

**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2023  
together with the

**INDEPENDENT AUDITORS' REVIEW REPORT**

**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
For the three-month and nine-month periods ended 30 September 2023

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جدة 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed interim financial statements

To the Shareholders of The First Milling Company

## Introduction

We have reviewed the accompanying 30 September 2023 condensed interim financial statements of **The First Milling Company ("the Company")**, which comprises:

- the condensed statement of financial position as at 30 September 2023;
- the condensed statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed statement of cash flows for the nine-month period ended 30 September 2023; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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 that are 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.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed interim financial statements of **The First Milling Company ("the Company")** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Ebrahim Oboud Baeshen  
License No. 382



Jeddah, 31 October 2023  
Corresponding to 16 Rabi Al Thani 1445H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة منقطة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة الإنجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

**THE FIRST MILLING COMPANY**

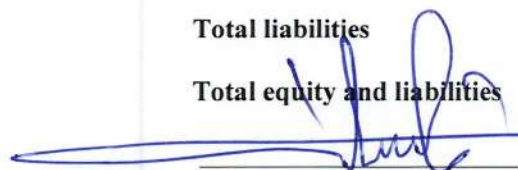
(A Saudi Joint Stock Company)

**CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
Property, plant and equipment	7.1	631,356,427	537,778,519
Right-of-use assets		307,910,704	319,617,116
Intangible assets		4,535,094	5,018,059
Derivative financial instruments	8	57,906,992	58,158,366
Goodwill		1,090,669,302	1,090,669,302
<b>Non-current assets</b>		<b>2,092,378,519</b>	<b>2,011,241,362</b>
Inventories	9.1	103,410,446	119,100,330
Trade receivables	10	7,709,828	6,182,342
Prepayments and other current assets		19,460,269	66,587,729
Due from related parties	23	--	7,912,120
Cash and cash equivalents		162,627,030	215,326,438
<b>Current assets</b>		<b>293,207,573</b>	<b>415,108,959</b>
<b>Total assets</b>		<b>2,385,586,092</b>	<b>2,426,350,321</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	555,000,000	555,000,000
Shareholders' contributions	12	6,751,214	4,278,483
Merger reserve		(37,554,503)	(37,554,503)
Statutory reserve		60,802,576	60,802,576
Cash flow hedge reserve	8	47,462,025	46,749,353
Retained earnings		208,462,334	121,685,113
<b>Total equity</b>		<b>840,923,646</b>	<b>750,961,022</b>
<b>Liabilities</b>			
Long-term loan	14	976,380,950	1,006,401,558
Lease liabilities		315,354,847	326,656,872
Long-term payable	15	34,222,625	--
Employees' defined benefit obligations		7,697,229	4,892,000
<b>Non-current liabilities</b>		<b>1,333,655,651</b>	<b>1,337,950,430</b>
Trade payables		20,433,757	44,137,592
Accrued expenses and other liabilities		63,632,343	81,846,360
Current portion of long-term loan	14	67,122,272	164,272,151
Current portion of lease liabilities		19,968,358	23,084,338
Current portion of long-term payable	15	10,941,218	--
Advances from customers		23,780,687	17,669,986
Due to related parties	23	--	261,449
Zakat payable	20.1	5,128,160	6,166,993
<b>Current liabilities</b>		<b>211,006,795</b>	<b>337,438,869</b>
<b>Total liabilities</b>		<b>1,544,662,446</b>	<b>1,675,389,299</b>
<b>Total equity and liabilities</b>		<b>2,385,586,092</b>	<b>2,426,350,321</b>

  
Tariq Mutlaq Abdullah Al-Mutlaq  
Chairman

  
Abdullah Abdul-Aziz Abdullah Ababtain  
CEO

  
Manwel Adib Bou Hamdan  
CFO

The accompanying notes from 1 to 26 form an integral part of these condensed interim financial statements.



**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	16	248,139,910	237,837,195	717,644,160	687,051,408
Cost of revenue	17	(147,735,542)	(134,074,317)	(409,102,725)	(377,043,421)
<b>Gross profit</b>		<b>100,404,368</b>	<b>103,762,878</b>	<b>308,541,435</b>	<b>310,007,987</b>
Selling and distribution expenses		(11,796,676)	(7,281,487)	(36,511,145)	(25,875,424)
General and administrative expenses		(17,928,556)	(22,494,890)	(59,050,970)	(65,541,028)
Expected credit loss on trade receivables		51,500	779,507	51,466	(139,245)
<b>Operating profit</b>		<b>70,730,636</b>	<b>74,766,008</b>	<b>213,030,786</b>	<b>218,452,290</b>
Finance costs	18	(23,685,327)	(10,915,806)	(69,251,930)	(16,730,753)
Finance income	19	8,535,732	--	23,221,152	--
Other income/(expenses)		(274,397)	94,506	173,345	153,054
<b>Profit before zakat</b>		<b>55,306,644</b>	<b>63,944,708</b>	<b>167,173,353</b>	<b>201,874,591</b>
Zakat expense	20.1	(1,269,120)	(454,513)	(4,470,087)	(4,678,975)
<b>Profit for the period</b>		<b>54,037,524</b>	<b>63,490,195</b>	<b>162,703,266</b>	<b>197,195,616</b>
<b>Other comprehensive income for the period</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurements of defined benefit liability		--	--	108,955	--
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Effective portion of changes in fair value of cash flow hedge	8	(420,564)	10,536,255	712,672	10,536,255
<b>Total comprehensive income for the period</b>		<b>53,616,960</b>	<b>74,026,450</b>	<b>163,524,893</b>	<b>207,731,871</b>
<b>Earnings per share for the period attributable to shareholders of the Company (SR):</b>					
Basic	22.1	0.97	126.98	2.93	394.39
Diluted	22.1	0.97	126.98	2.93	394.39

