المطاحن الحديثة
MODERN MILLS

MISSION
MOMENTUM
COMMITMENT

ANNUAL REPORT 2024

Mission. Momentum. Commitment.

Modern Mills Company is defined by its powerful mission to become Saudi Arabia's most trusted nutrition provider. As we build momentum to pioneer excellence and set the gold standard for end-to-end grain solutions, our commitment to innovation, quality, and sustainability remains our foundation, ensuring food security across the Kingdom.

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The Modern Mills Company Annual Report for 2024G has been prepared in accordance with integrated reporting principles to reflect the Company's dedication to transparency. In line with its established practice of disseminating Financial Statements and Board reports, this Annual Report seeks to effectively convey the Company's strategic vision, governance model and overall performance throughout the review period. It serves as an essential resource for stakeholders – including investors, employees and the community.

Report Boundary and Reporting Period

This Annual Report describes the operational activities of the Company for the period from 01 January 2024G to 31 December 2024G. Further, to promote inclusivity and enhance stakeholder engagement, it is made accessible in both English and Arabic.

Compliance

This Annual Report demonstrates our strong commitment to ensuring full compliance with the standards, rules and regulations laid out by GFSA The General Food Security Authority (GFSA) (the regulatory body which is managing and supervising on the milling Industry in KSA) the Capital Market Authority (CMA), the Ministry of Commerce (MC), Human Resources and Social Development Ministry and and other key regulatory bodies. We have assessed and incorporated the requirements set forth by these organizations, ensuring our operations are firmly aligned with the legal and regulatory framework governing our sector.

Financial Statements

The Financial Statements for the fiscal year ended 31 December 2024G have been prepared in accordance with the International Financial Reporting Standards (IFRSs) that have been officially endorsed within the Kingdom of Saudi Arabia. In addition, the statements also comply with the supplementary standards and guidelines issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), which are collectively referred to as "IFRS approved within the Kingdom of Saudi Arabia".

Company Overview

Vision

The Company's vision is to be the most trusted nutrition company in Saudi Arabia, supporting the Kingdom's food security.

Mission

The Company's mission is to produce and distribute a range of products and end-to-end solutions while achieving profitable growth in a healthy and stimulating work environment.

Values

- Strong industry fundamentals with robust and safeguarded growth potential.
- Leading local market position.
- Well-diversified operations at all levels.
- Best-in-class operations and infrastructure.
- Strong financial performance with compounding cash generation.
- Clear growth drivers and evident opportunities for expansion.
- A skilled and highly effective management team which ensures strong corporate governance.

Overview

Modern Mills Company (MMC) is a joint stock company based in the Kingdom of Saudi Arabia. MMC was founded with the goal of producing and supplying flour products for domestic consumption, and ensuring the overall stability of the nation's food supply, thereby enhancing food security.

The Company operates from its headquarters in Jeddah. To meet the growing demand for flour and feed products, MMC operates three production facilities in the Kingdom:

- Al-Jumum facility in the west, with a daily wheat production capacity of 1,200 tonnes.
- Khamis Mushait facility in the south, has a daily wheat production capacity of 1,650 tonnes and a daily feed production capacity of 1,400 tonnes.
- Al-Jouf facility in the north, with a daily wheat production capacity of 600 tonnes.

MMC originally commenced operations in 1972G as a group of wheat mills under the General Food Security Authority (GFSA). The Company underwent a significant transformation over the years and in 2016G it was officially incorporated as the "Third Milling Company", reflecting its commitment to innovation, quality standards and modernization of the flour production industry.

Our core operations focus on producing and storing flour and feed. We manufacture a variety of products, including flour, animal feed, bran, and other wheat-based derivatives, which are supplied to numerous retail clients and businesses. With a daily milling capacity of 3,450 tonnes and a feed production capacity of 1,400 tonnes at the end of 2024G, we also maintain wheat silo storage for up to 185,000 tonnes. In 2024G, our annual wheat milling capacity exceeded 1.1 million tonnes, positioning us as one of the largest animal feed producers in the Kingdom, with a capacity of over 400,000 tonnes.

