liabilities: | | |
| Inventories | (2,871,709) | 806,542 |
| Trade receivables | (2,112,397) | (3,858,640) |
| Prepaid expenses and other receivable balances | (6,250) | (2,679,185) |
| Trade payables | 105,059 | 939,830 |
| Accruals and other payable | (52,023) | (1,694,260) |
| Zakat paid | - | (3,953,088) |
| Employees' defined benefit obligations - paid | (20,725) | (40,481) |
| Net Cash flows provided by operating activities | 610,391 | 6,711,842 |
| Cash flows from investing activities: | | |
| Paid for purchase of property, plant and equipment | (32,100) | (286,420) |
| Paid to purchase investments at fair value through other comprehensive income | (610,688) | - |
| Proceeds from the sale (paid to buy) investments at fair value through other comprehensive income | 331,791 | 3,981,896 |
| Net cash flows (used in) provided by investing activities | (310,997) | 3,695,476 |
| Cash flows from financing activities: | | |
| Lease obligations - paid portion | (610,696) | - |
| Cash flows (used in) financing activities | (610,696) | - |
| Net increase in cash and cash equivalents | (311,302) | 10,407,318 |
| Cash and cash equivalents at the beginning of the period | 87,975,714 | 92,417,196 |
| Cash and cash equivalents at the end of the period | 87,664,412 | 102,824,514 |
| Non-cash transactions: | | |
| Unrealized gains on investments at fair value through other comprehensive income | 8,391,138 | 2,871,935 |

Financial Director, General Manager
and Member of the Board of Directors

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes from (1) to (17) form an integral part of these interim condensed financial statements.

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed the financial statements the three-months Period ended March 31, 2022

(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 April 27, 1959 (corresponding to Shawwal 19, 1378 H).

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, noting that the quarries' operations in each of the cities of Dammam and Yanbu are temporarily suspended.

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

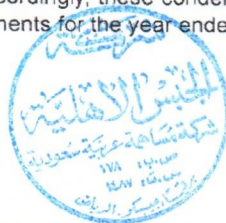
Fiscal year

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 interim condensed financial statements have been prepared for the three months ended 31 March 2022 in accordance with IAS (34) "Interim Financial Reporting" adopted in Saudi Arabia and other standards and pronouncements endorsed by SOCPA. These condensed interim financial statements do not include all the information and explanations required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended December 31, 2021.



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed the financial statements the three-months Period ended March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

2. Basis of preparation...(Continued)

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

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 financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures about assets and contingent liabilities at the date of the financial statements, the amounts of revenues and expenses declared during the reporting period. Although these estimates and judgments are based on management's best information regarding current operations and events, actual results may differ from these estimates. Significant judgments made by management in applying the Company's accounting policies and the main sources of estimation uncertainty are consistent with those applied to the financial statements for the year ended December 31, 2021.

3. Significant accounting policies

The accounting policies applied to these interim condensed financial statements are the same as those applied to the financial statements for the year ended 31 December 2021.

4. Changes in significant accounting policies

There are no new standards issued. However, a number of amendments to the standards are effective as of January 1, 2022, which were explained in the company's annual financial statements for the financial year 2021, but they do not have a material impact on the interim condensed financial statements.

5. 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.



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed the financial statements the three-months Period ended March 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

6. Property, plant and equipment - net

| | <u>March 31, 2022</u> <u>(Unaudited)</u> | <u>December 31, 2021</u> <u>(Audited)</u> |
|--|---|--|
| Property, plant and equipment (note 5.1) | 204,308,683 | 206,472,140 |
| Add: | | |
| Strategic spare parts | 16,456,316 | 16,471,431 |
| Capital projects in process | 42,722,949 | 42,722,949 |
| | 263,487,948 | 265,666,520 |

For the purpose of preparing the interim condensed cash flow statement, the movement in property, plant and equipment during the three-month period ended March 31 is as follows:

| | <u>For the three-month period ending March 31</u> | |
|---|---|---------------------------------|
| | <u>2022</u> <u>(Unaudited)</u> | <u>2021</u> <u>(Audited)</u> |
| Depreciation of property, plant and equipment | 2,173,482 | 1,943,625 |
| Purchase of property, plant and equipment | 10,025 | 364,600 |

- 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 is amounting to SR. 287,888.
- The other buildings are built on land owned by the company.