Tariq Mutlaq Abdullah AlMutlaq  
Chairman

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Manwel Adib Bou Hamdan  
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**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	Share capital	Shareholders' contributions	Statutory reserve	Retained earnings	Merger reserve	Change in fair value of cash flow hedge	Total
<b>Nine-month period ended 30 September 2023:</b>								
As at 31 December 2022 (audited)		555,000,000	4,278,483	60,802,576	121,685,113	(37,554,503)	46,749,353	750,961,022
Profit for the period		--	--	--	162,703,266	--	--	162,703,266
Other comprehensive income for the period		--	--	--	108,955	--	712,672	821,627
Total comprehensive income for the period		--	--	--	162,812,221	--	712,672	163,524,893
<b>Shareholders' contribution</b>								
Dividends distribution	12	--	2,472,731	--	--	--	--	2,472,731
As at 30 September 2023 (unaudited)	13	555,000,000	6,751,214	60,802,576	(76,035,000)	(37,554,503)	47,462,025	(76,035,000)
<b>Nine-month period ended 30 September 2022:</b>								
As at 31 December 2021 (audited)		539,236,780	--	39,054,503	86,902,277	--	--	665,193,560
Profit for the period		--	--	--	197,195,616	--	--	197,195,616
Other comprehensive income for the period		--	--	--	--	--	10,536,255	10,536,255
Total comprehensive income for the period		--	--	--	197,195,616	--	10,536,255	207,731,871
<b>Transfer to merger reserve</b>								
Merger transaction		(534,236,780)	--	--	--	534,236,780	--	--
Additional shareholders' contributions		--	--	--	19,229,430	(571,791,283)	42,519,997	(510,041,856)
Dividends distribution		--	550,000,000	--	--	--	--	550,000,000
As at 30 September 2022 (unaudited)	13	5,000,000	550,000,000	39,054,503	(84,472,046)	(37,554,503)	53,056,252	(84,472,046)
<b>Signature and Title:</b>								
		Tariq Mutlaq Abdullah AlMutlaq	Abdullah Abdul-Aziz Abdullah Ababtain	Manwel Adib Bou Hamdan				
		Chairman	CEO	CFO				

The accompanying notes from 1 to 26 form an integral part of these condensed interim financial statements.



**THE FIRST MILLING COMPANY**  
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**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Notes</u>	<b>30 September 2023 (Unaudited)</b>	<b>30 September 2022 (Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before zakat		167,173,353	201,874,591
<b>Adjustments:</b>			
Depreciation on property, plant and equipment	7.2	23,630,017	21,292,400
Depreciation of right-of-use assets		11,706,412	12,337,916
Amortisation of intangible assets		482,965	364,600
Finance cost on lease liabilities	18	8,548,626	8,763,773
Finance cost on long-term loan	18	58,741,054	4,742,040
Finance income	19	(23,221,152)	--
Amortisation of loan transaction cost	18	1,814,250	3,224,940
Provision for slow moving inventories	17	7,495,761	6,146,293
Finance cost on employees' defined benefit obligations	18	148,000	--
Provision for employees' defined benefit obligations		3,081,636	2,279,013
Expected credit loss on trade receivables		(51,466)	139,245
		<b>259,549,456</b>	<b>261,164,811</b>
<b>Changes in working capital:</b>			
Inventories		8,194,123	1,571,476
Trade receivables		(1,476,020)	(2,967,165)
Prepayments and other current assets		46,814,106	(16,071,879)
Due from related parties		10,384,851	(1,177,000)
Trade payables		(23,703,835)	(24,188,415)
Accrued expenses and other liabilities		(18,214,017)	18,301,592
Advances from customers		6,110,701	(225,499)
Due to related parties		(261,449)	50,000
		<b>287,397,916</b>	<b>236,457,921</b>
Paid employees' defined benefit obligations		(315,452)	(37,289)
Finance cost paid		(69,606,025)	(21,333,096)
Finance income received		23,534,506	--
Zakat paid		(5,508,920)	(4,801,462)
<b>Net cash from operating activities</b>		<b>235,502,025</b>	<b>210,286,074</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	7.2	(72,044,082)	(22,761,403)
Additions to intangible assets		--	(294,719)
<b>Net cash used in investing activities</b>		<b>(72,044,082)</b>	<b>(23,056,122)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	13	(76,035,000)	(84,472,046)
Additional shareholders' contribution		--	550,000,000
Loan repaid	14	(128,984,737)	(550,000,000)
Payment of lease liabilities		(11,137,614)	(22,854,620)
<b>Net cash used in financing activities</b>		<b>(216,157,351)</b>	<b>(107,326,666)</b>
Net (decrease)/increase in cash and cash equivalents during the period		(52,699,408)	79,903,286
Cash transferred from the merger transaction		--	81,541,989
Cash and cash equivalents at 1 January		215,326,438	157,484,513
<b>Cash and cash equivalents at 30 September</b>		<b>162,627,030</b>	<b>318,929,788</b>

**Significant non-cash transactions:**

**Investing activities**

Additions to property, plant and equipment

7.2 (45,163,843) --

**Financing activities**

Long-term payable

15 45,163,843 --

Non-cash transactions relate to the purchase of machines and equipment for projects under progress in Jeddah which is financed by the long-term purchase instalment agreement.

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**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**1. COMPANY INFORMATION**

The First Milling Company (the "Company"), a Saudi Joint Stock Company, was incorporated in accordance with the Companies' Regulations in the Kingdom of Saudi Arabia under Commercial Registration No. 4030291813 issued on 10 November 2016 (corresponding to 10 Safar 1438H). The Company's licensed activities include flour production in the Kingdom of Saudi Arabia and all activities related to the provision of wheat products, animal feed and related products, including making any contracts or making any related arrangements.