Further, the Company successfully launched its Initial Public Offering (IPO) on the Saudi Exchange (Tadawul) in 2024G, aligning with the Kingdom's Saudi Vision 2030 by fostering private sector growth, enhancing market accessibility, and attracting investment into the country's food and agriculture sector. The IPO involved the sale of 24,549,600 shares, representing 30% of the Company's issued share capital, at a final offer price of ⃁ 48 per share, securing

⃁ 1.178 Bn.

(USD 314 Mn.)

Key Milestones of the Company since Establishment

1972G

The Company commenced operations as a group of wheat mills under the General Food Security Authority (GFSA).

1982G

A production site was set up by GFSA in Khamis Mushait.

2008G

Another production site was set up in Al-Jouf.

2009G

GFSA initiated a privatization programme with the objective of enhancing operational efficiency, improving financial performance, supporting economic growth and elevating overall operational competency.

2011G

The Saudi Council of Economic and Development Affairs (formerly the Supreme Economic Council) approved the privatization strategy for the milling companies. This strategy involved the consolidation of all milling operations into four companies, which resulted in the Company establishing branch offices in Al-Jumum, Khamis Mushait and Al-Jouf.

2013G

GFSA established its second production facility in Khamis Mushait, with an impressive production capacity of 800 MT per day.

2015G

GFSA inaugurated a state-of-the-art production facility in Al-Jumum.

2016G

The Council of Ministers adopted Resolution No.35, which approved the Organization Privatization Programme and established the Company as a closed joint stock entity, wholly owned by the Public Investment Fund.

2017G

The Company initiated its commercial activities as an independent entity.

2020G

GFSA approved a bid from a consortium formed by Al Rajhi Holding and Al Ghurair Foods for the strategic acquisition of the Company.

2021G

The Company successfully finalized its merger with Mada Al Ghurair Limited Company, thereby reaffirming the current ownership structure.

2022G

- A subsidiary distribution entity, Hasad Al-Arabia for Trade, was established.
- The Company initiated the expansion of the Al-Jumum facility.

- A rebranding initiative resulted in the Company taking on the name Modern Mills.
- A specialized B2B brand – Modern Mills Professional – was launched in within the flour business to cater to commercial clients.
- The Company embarked on capital expenditure projects focused on elevating operational standards, implementing SAP systems and machinery upgrades.
- Operational expenses were strategically reduced through productivity enhancement programmes and cost-reduction initiatives.

2023G

- As a part of the Company's retail expansion strategy, three new retail brands were launched under the wheat flour segment, and the Company commenced collaboration with third-party distributors to further expand its retail market reach.
- The Company made investments towards enhancing both technical training and interpersonal skill development.
- A series of ESG projects were launched with the aim of enhancing sustainability practices and promoting social responsibility within the Company's operations.

2024G

- **Public Listing:**
  - In March 27, 2024, the company successfully completed its listing on the Saudi Stock Exchange by offering 30% of its share capital.
- **Flour Business:**
  - Capacity utilization at 97% with a focus on product innovation across segments.
  - Optimizing distribution for small SKUs.
  - Expanding our logistics services to our B2B customers.
- **Feed Business:**
  - Continue to utilize the current feed production capacity at the Khamis Mushait site, with production increasing by 23% vs 2023G.
  - Attaining Board approval on the construction of a new feed plant in Al Jumum with a production capacity of 422,000 MT annually.
  - During 2024G, MMC developed wide range of quality feed products in both livestock and layer poultry to meet growing new customer demands.

Highlights 2024G

Financial Highlights

Revenue

⃁ 1,000.2 Mn.

Revenue growth

+6.6% YoY

Operating profits

⃁ 259.3 Mn.

+2.3% YoY

Net profit after Zakat

⃁ 208.7 Mn.

+3.4% YoY

Earnings per share

⃁ 2.57

+4.0% YoY

Dividend per share

⃁ 2.00

Vs ⃁ 2.29 in 2023G

Operational Highlights

Investments

Approval of a ⃁ **150 Mn.** animal feed production facility at Al-Jumum

Environmental

Correction factors for electricity at **98-99%**, above the required level of 95%

Saudization

49%
Up from 46% in 2023G

ISO 14001:2015

ISO 45001:2018

ISO 9001 2015 CERTIFIED

Chairman’s Message

At Modern Mills Company, resilience and innovation drive our success. Despite global challenges, we have strengthened our market position, optimized operations, and invested in sustainable growth. As we look ahead, we remain committed to advancing food security, fostering self-sufficiency, and contributing to a more prosperous Saudi Arabia in line with Vision 2030.

