

## Professional Consultants

7425 Sahab Tower- Alttakhassusi Street  
Riyadh-Kingdom of Saudi Arabia  
PO Box. 8306, Riyadh 11482  
Tel: +966 9200 282 29  
Fax: +966 11477 4924  
www.forvismazars.com

## AGREED-UPON PROCEDURES REPORT REGARDING

### **The Verification of Offsetting Accumulated Losses Against the Statutory Reserve**

#### **To The Shareholders**

**National Gypsum Company**  
(A Saudi Joint Stock Company)  
**Riyadh – Saudi Arabia**

#### **Purpose of the report and restrictions on its use and distribution**

Our report is solely intended to assist the management of National Gypsum Company in complying with the regulatory requirements and implementing the rules and instructions issued by the Capital Market Authority (“CMA”) in the Kingdom of Saudi Arabia relating to listed companies with respect to the **offsetting of accumulated losses against the statutory reserve in accordance with the CMA requirements applicable to companies whose accumulated losses have reached 20% or more from share capital**, the Company’s accumulated losses reached to 31% of its share capital.

This report is prepared to assist the Company in submitting it to the Capital Market Authority regarding this matter. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the management of National Gypsum Company for submission to the Capital Market Authority and should not be used by, or distributed to, any other parties.\

#### **Responsibilities of the engaging party and the responsible party**

The management of National Gypsum Company has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and that the Company is responsible, as determined by its management, for the subject matter on which the agreed-upon procedures are performed

#### **Responsibilities of the independent auditor**

We have performed the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS 4400) (Revised), “Agreed-Upon Procedures Engagements,” as endorsed in the Kingdom of Saudi Arabia.

An agreed-upon procedures engagement involves performing procedures that have been agreed with the management of National Gypsum Company (a Saudi joint stock company) and reporting the factual findings, which are the results of the procedures performed. We do not express any assurance regarding the appropriateness of the agreed-upon procedures.

This engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

#### **Professional conduct and ethics and quality control**

We have complied with the ethical requirements in accordance with the International Code of Ethics for Professional Accountants, as endorsed in the Kingdom of Saudi Arabia. For the purpose of this engagement, there are no independence requirements that we are required to comply with.

Our firm applies Quality Control Standard (1), “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,” as endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). This standard requires the firm to design, implement, and operate a system of quality management, including policies and procedures addressing compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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### Procedures performed and findings

We have performed the procedures set out below, which were agreed with the Board of Directors in the engagement letter dated 16 April 2026, to assess the Company's compliance with offsetting accumulated losses against the statutory reserve, as follows

	Findings	Procedures performed
1	Obtained from management the Company's statement of financial position as at 25 February 2026, prepared by management and not audited or reviewed by an external auditor (the "Attachment").	We obtained from management the Company's statement of financial position as at 25 February 2026, prepared by management and not audited or reviewed by an external auditor (the "Attachment").
2	Obtained a copy of the Extraordinary General Assembly resolution dated 24 February 2026 relating to the offsetting of accumulated losses against the statutory reserve (the "Resolution"). Obtained the journal entry for the accounting treatment approved by management in accordance with the Resolution. Obtained the adjusted trial balance prepared by management in accordance with the Resolution. Compared the impact of the Resolution with both the adjusted trial balance and the journal entry approved by management.	We obtained a copy of the Extraordinary General Assembly resolution dated 24 February 2026 relating to the offsetting of accumulated losses against the statutory reserve (the "Resolution"). We also obtained the journal entry for the accounting treatment approved by management in accordance with the Resolution and the adjusted trial balance prepared by management. We compared the impact of the Resolution with both the adjusted trial balance and the journal entry and noted no exceptions.
3	Recalculating the ratio of accumulated losses to share capital based on the balance presented in the Attachment in accordance with the Resolution. Which had retained earnings representing 0.39% of the Company's share capital (based on the statement of financial position as at 25 February 2026 prepared by management).	We recalculated the ratio of accumulated losses to share capital based on the balance presented in the Attachment in accordance with the Resolution. It was noted that retained earnings represent 0.39% of the Company's share capital (based on the statement of financial position as at 25 February 2026 prepared by management).

### Professional Consultants Company



Abdullah S. Al Msned  
License No. (456)

#### Riyadh:

Duhl Qadah 5, 1447H  
April 22, 2025G



**NATIONAL GYPSUM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF FINANCIAL POSITION AS OF 25 FEBRUARY 2026**  
**(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	February 25, 2026
		Unaudited and unreviewed
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment- net		256,298,343
Investments in associates at equity method		32,904,642
Investments in equity instruments at fair value through other comprehensive income		13,568,840
Investments in equity instruments at fair value through profit or loss		23,511,581
Investment Property		1
Right of use assets		5,349,969
<b>Total non-current assets</b>		<b>331,633,376</b>
<b>Current assets</b>		
Inventories- net		15,516,571
Trade receivables – net		14,972,743
Prepaid expenses and other debit balances		11,256,204
Cash and cash equivalents		5,758,885
<b>Total current assets</b>		<b>47,504,403</b>
<b>Total assets</b>		<b>379,137,779</b>
<b>Shareholders' Equity and liabilities</b>		
<b>Shareholders' Equity</b>		
Share capital	B	316,666,670
Statutory reserve		-
Evaluation reserve for investments at fair value through other comprehensive income		(2,610,047)
Re-measurement reserve of employee defined benefits		89,199
Retained earnings	A	1,234,249
<b>Total shareholders' equity</b>		<b>315,380,071</b>
<b>Non-current liabilities</b>		
Lease obligations – non-current portion		4,996,141
Employees' defined benefits obligations		5,422,375
<b>Total non-current liabilities</b>		<b>10,418,516</b>
<b>Current liabilities</b>		
Trade payables		12,123,838
Islamic Finance		31,784,245
Accrued expenses and other credit balances		9,324,953
Zakat provision		106,156
<b>Total current liabilities</b>		<b>53,339,192</b>
<b>Total liabilities</b>		<b>63,757,708</b>
<b>Total shareholders' equity and liabilities</b>		<b>379,137,779</b>

\* The ratio of retained earnings to share capital, after taking into account the effect of the Extraordinary General Assembly resolution dated 24 February 2026, was calculated as follows ( $A \div B = 1,234,249 \div 316,666,670 = 0.39\%$ ).