The Company was formed by the Public Investment Fund (the "PIF") pursuant to the resolution of the Council of Ministers No. (35) of 9 November 2015 (corresponding to 27 Muharram 1437H) approving the adoption of the necessary actions to establish four Joint Stock Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the General Food Security Authority ("GFSA") previously known as Saudi Grains Organization (the "SAGO"), shall do so in accordance with Royal Decree No. (62) dated 31 July 2014 (corresponding to 4 Shawwal 1435H). The Company is selling various products of flour, feed and bran out of which the selling prices of only the flour products weighing 45 KGs and above are determined by the GFSA.

On 9 September 2020 (corresponding to 17 Shawwal 1441H), Cabinet Resolution No. (631) was issued to transfer the ownership of the company to the National Center for Privatisation (the "NCP") and for the NCP to carry out the tasks assigned to the Public Investment Fund by Cabinet Resolution No. (118) and dated 30 October 2018 (corresponding to 21 Safar 1440H). The Company's shares were wholly sold to Al Raha Al Safi Food Company (the "Parent Company") on 31 December 2020 (corresponding to 16 Jumada Al Awal 1442H).

The Company has entered into a subsidised wheat purchase agreement with GFSA, as GFSA imports wheat to Saudi Arabia for the purpose of producing subsidised flour. This agreement was entered into force on 1 January 2017 (corresponding to 3 Rabi Al Thani 1438H). The agreement stipulates that the purchase price of the subsidised wheat is calculated according to the monetary value per metric ton of subsidised wheat specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton since 2017. The Company also has an option to import the wheat directly or to source it from the open market.

On 30 November 2020 (corresponding to 15 Rabi' Al Thani 1442H), the wheat purchase agreement was extended and it will be in force until the date of expiry of the Company's milling operating license, subject to an automatic extension of the contract term to match the term of the Company's license. This license shall remain valid for a period of twenty-five (25) Gregorian years, counted from the date of completion of the transfer of ownership of all shares of the licensee to the private sector that was completed on 31 December 2020 (corresponding to 16 Jumada Al Awal 1442H).

On 29 June 2022 (corresponding to 30 Dhul Qadah 1443H), the Company entered into a merger agreement (the "Merger") pursuant to which the Company and the Parent Company have agreed to take necessary steps to implement the Merger between the two Companies. Subsequently, on 15 September 2022 (corresponding to 19 Safar 1444H), pursuant to the approval of the Ministry of Commerce (the "MOC"), the Parent Company ceased to exist and all of the assets and liabilities of the Parent Company were transferred to the Company.

The Company and the Parent Company have satisfied the required regulatory approvals and the Merger conditions agreed between the two companies in the Merger agreement. The legal formality has been completed and the amended By-Law and commercial registration are issued on 6 November 2022 (corresponding to 12 Rabi Al Thani 1444H).



**THE FIRST MILLING COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**1. COMPANY INFORMATION (continued)**

The members of the Extraordinary General Assembly have approved the offering and listing of the Company's shares in Tadawul on 6 November 2022 (corresponding to 12 Rabi Al Thani 1444H). On 17 May 2023 (corresponding to 27 Shawwal 1444H) the Company has announced its intention to float 16,650,000 shares representing 30% of the Company's share capital and to proceed with an initial public offering and listing on the main market of the Saudi Exchange (Tadawul). The Company has been successfully listed on the Saudi Exchange on 22 June 2023.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their extraordinary General Assembly meeting for their ratification.

The registered address of the Company is as follows:

Jeddah Islamic Port  
between gates 7 and 8  
Jeddah 22312  
Kingdom of Saudi Arabia

The Company operates through four branches that are the business units, which are as follows:

<u>Branch Location</u>	<u>Date</u>	<u>Commercial Registration No.</u>
Jeddah	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	4030294014
Qassim	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	1131057624
AlAhsa	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	2250067938
Tabuk	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	3550038652

**2. BASIS OF PREPARATION****2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the International Accounting Standards (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2022 ("last annual financial statements").

**THE FIRST MILLING COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended 30 September 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**2. BASIS OF PREPARATION (continued)**

**2.1 Statement of compliance (continued)**

These condensed interim financial statements do not include all the information required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes have been included to explain the events and transactions that are significant to and understanding of the changes in the financial position and performance of the Company since the last annual financial statements. In addition, the results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

**2.2 Basis of measurement**

These condensed interim financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except employees' defined benefit obligations which are recognised at the present value of future obligation using the Projected Unit Credit Method and derivative financial instruments which are recognised at fair value through other comprehensive income.

**2.3 Functional and presentation currency**

These condensed interim financial statements are presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise stated.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of Company's condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Company based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The significant judgments exercised in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2022.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards, interpretations and amendments effective as at 1 January 2023, as mentioned in note 5.1. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.



**THE FIRST MILLING COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS****5.1 Standards, interpretations and amendments issued**

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning on or after 1 January 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

<b><u>Standards, amendments, interpretations</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023
International tax reform – pillar two model rules – amendments to IAS 12	The amendments introduce a relief from deferred tax accounting for the global minimum top-up tax under Pillar Two, which applies immediately, and new disclosure requirements, which apply from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.	23 May 2023

**5.2 Standards, interpretations and amendments issued but not yet effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Company intends to adopt these standards, where applicable, when they become effective.



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**5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)**

**5.2 Standards, interpretations and amendments issued but not yet effective (continued)**

<b><u>Standards, amendments, interpretations</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning on or after the following date</u></b>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.  Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.  Note that the IASB has issued a new exposure draft proposing change to this amendment.	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024
IFRS S1	General requirements for disclosure of sustainability related financial information	1 January 2024
IFRS S2	Climate related disclosures	1 January 2024
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

The standards, interpretations, and amendments with an effective date of 1 January 2023 will not have any material impact on the Company's condensed interim financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Company is currently assessing the implications on the Company's financial statements on adoption.

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**6. SEGMENT INFORMATION**

The Company operates in four regions in the Kingdom of Saudi Arabia, which are its reportable segments. These regions are identified as a separate reportable segment because the company managed them separately.

The management has identified these business units based on their geographical locations. The following summary describes the operations of each reportable segment.