Dear Modern Mills Company Shareholders,

May peace, mercy and the blessings of Allah be upon you.

As we reflect on 2024G, I am delighted to share that Modern Mills Company has continued its journey of growth and transformation during this past year, in line with our vision and purpose.

In 2024G, the Company expanded its product portfolio in both the flour business and the feed business, enabling us to strengthen our market position in these industries. The Company also focused on capacity utilization across our production facilities, as well as investing in optimizing our distribution channels to ensure timely product availability across our key markets.

The year under review was a testament to our resilience with investments in strategic sourcing, efficiency improvements and prudent cost management, enabling us to mitigate the impact on our cost structure from inflationary pressures. Moreover, the positive and supportive engagement of the General Food Security Authority (GFSA) in wheat supply, further contributed to our resilience, allowing us to maintain stability and deliver value to our customers.

Achieving another key milestone in our journey, the MMC Board approved the construction of the new feed plant at Al-Jumum, which is expected to come onboard in 2026G, reinforcing our long-term commitment to innovation and expansion.

On the corporate governance front, the Company strengthened its risk management framework by focusing on mitigating supply chain risks, commodity price volatility and regulatory changes. These efforts were made in alignment with global best practices, which we believe will enable MMC to stay ahead of emerging challenges, enhance operational resilience and maintain sustainable growth in an evolving market landscape.

As we reflect on the past year, I would like to thank the GFSA for their continued support and guidance, as we work together to establish food security in the country. I also extend my gratitude to our key leadership team and in particular the Sales team, which worked tirelessly to drive the Company's success in 2024G. I also commend our Sustainability team for the sustainability initiatives taken up during the year in alignment with Saudi Vision 2030.

We look forward to another year of growth and resilience in 2025G, strengthening our business while making meaningful contributions towards a more self-sufficient and prosperous Saudi Arabia. With a steadfast commitment to innovation, sustainability and operational excellence, we will continue to play our part in supporting the nation's economic development and food security, in alignment with the country's Vision 2030.

Ibrahim Sulaiman Al-Rajhi

Chairman

Chief Executive Officer's Message

Dear Stakeholders of Modern Mills Company,

I'm pleased to present to you the Annual Report and Financial Statements of the Modern Mills Company for the year ended 31 December 2024G.

The Company completed yet another strong year, taking advantage of several key growth opportunities in the market. Both the Human Nutrition (flour) and the Animal Nutrition (animal feed) industry was driven by growth in population and tourism, increased out-of-home consumption and demand for healthier food options.

The Saudi economy is expected to grow at 1.5% year-over-year in 2024G, slightly below the IMF's earlier projections, mainly driven by extended oil production cuts and regional challenges. However, growth is expected to rebound to 3.3% year-over-year in 2025G, supported by growth in the non-oil sector and tourism, reduced unemployment levels and continued investments into key sectors under Saudi Arabia's Vision 2030 programme.

Company performance during the year

Overall, Company revenues for the year grew by 6.6% year-over-year, driven by both our flour and animal feed businesses.

Total revenue growth

6.6%

YoY to ⃁ 1,000.2 Mn.

Total net profit growth

3.4%

YoY to ⃁ 206.7 Mn.

The wheat flour business saw growth across all channels, with particularly strong growth in the industrial channel. This was driven by our continuously improved customer service and the addition of new products such as gluten-free and ready-mixes, which are increasing in popularity as consumers look for convenient and healthy options. As a result, we maintained a healthy market share in the Flour sector.

Our Animal Feed business recorded a strong double-digit growth in 2024G, benefitting from continued investments in both product and market expansion. Our expansion into the poultry feed segment in 2023G continues to bear fruit, while "Premier", MMC's animal feed brand, is recognised for its superior quality. As a result, the Company maintained its market position, the strongest among the four milling companies.

Profitability came under pressure during the year amidst aggressive competitive activities and supply chain disruptions which resulted in operational cost increases. Despite these challenges, the Company reported a profit after Zakat of ⃁ 208.7 Mn., up 3.4% year-over-year.

Strategic focus in 2024G

At its core, MMC's strategy includes enhancing operational efficiency, expanding its product range, and continuing to invest in sustainable production practices.