7. Investments in associates

The investments in an associate company represent in the investment in the Qatar Saudi Gypsum Industries Company as follows:

| | <u>Main business</u> <u>sector</u> | <u>Country of</u> <u>incorporation</u> | <u>Shareholding</u> <u>%</u> | <u>As at</u> <u>March 31,</u> <u>2022</u> | <u>As at</u> <u>December 31,</u> <u>2021</u> |
|---|---------------------------------------|---|---------------------------------|---|--|
| | Basic materials | Qatar | 33.24% | | |
| Balance at beginning of the period | | | | 32,554,664 | 32,554,664 |
| Company's share of business results | | | | 884,808 | 981,469 |
| Dividend | | | | - | (996,978) |
| The company's share of other comprehensive income | | | | - | 1,496,469 |
| Balance at end of the period | | | | 34,920,432 | 34,035,624 |



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed the financial statements the three-months Period ended March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

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

| | No, of shares as at | | Balance as at | |
|---|---------------------|----------------------|----------------------------------|-----------------------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2022 (Unaudited) | December 31, 2021 (Audited) |
| Investments in stocks | | | | |
| Tabuk cement company (note 7.1) | 77,142 | 77,142 | 1,400,899 | 1,346,900 |
| Kayan Petrochemical Company (note 7.2) | 500,000 | 500,000 | 11,300,000 | 8,510,000 |
| Al Madinah Investments - Amman (note 7.3) | 733,515 | 733,515 | - | 343,207 |
| Saudi Arabian Oil Company (Aramco) (note 7.4) | 300,000 | 300,000 | 12,930,000 | 10,740,000 |
| Al Rajhi Bank (note 7.5) | 37,574 | 37,574 | 6,034,384 | 5,327,993 |
| Methanol Chemicals Company (note 7.6) | 249,770 | 249,770 | 11,227,162 | 8,991,720 |
| ACWA Power Company (note 7.7) | 253 | 253 | 33,851 | 21,252 |
| Elm Company (A Saudi Joint Stock Company) (note 7.8) | - | 4,771 | 1,024,811 | - |
| | | | 43,951,107 | 35,281,072 |

8.1. 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 March 31, 2022, where the share price on that date was SAR 18,16 per share (On December 31, 2021, at SR. 17,46 per share).

8.2. Kayan Petrochemicals - 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 March 31, 2022, where the share price on that date was SR. 22,6 per share (on December 31, 2021 at SR. 17.2 per share).

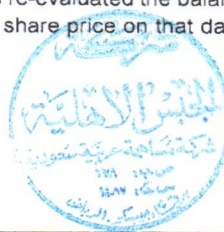
8.3. Al-Madina Investment-/formerly Gulf Industrial Investment Company/Oman (an Omani joint stock company listed on the Omani stock market) (Tadawul) and the company owns 733,515 shares. During the year 2022, the company sold all it's shares, where the total amount of SR. 331,791 and incurred losses amounting to SR. 11,416 included in the statement profits or losses.

8.4. Saudi Arabian Oil Company (Aramco) (a Saudi joint stock company listed on the stock market) (Tadawul) and the company owns 300,000 shares, and the company has re-evaluated the balance of that investment at fair value according to the market price as at March 31, 2022, whereas the share price at that date amounted to SR 43,1 per share (at December 31, 2021 SR 35,8 per share).

8.5. Rajhi Bank (a Saudi joint stock company listed on the stock market) (Tadawul) and the company owns 37,574 shares, and the company re-evaluated the balance of that investment at fair value according to the market price as at March 31, 2022, whereas the share price at that date amounted to SR 160.6 per share (at December 31, 2021, SR 141.8 per share).

8.6. Methanol Chemicals Company, a Saudi joint stock company listed on the stock exchange (Tadawul). The company has purchased 249,770 shares for an amount of SR. 9,176,333 in the Methanol Chemicals Company. The company has re-evaluated the balance of that investment at fair value according to the market price as on March 31, 2022, where the share price on that date was SR. 44,95 per share (at December 31, 2021, SR 36 per share).

8.7. ACWA Power Company, a Saudi joint stock company listed on the stock exchange (Tadawul). The company has purchased 253 shares for an amount of SR. 14,167. The company has re-evaluated the balance of that investment at fair value according to the market price as on March 31, 2022, where the share price on that date was SR. 133,8 per share (at December 31, 2021, SR 84 per share).



NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed the financial statements the three-months Period ended March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

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

8.8. During the year 2022, the company purchased 4,771 shares for an amount of SR. 610,688 in Elm Company, a Saudi joint stock company listed on the stock market (Tadawul). The company has re-evaluated the balance of that investment at fair value according to the market price as on March 31, 2022, where the share price on that date was SR. 214,8 per share .

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.

The movement of investment during the period / year was as follows:

| | <u>March 31, 2022</u> <u>(Unaudited)</u> | <u>December 31, 2021</u> <u>(Audited)</u> |
|---------------------------------------|---|--|
| Balance at the beginning of the year | 35,281,072 | 36,543,114 |
| Additions during the year | 610,688 | 9,190,500 |
| Net unrealized gain of fair value | 8,402,554 | 9,863,993 |
| Disposals during the year | (343,207) | (20,316,535) |
| Balance at the end of the year | 43,951,107 | 35,281,072 |

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

The company invested an amount of SR. 10 million in an indirect financing fund closed with Riyadh Capital Company, amounting to SR. 1,000,000 units at SR. 10 / unit, and the term of the fund is five years, with return rate of 5% annually. The investment stated at cost because its fair value cannot be measured reliably.