<u>Reportable segments</u>	<u>Operations</u>
Jeddah	Production of flour, feed and bran
Qassim	Production of flour, feed and bran
Tabuk	Production of flour and bran
Al Ahsa	Production of flour and bran

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the financial statements.

Transfer prices between operating segments are on cost and any transmission and distribution costs are recovered from the segments in a manner similar to transactions with third parties.

The selected financial information for these business units is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

**For the three-month  
period ended 30  
September 2023  
(Unaudited)**

	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
<b>Total revenue</b>	107,593,516	84,678,912	27,679,963	28,187,519	248,139,910
<b>Cost of raw material</b>	(44,007,052)	(44,910,882)	(8,623,968)	(9,245,674)	(106,787,576)
<b>Employee benefits expenses</b>	(7,496,028)	(5,528,542)	(3,506,701)	(3,678,112)	(20,209,383)
<b>Depreciation and amortization</b>	(4,768,617)	(1,426,152)	(1,452,630)	(3,991,751)	(11,639,150)
<b>Other expenses</b>	(8,724,528)	(1,069,013)	(2,990,907)	(3,187,177)	(15,971,625)
<b>Financing costs</b>	(1,888,649)	(507,715)	(33,895)	(455,174)	(2,885,433)
<b>Other income/(expenses)</b>	(200,093)	(60,615)	44,030	(6,777)	(223,455)
<b>Segment profit</b>	<u>40,508,549</u>	<u>31,175,993</u>	<u>11,115,892</u>	<u>7,622,854</u>	<u>90,423,288</u>



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**6. SEGMENT INFORMATION (continued)**

For the three-month  
period ended 30  
September 2022  
(Unaudited)

	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
Total revenue	103,550,710	76,367,455	28,178,316	29,740,714	237,837,195
Cost of raw material	(38,864,969)	(35,881,390)	(7,705,217)	(9,553,629)	(92,005,205)
Employee benefits expenses	(7,724,916)	(5,519,791)	(3,958,274)	(3,787,917)	(20,990,898)
Depreciation and amortization	(5,001,873)	(1,358,866)	(1,028,326)	(3,652,647)	(11,041,712)
Other expenses	(5,838,137)	(5,817,986)	(2,566,322)	(2,589,444)	(16,811,889)
Financing costs	(1,890,214)	(529,019)	(35,048)	(472,672)	(2,926,953)
Other income	3,704	--	1,195	2,338	7,237
Segment profit	<u>44,234,305</u>	<u>27,260,403</u>	<u>12,886,324</u>	<u>9,686,743</u>	<u>94,067,775</u>

For the nine-month  
period ended 30  
September 2023  
(Unaudited)

	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
Total revenue	330,329,383	213,788,395	84,052,915	89,473,467	717,644,160
Cost of raw material	(128,056,341)	(104,048,368)	(25,518,468)	(26,746,130)	(284,369,307)
Employee benefits expenses	(21,197,215)	(15,867,869)	(10,250,254)	(10,016,048)	(57,331,386)
Depreciation and amortization	(13,557,445)	(4,269,274)	(4,315,181)	(11,954,298)	(34,096,198)
Other expenses	(27,535,389)	(13,265,097)	(9,307,036)	(8,765,887)	(58,873,409)
Financing costs	(5,569,899)	(1,493,830)	(99,728)	(1,339,240)	(8,502,697)
Other income	128,551	18	44,776	--	173,345
Segment profit	<u>134,541,645</u>	<u>74,843,975</u>	<u>34,607,024</u>	<u>30,651,864</u>	<u>274,644,508</u>

For the nine-month period  
ended 30 September 2022  
(Unaudited)

	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
Total revenue	308,100,206	215,734,493	81,509,579	81,707,130	687,051,408
Cost of raw material	(108,024,747)	(99,698,230)	(24,853,875)	(25,211,433)	(257,788,285)
Employee benefits expenses	(22,459,761)	(17,193,731)	(11,333,999)	(10,925,170)	(61,912,661)
Depreciation and amortization	(14,743,537)	(3,988,316)	(3,050,160)	(10,929,891)	(32,711,904)
Other expenses	(23,117,015)	(16,494,340)	(7,761,406)	(8,339,773)	(55,712,534)
Financing costs	(5,707,608)	(1,545,771)	(102,405)	(1,381,111)	(8,736,895)
Other income	6,232	30,799	9,789	2,556	49,376
Segment profit	<u>134,053,770</u>	<u>76,844,904</u>	<u>34,417,523</u>	<u>24,922,308</u>	<u>270,238,505</u>



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**6. SEGMENT INFORMATION (continued)**

At 30 September 2023 (Unaudited)	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
Total assets	508,862,073	143,292,971	134,383,212	304,639,981	1,091,178,237
Total liabilities	311,581,794	80,496,531	20,169,270	70,431,698	482,679,293
Other disclosures:					
Property, plant and equipment with Right- of-use assets	413,945,908	98,258,077	110,915,159	286,089,163	909,208,307
Inventories	38,383,750	39,811,254	11,416,450	13,798,992	103,410,446
Intangible assets	21,331	1,096,026	16,974	3,450	1,137,781
At 31 December 2022 (Audited)	<u>Jeddah</u>	<u>Qassim</u>	<u>Tabuk</u>	<u>Al Ahsa</u>	<u>Total segments</u>
Total assets	460,043,830	141,712,043	96,914,796	307,088,466	1,005,759,135
Total liabilities	286,525,568	93,298,166	18,342,829	75,166,253	473,332,816
Other disclosures:					
Property, plant and equipment with Right-of- use assets	352,535,838	104,243,982	77,657,279	292,032,606	826,469,705
Inventories	55,207,463	39,942,223	12,031,395	11,919,249	119,100,330
Intangible assets	31,968	1,201,870	25,537	5,574	1,264,949