2024G was a year of progress and resilience for MMC, as we built on our strong foundation and seized growth opportunities. Despite global challenges, our focus on innovation, efficiency and sustainability drove strong performance in our Flour and Animal Feed businesses. With a clear strategy and strong government support, we remain well-positioned to create long-term value for shareholders while advancing Saudi Arabia's Vision 2030 and food security goals.

During the year, MMC's Flour business reached 97% capacity utilization, driven by product innovation, optimized small SKU distribution and expanded B2B logistics. Cost optimization across the value chain further enhanced efficiency and growth. Furthermore, the planned flour milling capacity expansion at the Al-Jumum facility is on track to be operational in 2025G, making Al-Jumum the largest milling plant operating in the Kingdom.

In 2024G, MMC's Feed business saw a 23% increase in production at our Khamis Mushait facility, maximizing capacity utilization to meet growing demand. Additionally, we diversified our product portfolio, introducing a wide range of high-quality livestock and layer poultry feed to better serve our customers' needs. A key milestone was Board approval for a new feed plant in Al-Jumum, with an annual capacity of 422,000 tonnes, reinforcing our commitment to expansion. This plant is expected to be operational in 2026G.

As such, we continued to make progress across our four identified strategic avenues, ensuring continued growth.

Progress across the four strategic pillars in 2024G

Contributing to achieving food security and gaining al larger market share in the flour derivatives sector

- Maximized on current capacity and grew market share in both business
- Maximized the Al-Jumum location and began capacity expansion in both businesses
- Launched Hassad Logistics and Distributions company

Supporting investment in personnel and technology, and enhancing environmental, social and corporate governance practices

- Sustained platinum tier in Saudization during the year
- Uplifting the technology infrastructure

Expanding by adding new high-value products

- Expanding to high value retail opportunities (gluten free and ready mixes)
- Added value solutions for B2B customers

Expanding into, and accessing new geographical regions

- Exploring wheat flour export opportunities
- Exploring animal feed export (pilot phase)

Continued enhancements to the Governance framework

The Board of Directors of MMC is committed to maintaining effective oversight of corporate strategy, protecting investor value, and ensuring the representation of shareholders' interests in alignment with the regulations set forth by the Capital Market Authority (CMA).

In 2024G, we made improvements to our disclosure and listing-related practices to reflect the evolving responsibilities as a listed company. We have also adopted the necessary measures to ensure that changes to Board composition, as well as the outcomes of shareholder and Board meetings, are promptly communicated to the CMA and Tadawul in compliance with the stipulated timelines. In addition, the Company also continued enhancing its Risk Management Policy and expanded our Code of Conduct and Ethics, thereby further clarifying the ethical and professional standards expected of all Directors, Executives and Employees.

As such, the Company remains committed to a governance framework which consistently meets local regulatory expectations, promotes transparency and safeguards shareholder value.

Looking forward – Driving growth, innovation, and sustainability

Over the past two years, our journey has been centred on strengthening operational fundamentals and optimizing production utilization. Today, we stand on a solid foundation, well-positioned to propel the business to new heights. Looking ahead, our commitment to technological advancement, product diversification and sustainability will be the cornerstone of MMC’s long-term growth strategy.

In the next 2-3 years, we will focus on expanding market share, enhancing efficiencies, and innovating to meet evolving consumer demands. Key industry drivers include government initiatives to localize food production, rising wheat flour demand, tourism growth, and the need for cost efficiencies. To capitalize on these trends, MMC plans to enter new regional markets, establish additional distribution centres in Saudi Arabia, and explore export opportunities within the GCC. On the technology front, a new warehouse and inventory management system will further enhance operational agility.

MMC is also committed to reducing its environmental footprint through green technologies, sustainable practices, and support for government food waste initiatives. In alignment with Vision 2030, we will continue to drive food security, innovation, and sustainability for a stronger, more resilient future.

Acknowledgments

I thank our Chairman and Board for their support, vision and leadership, which have been crucial in driving key decisions, elevating the Company’s success, and positioning it for future growth. As we look back on the past year, I would like to express my sincere appreciation to the General Food Security Authority (GFSA) for their ongoing support for and collaboration with our Company. I also thank our Leadership team, especially the Sales team, for driving MMC’s success in 2024G. Additionally, I also commend our Sustainability team for advancing initiatives aligned with Saudi Vision 2030.