10. 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>For the three-month period ending March 31</u> <u>2022</u> <u>(Unaudited)</u> | <u>2021</u> <u>(Audited)</u> |
|--|--|---------------------------------|
| Salaries and bonuses for senior management staff | 202,000 | 201,500 |
| Allowance for attending board meetings | 27,000 | 36,000 |
| Allowance for attending the company's committee sessions | 12,000 | 60,000 |

NATIONAL GYPSUM COMPANY

(A SAUDI JOINT STOCK COMPANY)

Notes to interim condensed the financial statements the three-months Period ended March 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

11. Zakat

Movement of zakat Provision was as follow:

| | <u>March 31, 2022</u> <u>(Unaudited)</u> | <u>December 31, 2021</u> <u>(Audited)</u> |
|--|---|--|
| Balance at beginning of the period / year | 3,430,104 | 3,953,088 |
| Less: Zakat paid during the period / year | - | (3,953,088) |
| Zakat payable for the period / year | 699,526 | 3,430,104 |
| Balance at the end of the period / year | 4,129,630 | 3,430,104 |

Zakat status

- The company finalized its zakat status with the Zakat, Tax and Customs Authority (ZATCA) until the year 2013.
- The company submitted its zakat returns until the year 2020, and paid the zakat payable, and where the authority issued a re-assessment of zakat for the years from 2014 to 2018, in which the company demanded the payment of zakat differences amounting to SR. 211,129, and the company paid these differences.
- The company submitted its returns for the year 2021 and obtained Certificate No. 1110184974 dated 09/09/1443 H, valid until 10/10/1444 H (corresponding to April 30, 2023).
- The company paid the zakat due for the year 2021 to the Zakat, Tax and Customs Authority (ZATCA) on 10/04/2022.



Notes to interim condensed the financial statements the three-months Period ended March 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

The company is managed as a single operating sector in the production of gypsum of all kinds and the company practice its activities in the Kingdom of Saudi Arabia. Here are its details:

| As at | Rivadh | | Yanbu | | Dammam | | Total | | Total |
|---|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|
| | Gypsum | Walls | Gypsum | Walls | Gypsum | Walls | Gypsum | Walls | |
| 31/12/2021 | | | | | | | | | |
| Net sales | 59,712,288 | 697,086 | 9,645,460 | - | 14,681,156 | 823,046 | 84,038,904 | 1,520,132 | 85,559,036 |
| Gross profit / loss | 32,768,433 | (289,526) | 1,191,167 | (360,055) | 2,660,133 | (1,728,811) | 36,619,733 | (2,378,392) | 34,241,341 |
| Net profit / loss before Zakat | 25,730,610 | (947,189) | 533,504 | (579,276) | 1,344,807 | (1,893,227) | 27,608,921 | (3,419,692) | 24,189,229 |
| Net property, plant, equipment and equivalent | 82,878,103 | 11,314,789 | 52,042,889 | 28,875,929 | 66,144,989 | 24,409,821 | 201,065,981 | 64,600,539 | 265,666,520 |



NATIONAL GYPSUM COMPANY

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(All amounts in Saudi Riyals unless otherwise stated)

13. Contingent liabilities

As March 31, 2022, the Company has contingent liabilities represented by a letter of bank guarantee issued to a supplier in the amount of SR. 1.7 million (December 31, 2021: SR. 1.7 million).

14. Interim results

The results of operations in the interim condensed financial statements may not be an accurate indication of the results of the operations included in the company's annual financial statements.

15. Impact of Coronavirus (Covid-19)

The impact of the spread of the Corona Virus (Covid-19) pandemic was disclosed in the annual financial statements for the year ending on December 31, 2021.

The company's management did not notice any significant impact on the company's operations during the three-month period ending on March 31, 2022, as operations returned to their previous state during the third quarter of the year 2020. On the other hand, the company's management continues to closely monitor the situation of Covid-19 based on potential developments. The management has not been aware of any factors that would change the impact of the pandemic on the company's operations during or after 2022.

16. Subsequent events

The company's Board of Directors made a recommendation to the General Assembly to distribute dividends amounting to SR. 31.7 million at the rate of SR. 1 per share, and remuneration to the Board of Directors' members amounting to SR.1,800 million for the year ending on 12/31/202.

17. Approval of the financial statements

These financial statements were approved by the Board of Directors on May 22, 2022 (corresponding to Shawwa'al 21, 1443 H).