**6.1 Reconciliations of information on reportable segments to the amounts reported in the financial statements**

*i) Profit before tax*

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total profit before tax for reportable segments	90,423,288	94,067,775	274,644,508	270,238,505
<b>Unallocated amounts</b>				
Employee benefits expenses	(13,755,449)	(12,136,681)	(43,249,949)	(34,720,143)
Depreciation	(610,498)	(539,393)	(1,723,196)	(1,283,012)
Other expenses	(8,487,093)	(10,324,916)	(25,021,395)	(24,331,334)
Financing costs	(20,799,894)	(7,988,853)	(60,749,233)	(7,993,858)
Finance income	8,535,732	--	23,221,152	--
Other income/(expenses)	(50,942)	87,269	--	103,678
Expected credit loss on trade receivables	51,500	779,507	51,466	(139,245)
	<u>55,306,644</u>	<u>63,944,708</u>	<u>167,173,353</u>	<u>201,874,591</u>

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**6. SEGMENT INFORMATION (continued)****6.1 Reconciliations of information on reportable segments to the amounts reported in the financial statements (continued)****ii) Total assets**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Total assets for reportable segments	1,091,178,237	1,005,759,135
Unallocated amounts	<u>1,294,407,855</u>	<u>1,420,591,186</u>
	<u><b>2,385,586,092</b></u>	<u><b>2,426,350,321</b></u>

**iii) Total liabilities**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Total liabilities for reportable segments	482,679,293	473,332,816
Unallocated amounts	<u>1,061,983,153</u>	<u>1,202,056,483</u>
	<u><b>1,544,662,446</b></u>	<u><b>1,675,389,299</b></u>

**7. PROPERTY, PLANT AND EQUIPMENT****7.1 Property, plant and equipment comprise of the following:**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Buildings	325,910,990	329,699,048
Plant and equipment	178,411,665	169,681,182
Furniture and fittings	336,952	385,308
Computer equipment	1,539,012	1,738,127
Motor vehicles	6,960,031	4,172,565
Projects under progress	<u>118,197,777</u>	<u>32,102,289</u>
	<u><b>631,356,427</b></u>	<u><b>537,778,519</b></u>

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**7. PROPERTY, PLANT AND EQUIPMENT (continued)**

- 7.2 For the purposes of preparing the condensed interim statement of cash flows, the movement in property, plant and equipment during the nine-month period ended 30 September is as follows:

	<b>For the nine-month period ended 30 September</b>	
	<b><u>2023</u></b> <b>(Unaudited)</b>	<b><u>2022</u></b> <b>(Unaudited)</b>
Depreciation	<b>23,630,017</b>	21,292,400
Additions	<b>117,207,925</b>	22,761,403

- 7.3 The buildings are built on land leased from the GFSA with an annual rental of SR 6,243,008. The lease term is twenty-five calendar years commencing from 1 January 2017 (corresponding to 3 Rabea Thani 1438H) and is renewable for a similar period. In 2020, the lease term was extended by an additional three years.

- 7.4 As at 30 September 2023, projects under progress mainly consist of the following projects:

- i) Durum Mill in Jeddah
- ii) Replacement of production line for Wheat in Mill C Jeddah
- iii) Rehabilitation project of alarm and firefighting systems in Jeddah

Capital commitments relating to these projects amount to SR 28.52 million (31 December 2022: SR 90.32 million).

- 7.5 The following projects have been completed during the period:

- i) Premix plant for Jeddah
- ii) Pesa Mill Integration in Mill E Jeddah

**8. DERIVATIVE FINANCIAL INSTRUMENTS**

To hedge the variability in interest rate on Term Murabaha facility, the Company entered into a profit rate cap agreement with Gulf International Bank.

The profit rate cap agreement requires the Company to pay floating rate interest payment of SAIBOR until it reaches to 2%, post which the Company will pay only the cap rate of 2% in addition to the pre-determined margin. The maturity date of the agreements is 29 March 2026.

For the purpose of hedge accounting, profit rate cap has been designated into cash flow hedge. The fair value and notional amount of the profit rate cap derivative is as follows:

	<b>30 September <u>2023</u> (Unaudited)</b>	<b>31 December <u>2022</u> (Audited)</b>
<b><u>Profit Rate Cap</u></b>		
Notional amount	<b>733,005,455</b>	753,830,267
Positive fair value	<b>57,906,992</b>	58,158,366



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**8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

The hedge has been assessed to be effective and as at 30 September 2023, net un-realised gain of SR 0.71 million (30 September 2022: SR 10.54 million) has been included in the condensed statement of profit or loss and other comprehensive income.

The amount of SR 47.46 million shown as cash flow hedging reserve in the statement of financial position as at 30 September 2023 is expected to affect the profit or loss in forthcoming years.

**9. INVENTORIES**

9.1 Inventories comprise of the following:

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Spare parts	76,852,269	78,002,513
Raw materials	37,553,276	32,598,201
Finished goods	7,303,965	23,684,834
Goods in transit	4,532,796	141,218
Others	692,315	701,978
Less: allowance for slow-moving inventories of spare parts and raw materials	<u>(23,524,175)</u>	<u>(16,028,414)</u>
	<b><u>103,410,446</u></b>	<b><u>119,100,330</u></b>

9.2 During the nine-month period ended 30 September 2023, the Company has provided for the slow-moving inventories of spare parts and raw materials amounting to SR 7.49 million (31 December 2022: SR 7.16 million). The amount is included in the cost of revenue.

**10. TRADE RECEIVABLES**

Trade receivables comprise of the following:

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Trade receivables	8,333,955	6,857,935
Provision for expected credit loss on trade receivables	<u>(624,127)</u>	<u>(675,593)</u>
	<b><u>7,709,828</u></b>	<b><u>6,182,342</u></b>

**11. SHARE CAPITAL**

The authorized, issued and fully paid-up share capital of the Company as at 30 September 2023 amounted to SR 555,000,000 (31 December 2022: SR 555,000,000) consists of 55,500,000 shares (31 December 2022: 55,500,000 shares) at SR 10 each share.