As a newly listed entity, we remain committed to growth and long-term shareholder value. We invite our shareholders to remain part of this journey as we expand our operations and drive innovation to strengthen our market position. With a clear vision, focus on sustainability, and strong government support, we are poised for success. Your trust drives us forward as we shape a prosperous future together.

Osama Ashi

Chief Executive Officer

Strategy

Modern Mills Company's successful IPO, strategic industry positioning, and forward-looking approach drive its growth and resilience in the flour milling and animal feed sectors.

IPO and Investment Case

Modern Mills Company's successful IPO highlights its strengthened market position, investor confidence, and commitment to growth under Saudi Arabia's Vision 2030.

Key Milestones for the IPO

07 February 2024G	Announcement of the intention to float 30% of MMC's share capital.
15 February 2024G	Price range announcement (⃁ 44–48 per share) and start of the institutional Book Building process.
21 February 2024G	Completion of institutional Book Building and announcement of the final price for participants.
05 March 2024G - 06 March 2024G	Completion of individual investor subscriptions and final allocation of Offer Shares.
18 March 2024G	Refund of excess subscription monies.
27 March 2024G	Listing on Tadawul.
31 March 2024G	Issuance of the first Annual Report since the IPO.

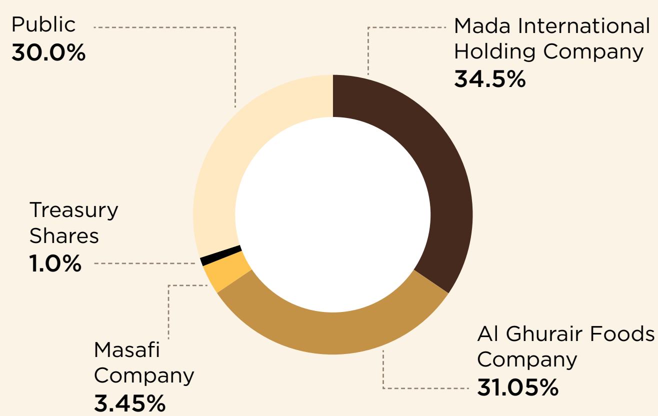
The Kingdom of Saudi Arabia, one of the leading markets for flour in the Middle East and North Africa region, has privatized its milling companies as part of Saudi Vision 2030's mandate to boost private sector participation, diversify the economy and enhance operational efficiency in key industries. This initiative underlines the government's commitment to strengthen food security. Historically managed by the GFSA, the milling companies transitioned to private ownership between 2020G and 2021G, marking a significant milestone in the country's economic transformation.

Modern Mills Company (MMC), one of the key beneficiaries of this initiative, further strengthened its market position with a successful Initial Public Offering (IPO) in early 2024G. The IPO generated a staggering ⃁ 150 Bn. (USD 40 Bn.), with a final offering size of ⃁ 1,178 Mn. (USD 314 Mn.). Of the shares issued, 90% (22.1 million shares) of the shares were allocated to institutional investors and 10% (2.5 million shares) to retail investors, reflecting robust market confidence and investor interest.

The IPO empowers MMC to pursue strategic initiatives that drive sustained growth and innovation. By focusing on expanding production capacity and diversifying our product portfolio, we aim to cater to the evolving needs of our customers while exploring opportunities in adjacent categories and new geographical markets. Furthermore, the Company aims to continue investing in research and development capabilities, and establish strategic partnerships to strengthen its market presence. These efforts will enhance MMC's leadership position and reinforce its commitment to deliver value to stakeholders across the Kingdom.

Summary of the Offering

Final offer price	⃁ 48 per share
Total offering size	⃁ 1,178 Mn. (USD 314 Mn.)
Shares offered	24,549,600 ordinary shares
Percentage of the share capital offered	30%
Share structure post offering	



Trading symbol	2284

Operating Environment

The global economy showed resilience and optimism in 2024G, with leading economies such as the US and China experiencing an uptick in growth driven by improved residential investment and consumption and a rebound in exports. Overall, Global Gross Domestic Product (GDP) growth is expected to continue at 3.3% in 2025G and 2026G, relatively in line with 3.2% in 2024G.