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**12. SHAREHOLDER'S CONTRIBUTIONS**

The amount of SR. 6,751,214 (31 December 2022: SR. 4,278,483) represents the IPO costs fully recovered from the shareholders.

**13. DIVIDENDS**

- 13.1 On 3 March 2022, the Shareholder of the Company on recommendation of the Company's Board of Directors approved the distribution of the Company's net profit after taxes, Zakat and the statutory reserve for the financial period 1 October 2021 to 31 December 2021 of the fiscal year 2021 of SR 0.56 per share amounting to SR 30 million. The dividends were paid on 15 March 2022.
- 13.2 On 15 March 2022, the Shareholder of the Company on recommendation of the Company's Board of Directors approved the distribution of the interim dividends of SR 0.22 per share amounting to SR. 11,932,210. The dividends were paid on 22 March 2022.
- 13.3 On 12 June 2022, the Board of Directors of the Company as authorised by the revised by-laws of the Company approved the distribution of the Company's net profit after taxes, Zakat and the statutory reserve for the financial period 1 April 2022 to 30 June 2022 of the fiscal year 2022 as interim dividends of SR 85.08 per share amounting to SR 42,539,836 million. The dividends were paid on 22 June 2022.
- 13.4 On 27 July 2023, the Board of Directors of the Company, as authorised by the resolution of the ordinary general assembly held on 6 March 2023 to distribute the interim dividends for the year 2023, approved the distribution of the interim dividends for the first half year of 2023 of SR 1.37 per share amounting to SR 76,035,000. The dividends were paid on 14 August 2023.

**14. LONG-TERM LOAN**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Term Murabaha facility	<b>1,059,449,501</b>	1,188,434,238
Less: unamortised loan transaction cost	<b>(15,946,279)</b>	(17,760,529)
	<b><u>1,043,503,222</u></b>	<u>1,170,673,709</u>
Current portion	<b>67,122,272</b>	164,272,151
Non-current portion	<b><u>976,380,950</u></b>	<u>1,006,401,558</u>
	<b><u>1,043,503,222</u></b>	<u>1,170,673,709</u>

Term Murabaha facility with Alinma Bank amounted to SR 1,371,000,000 of which the Company has utilised SR 1,300,000,000 as at 30 September 2023. This facility is secured by promissory notes, pledge over certain assets and shares of the Company. The loan carries interest at SAIBOR plus margin. The utilised facility is repayable in unequal 30 instalments commencing from 30 June 2021.

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**14. LONG-TERM LOAN (continued)**

Movement in loan balance is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period/year	1,188,434,238	--
Transferred as a result of merger transaction	--	1,765,535,965
Paid during the period/year	(128,984,737)	(577,101,727)
At the end of the period/year	<u>1,059,449,501</u>	<u>1,188,434,238</u>

**Maturity analysis - contractual undiscounted cash flow**

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Within one year	128,432,805	232,857,509
One to five years	548,631,955	538,024,887
More than five years	926,117,251	964,609,001
	<u>1,603,182,011</u>	<u>1,735,491,397</u>

**15. LONG-TERM PAYABLE**

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Current portion	10,941,218	--
Non-current portion	34,222,625	--
	<u>45,163,842</u>	<u>--</u>

Long-term payable represents the amount payable to Buhler AG for the purchase of machines and equipment for projects under progress in Jeddah. The amount of SR 45.78 million (CHF 12,529,095) is repayable in ten equal semi-annual instalments of CHF 1,252,909.50 commencing from 28 November 2023.

**Maturity analysis - contractual undiscounted cash flow**

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Within one year	10,813,862	--
One to five years	43,255,447	--
	<u>54,069,309</u>	<u>--</u>



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**16. REVENUE**

**16.1 Disaggregation of revenue**

Revenue is disaggregated by type of goods as shown below:

Type of goods	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Flour	137,840,555	125,287,147	412,044,902	381,457,633
Feed	79,896,059	68,907,396	190,777,281	197,940,847
Bran	30,403,296	43,642,652	114,821,977	107,652,928
	<u>248,139,910</u>	<u>237,837,195</u>	<u>717,644,160</u>	<u>687,051,408</u>

**Timing of revenue recognition**

The sale of the goods is recognised by the Company at a point in time, and the performance obligation is fulfilled when the goods are dispatched from the warehouses.

**17. COST OF REVENUE**

Cost of revenue comprises the following:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Raw materials consumed	97,038,178	87,493,022	267,988,438	259,803,937
Salaries and other benefits	17,077,078	16,199,085	48,675,757	47,463,362
Depreciation and amortization	10,498,447	10,243,657	30,905,193	30,134,117
Fuel and power	3,822,392	5,507,681	15,860,364	18,364,141
Provision for slow moving inventories of spare parts and raw materials	2,018,803	2,972,489	7,495,761	6,146,293
Other expenses	7,531,246	7,146,200	21,796,343	17,147,223
	<u>137,986,144</u>	<u>129,562,134</u>	<u>392,721,856</u>	<u>379,059,073</u>
Finished goods inventory at the beginning of the period	17,053,363	14,716,153	23,684,834	8,188,318
Finished goods available for sale during the period	<u>155,039,507</u>	<u>144,278,287</u>	<u>416,406,690</u>	<u>387,247,391</u>
Finished goods inventory at the end of the period	<u>(7,303,965)</u>	<u>(10,203,970)</u>	<u>(7,303,965)</u>	<u>(10,203,970)</u>
	<u>147,735,542</u>	<u>134,074,317</u>	<u>409,102,725</u>	<u>377,043,421</u>

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**18. FINANCE COSTS**

Finance costs comprise the following:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance cost on long-term loan	20,199,171	4,742,040	58,741,054	4,742,040
Finance cost on lease liabilities	2,898,448	2,948,826	8,548,626	8,763,773
Amortisation of loan transaction cost	587,708	3,224,940	1,814,250	3,224,940
Finance cost on employees' defined benefit obligations	--	--	148,000	--
	<u>23,685,327</u>	<u>10,915,806</u>	<u>69,251,930</u>	<u>16,730,753</u>

**19. FINANCE INCOME**

Finance income comprise the following:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income on cash flow hedge (Profit rate cap)	7,179,760	--	19,695,513	--
Finance income on bank deposits	1,355,972	--	3,525,639	--
	<u>8,535,732</u>	<u>--</u>	<u>23,221,152</u>	<u>--</u>

**20. ZAKAT**

**20.1 Movement in provision for Zakat during the period/year**

The Parent Company has submitted the consolidated Zakat return till the date of the merger on 15 September 2022 and the Company has submitted its information Zakat return for the year ended 31 December 2022.

Movement in provision for Zakat during the period/year is as follows:

	30 September <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
At the beginning of the period/year	6,166,993	4,743,700
Charged during the period/year	4,470,087	6,224,755
Paid during the period/year	(5,508,920)	(4,801,462)
At the end of the period/year	<u>5,128,160</u>	<u>6,166,993</u>



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**20. ZAKAT (continued)**

**20.2 Zakat status**

The Company has filed Zakat return with Zakat, Tax and Customs Authority ("ZATCA") for the year ended 31 December 2022 and has obtained the required certificate. Following the ZATCA's assessments, the Company has resubmitted the Zakat return for the year ended 31 December 2022 with an additional liability of SR 680,691, which covers the entire fiscal year 2022. The resubmitted Zakat return for the year ended 31 December 2022 is still under review with ZATCA.

**21. CAPITAL COMMITMENTS AND CONTINGENCIES**

**21.1 Contingencies**

- The Company has provided bank guarantees amounting to SR 2,232,315 in favour of GFSA for lease of silos in Jeddah, Qassim and Al-Ahsa. These guarantees are valid up to 31 December 2041.
- The Company has provided bank guarantees amounting to SR 313,802 in favour of GFSA for lease of lands in Qassim, Tabuk and Al-Ahsa. These guarantees are valid up to 22 June 2024.
- On 23 March 2023 (corresponding to 1 Ramadan 1444H) GFSA has lodged a claim against the Company before the Committee for the Adjudication of Violations of the Flour Mills Law, alleging that Company did not comply with the terms and regulations stipulated in The Flour Mills Law and implementing regulations, Mill Operating License and Wheat Purchase Agreement that are as follows:
  - i) accepting membership requests from the new customers without GFSA's approval - fine amounting to SR 20,000,000 and financial recoveries amounting to SR 33,848,850.59;
  - ii) updating key information of customers without submitting a request to GFSA – fine amounting to SR 100,000 and financial recoveries amounting to SR 6,012,915.32; and
  - iii) exceeding allocated sale quantities approved by GFSA – fine amounting to SR 1,000,000 and financial recoveries amounting to SR 8,801,333.59

Based on the advice of the Company's legal counsels, the Company has recognized a provision amounting to SR 8.85 million during the year ended 31 December 2022 as the Company expects to be successful in defending the claim and the allegations made have no reasonable legal grounds. Management have assessed the balance of the claims as a contingent liability.

The Company has submitted a reply against this claim to the GFSA on 16 April 2023 (corresponding to 25 Ramadan 1444H).

On 25 September 2023 (corresponding to 10 Rai Al-Awal 1445H) the Company received response from GFSA with a revised claim amounting to SR 6.30 million. Based on the response received from GFSA, the Company has reversed the excess provision of SR. 2.55 million during the period ended 30 September 2023. The Company and GFSA both have the right to appeal the decision to the administrative court within 60 days from the date of notification of the decision, in accordance with the provisions of paragraph three of article twenty-seven of the Flour Mills Law.



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**21. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)**

**21.2 Commitments**

The following LCs are outstanding as at 30 September 2023:

- a) LC import sight negotiation amounting to SR 52,240,249.73 (CHF 12,750,543) (31 December 2022: SR 51,841,157.73 (CHF 12,750,543)) in favour of Buhler AG for supply of machines and equipment for five projects in Jeddah. The LC will remain valid till 28 February 2028.
- b) Outward LC import sight amounting to SR 9,787,500 (USD 2,610,000) (31 December 2022: SR 18,709,706.25 (USD 4,989,255)) in favour of Al Ghurair Resources International LLC for purchase of yellow corn. The LC will remain valid till 30 January 2024.
- c) Outward LC import sight amounting to SR 1,855,486.69 (USD 494,796.45) (31 December 2022: NIL) in favour of Buhler AG for supply of machine and equipment for Mills A and B in Qassim. The LC will remain valid till 28 January 2024.
- d) Outward LC import sight amounting to SR 18,535,687.50 (USD 4,942,850) (31 December 2022: NIL) in favour of Moderne Semolerie Italiana SPA for purchase of durum wheat. The LC will remain valid till 30 January 2024.

**22. EARNINGS PER SHARE**

**22.1 Basic and diluted earnings per share**

The calculation of basic earnings per share has been based on the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the condensed interim financial statements.

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	<b>54,037,524</b>	63,490,195	<b>162,703,266</b>	197,195,616
Weighted average number of ordinary shares for basic and diluted EPS	<b>55,500,000</b>	500,000	<b>55,500,000</b>	500,000
Earnings per share - basic and diluted	<b>0.97</b>	126.98	<b>2.93</b>	394.39

The calculation of diluted earnings per share has been based on the earnings attributable to shareholders of ordinary shares and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, if any.

During the period, there are no transactions that reduce the earnings per share and therefore, the earnings per diluted share are not different from the basic earnings per share.

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**23. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent the shareholders and key management personnel of the Company, and entities controlled or significantly influenced by such parties (affiliate). The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are on the basis of contractual arrangements made with them.

**TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

For the purposes of the disclosure requirements contained in IAS 24 Disclosures Related to Related Parties, the phrase "key management personnel" (i.e., those persons who have the authority and responsibility to plan, direct and control the activities of the company) refers to the board of directors, chief executive officer and other executives of the company.