Geopolitical tensions in Europe and the Middle East led to volatility in energy prices and disruptions to global supply chains in the past year. Global inflation continued to recede as disinflation accelerated in advanced economies, while slowing down in emerging markets and developing economies. Headline inflation hovered at around 5.8% in 2024G and is projected to decelerate in 2025G to 4.3%. While prices of consumer goods stabilised, service prices remained elevated. The expected trajectory of monetary policies has shifted from a period of tightening policies, where major central banks adopted a neutral stance with the aim of stimulating economic activity. Governments in advanced economies continued to tighten fiscal policies to achieve sustainable debt levels.

Saudi Arabia’s dynamic shift: Growth, investments and workforce evolution

In 2024G, the GCC (Gulf Cooperation Council) economies continued to experience a contraction in the oil sector due to measures adopted to reduce production with the aim of stabilising oil prices. However, the region’s diversification efforts focusing on non-oil sectors have managed to mitigate this impact. The Kingdom of Saudi Arabia’s efforts in economic transformation through the implementation of Saudi Vision 2030 is progressing effectively, leading to significant investments in tourism, renewable energy, healthcare, technology and food and agriculture sectors to name a few, since its launch.

An increase in both foreign and domestic investments in the country highlights the government's continued efforts to drive non-oil economic diversification, and implement socio-economic reforms and infrastructure expansion. The new investment law unveiled in August 2024G – effective in February 2025G – aims to attract further foreign investments. Urbanisation in the Kingdom is accelerating as city-focused investments have increased. In demographics, the youth still represent a major portion of the population in comparison to advanced economies, shaping local consumption patterns. In addition, Saudi Arabia has made significant progress in its digital transformation efforts, closing the gaps with advanced economies in respect to infrastructure, and internet usage and quality.

In 2024G, the unemployment rate reached a historic low, with female labour force participation rates comfortably exceeding the Vision 2030 target. Higher employment levels among the youth and women partially contributed to the growth in GDP per capita which reached USD 32,881 in 2024G and is projected to grow by a further 1.2% in 2025G. Furthermore, the food and beverages sector is likely to benefit from the expansion of the tourism and outdoor entertainment sectors, where channels such as wholesale and retail trade, restaurants and hotels are expected to benefit from improving disposable income levels.

Unemployment
3.3%

Women in the Workforce (Saudi Females)
30+%

International Tourism % increase from 2023G
9.4%

Real GDP
+1.3%
vs 2023G

Oil-related activities
-4.5%
vs 2023G

Non oil-related activities
+4.3%
vs 2023G

Government activities
+2.6%
vs 2023G

Saudi Arabia: 2025G outlook

Saudi Arabia's economic transformation efforts are making significant progress with the non-oil GDP growth expected to maintain a robust trajectory. As per the International Monetary Fund (IMF), real GDP growth projections for the Kingdom are at 3.3% for 2025G and 4.1% for 2026G, assuming the gradual phasing out of voluntary oil production cuts.

Inflation is expected to remain stable at 2.0% in 2025G aided by domestic subsidies and consistent domestic policy measures. Enhancing private sector development through improved investment efficiency, labour market reforms, accelerating digitalisation, and improved governance will further boost economic resilience. The IMF projects Saudi Arabia's GDP per capita to grow at an average of 2.3% over 2025G and 2026G. However, risks such as shifts in global growth, geopolitical tensions and non-OPEC supply growth could alter the country's projected growth trajectory. Additionally, investment-led imports are expected to exert pressure on the current account balance. The current account is expected to shift to a deficit from 2024G onwards (current account balance as a percentage of GDP is projected at -1.1% of GDP in 2025G), while foreign reserves are expected to slump in 2025G before stabilising.

Overview of the Wheat Industry in Saudi Arabia

The wheat flour market in the Kingdom of Saudi Arabia, which is heavily regulated and localized, is a vital component of the country's food security strategy, with both producers and consumers being supported by government subsidies. The government plays a key role in the wheat market by procuring wheat from the global and local markets and supplying it to the four milling companies in the country. The demand for wheat flour in Saudi Arabia is driven by population growth (including increase in expats), tourism, urbanisation, disposable income and an expanding retail landscape. Consumption of wheat flour is expected to grow at a CAGR of 3.2% through 2022G-30G to 4.4 Mn tonnes.

The competitive landscape of the wheat flour industry

The wheat flour market in Saudi Arabia is led by four companies which include MMC, First Mills Company, Arabian Mills and Fourth Mills Company. Together, the four companies had 15,150 tonnes of daily capacity as of end 2024G.

MMC's market share gains during the year were supported by strong sales volume, which was bolstered by growth in the B2B and retail markets, and driven by optimization of internal operations and geographical expansion. The introduction of the new product portfolio featuring brands such as Modern Mills and Qoot Root in 2022G, boosted these results further.

Overview of the Animal Feed and Bran Industries in Saudi Arabia

Animal feed is an essential food supplement with a grain, forage and fibre content combination. Animal bran, a by-product of wheat milling, is a key ingredient in livestock feed, which promotes digestive health in animals. In Saudi Arabia, milling companies utilize approximately 35% of locally produced wheat bran as an input for production. Prices of animal bran, shaped by global wheat costs which are affected by geopolitical tensions, are expected to stabilise with global wheat production.

The Competitive Landscape of the Animal Feed Industry

Although Saudi Arabia hosts over 30 compound feed manufacturers, the market is concentrated among three key players who held a cumulative value share of just over 40% in 2024G. Among the four milling companies, MMC holds the highest daily capacity of 1,400 tonnes as of 2024G. In addition to the strong presence in the livestock feed industry, MMC made significant headway in the poultry segment in 2023G, leveraging its stronghold in the Southern Region.

Strategy

MMC strives to enhance and diversify the product portfolio to meet the needs of our existing customer base and attract new customers. Aligned with the Company's Mission and Vision, we have identified four strategic pillars to support the long-term growth of the Company.

Shaping our path forward: Key strategic focus areas

Expanding into and accessing new geographical regions

Elevating infrastructure capabilities to contribute to food security and acquire market share in the human and animal nutrition sectors

Supporting investments in personnel and technology, and enhancing ESG practices

Expanding into new products and new adjacent categories

Elevating infrastructure capabilities to contribute to food security, and acquire market share in the human and animal nutrition sectors

MMC is dedicated to the production and storage of flour, animal feed and wheat derivatives, and plays a vital role in strengthening food security in Saudi Arabia. Our manufacturing facilities are regulated by the GFSA for flour and wheat products and the Saudi Food and Drug Authority (SFDA) for animal feed products. These facilities undergo regular inspections and require approval for any capacity modifications.

In line with its efforts to elevate infrastructure capabilities, MMC has undertaken capacity expansion projects. Commencing in 2025G, the daily flour production capacity at the Al-Jumum facility is expected to double, while the milling capacity at Khamis Mushait will increase from 1,600 MT per day to 1,850 MT per day. Furthermore, the Company is optimizing animal feed capacity utilization at the Khamis Mushait facility by improving efficiency. These initiatives aim to strengthen our market share in the flour and animal feed sectors.

Expanding into new products and new adjacent categories

We are focused on expanding the current product portfolio to establish MMC as a leading nutrition company in the region. Aligned with Saudi Vision 2030, we have diversified our animal feed product offerings and entered the poultry sector which resulted in an uptick in the Company's profit margins.

MMC's continued investment in research and development has strengthened the Company's R&D function. This has enabled us to penetrate the value-added and premium product categories, which yield high profit margins, such as gluten-free options, ready mixes and specialty flours launched in 2024G. Additionally, we aim to enhance our direct distribution capacity through the expansion of our logistics fleet.

By leveraging our wheat processing capabilities and our extensive distribution network, we aim to grow market share in the unregulated segments, particularly the HORECA and retail segments. Looking ahead, we plan to pursue strategic partnerships, including mergers and acquisitions, to provide MMC with vertical integration, unlock downstream advantages and expand our product portfolio. These initiatives are expected to increase our cash flow and reduce debt, while positioning the Company for sustainable growth.

Supporting investments in personnel and technology, and enhancing environmental, social and governance practices

At MMC, we are dedicated to recruiting and training an effective workforce, while empowering women through increased recruitment drives and providing a safe work environment. Keeping to the Saudization strategy, MMC nurtures human and animal nutrition sectors.

We prioritize social and environmental governance by establishing benchmarks for quality, health, safety and the environment. We have also introduced initiatives to raise awareness on food waste. Additionally, on the technology front, MMC has invested in an upgrade to its enterprise resource planning (ERP) system to enhance operational efficiency and automation, and improve key performance indicator (KPI) tracking.