The compensation of the senior management personnel includes salaries and other benefits. The amounts disclosed in the table represent the amounts recognised as an expense during the financial year in respect of key management personnel.

**Compensation of key management personnel of the Company for the three-month and nine-month periods ended 30 September:**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term employee benefits	2,108,847	1,886,625	6,326,541	5,659,875
Board and committees' expenses, rewards and allowances	<u>1,083,250</u>	<u>600,000</u>	<u>2,625,750</u>	<u>1,800,000</u>
Total compensation paid to key management personnel	<u>3,192,097</u>	<u>2,486,625</u>	<u>8,695,291</u>	<u>7,459,875</u>

**OTHER RELATED PARTY TRANSACTIONS**

Transactions with related parties arise mainly from services provided/ received and payments made on behalf of each other and are undertaken at mutually agreed terms. IPO costs have been recovered directly from the Bank from the proceeds of the subscription. Due to related parties are the balances payable on demand, interest free and unsecured.

The aggregate value of related parties' transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

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**23. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

**OTHER RELATED PARTY TRANSACTIONS (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			For the nine-month period ended 30 September		30 September 2023	31 December 2022
			<u>2023</u>	<u>2022</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<i><u>Due from related parties</u></i>						
Al Mutlaq Group Industrial Investment Company	Shareholder	IPO costs	9,720,459	411,950	--	2,769,242
Abdullah Abunayyan Trading Company	Shareholder	IPO costs	8,331,822	353,100	--	2,373,636
Al Safi Advanced Investments	Shareholder	IPO costs	6,943,185	294,250	--	1,978,030
Essa Al Ghurair Investments	Shareholder	Quality and operational consulting	429,436	1,175,802	--	--
		IPO costs	2,777,274	117,700	--	791,212
					--	7,912,120
<i><u>Due to related parties</u></i>						
Al Mutlaq Group Industrial Investment Company	Shareholder	Expenses incurred on behalf of the Company	--	50,000	--	50,000
Ehata Financial Company	Affiliate	Financial advisory	144,900	264,500	--	17,250
Al Mutlaq Real Estate Investments	Affiliate	Project implementation consultancy	906,647	153,908	--	194,199
					--	261,449
<i><u>Due to related parties – included in advance from customers</u></i>						
Al Safi Danone Company	Affiliate	Sales of bran	2,801,364	2,421,290	276,605	364,687
					276,605	364,687



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**24. FINANCIAL INSTRUMENTS – FAIR VALUES**

*Financial assets*

Set out below is an overview of financial assets held by the Company:

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Financial assets at amortised cost:</b>		
Bank balances and short-term deposits	162,326,856	215,326,438
Trade receivables	7,709,828	6,182,342
Other current financial assets	564,792	828,146
Due from related parties	--	7,912,120
	<u>170,601,476</u>	<u>230,249,046</u>
	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>

**Financial assets at fair value – hedging instruments:**

Derivative financial instruments	57,906,992	58,158,366
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*Financial liabilities*

Set out below is an overview of financial liabilities held by the Company:

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Financial liabilities at amortised cost:</b>		
Trade payables	20,433,757	44,137,592
Other current financial liabilities	3,162,105	2,859,699
Long-term loan	1,059,449,501	1,188,434,238
Lease liabilities	335,323,205	349,741,210
Long-term payable	45,163,843	--
Due to related parties	--	261,449
	<u>1,463,532,411</u>	<u>1,585,434,188</u>

**Fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Company's financial assets consist of bank balances and short-term deposits, trade receivables, other current financial assets and amounts due from related parties. Its financial liabilities consist of trade payables, other current financial liabilities, long-term loan, obligations under finance lease, long-term payable and amounts due to related parties.

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**24. FINANCIAL INSTRUMENTS – FAIR VALUES (continued)**

**Fair value hierarchy (continued)**

The management assessed that fair value of bank balances and short-term deposits, trade receivables, amounts due from related parties, other current financial assets, trade payables, other current financial liabilities, long-term loan, obligations under finance lease, long-term payable and amounts due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments except for the long-term loan which carries floating rate based on the market terms.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

30 September 2023 (Unaudited)				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>Financial assets</u></b>				
Derivative Financial Instruments	--	57,906,992	--	57,906,992
31 December 2022 (Audited)				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>Financial assets</u></b>				
Derivative Financial Instruments	--	58,158,366	--	58,158,366

Derivative financial instruments have been valued using the present value technique under income approach as per IFRS 13. The fair value of the hedge instrument has been calculated as the present value of the intrinsic value that has been treated based on the difference between implied SAIBOR three-month curve and cap rate as at 30<sup>th</sup> September in order to reflect the market conditions as at the date.

There were no transfers between levels of fair value measurements in 2023 and 2022. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

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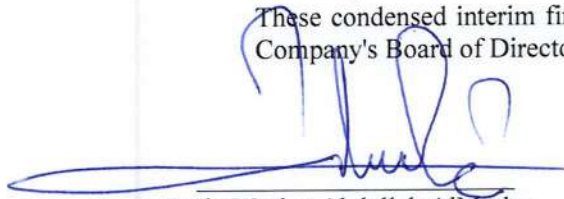
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**25. SUBSEQUENT EVENTS**

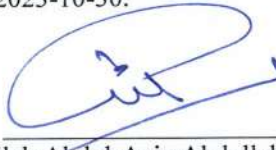
No event has occurred up to and including the date of the approval of these condensed interim financial statements by the Board of Directors which could materially affect these condensed interim financial statements and the related disclosures for the three-month and nine-month periods ended 30 September 2023.

**26. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved and authorised for issuance by the Company's Board of Directors on 2023-10-30.



Tariq Mutlaq Abdullah AlMutlaq  
Chairman



Abdullah Abdul-Aziz Abdullah Ababtain  
CEO



Manwel Adib Bou Hamdan  
CFO