Expanding into and accessing new geographical regions

MMC is awaiting approval from the GFSA for its export licence application for flour, which will enable us to access new international markets. MMC commenced exporting animal feed products to the GCC region in 2023G, and we aim to expand these exports to international markets as well.

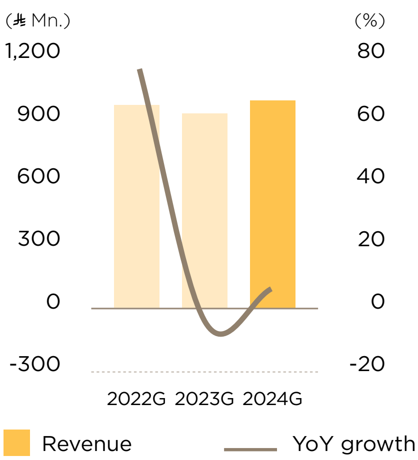
Performance Discussion and Analysis

Modern Mills Company enhances its operations through efficient manufacturing, distribution, and strong quality assurance, ensuring sustained growth and market leadership.

Financial Review

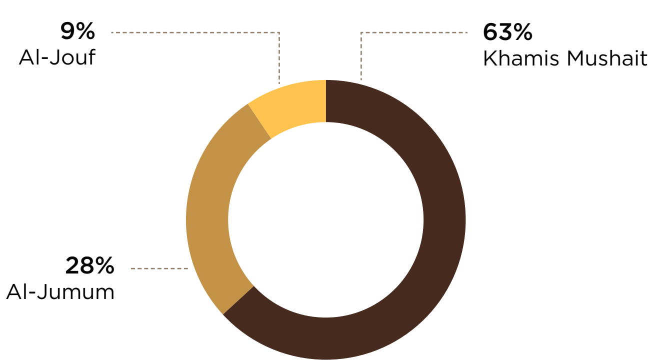
Bolstered by strong growth across all categories driven by New products launches, Geographical expansion and Market share gains. MMC recorded a revenue of ⃁ 1,000.2 Mn. in 2024G, registering a 6.6% year-on-year growth.

MMC revenue and revenue growth



10.6%

Geographic revenue breakdown, 2024G



The Group operates in three regions in the Kingdom of Saudi Arabia, which are recognized as the Company's reportable segments. Performance across all three geographical locations saw a marked improvement in 2024G. The Khamis Mushait facility, the largest of our facilities as of end 2024G, accounted for 63.0% of Company revenues, recording a 5.5% year-on-year growth, while Al-Jumum and Al-Jouf recorded a revenue growth of 7.4% and 11.4% year-on-year respectively.

During the year, topline growth also drove gross margin expansion driven by efficient operations.We also invested heavily in our marketing initiatives, engaging with the HORECA and Retail customers to promote our new ready-mix and gluten-free products, Despite continuous investments to strenghten our marketing & distribution our operating profit remained healthy at ⃁ 259.3M, up 2.3% year-on-year. For the year under review, the Company reported a net profit after zakat of ⃁ 208.6 Mn., up 3.4% year-on-year. In light of this performance & strong cash flows, the company decided to, we declared a full year dividend of ⃁ 2/share for the first half and second half of the year.

Looking ahead, we expect the positive economic indicators including growth in disposable income and tourism, demand for out-of-home dining, coupled with our capacity enhancements and investments in our product portfolio, will continue to sustain our profitability and help maximize shareholder value.

Variations in operational results for 2024G

⃁ ('000)	2024	2023	deviation (+)or(-)	deviation Percentage
Revenue	**1,000,249**	938,620	61,629	7
Costof Sales	**(626,935)**	(592,878)	(34,058)	6
Gross Profit	**373,314**	345,743	27,571	8
Selling and distribution expenses	**(48,797)**	(28,815)	(19,982)	69
General and administrative expenses	**(65,335)**	(63,215)	(2,120)	3
Expected credit loss on trade receivables	**(135)**	(194)	59	-31
Other income	**247**	48	198	410
Operating profit	**259,293**	253,567	5,726	2
Finance income/cost	**(47,645)**	(44,261)	(3,384)	8
Profit before zakat	**211,648**	209,306	2,342	1
Zakat expense	**(2,978)**	(7,496)	4,518	-60
Profit for the year	**208,670**	201,810	6,860	3

Summary operational results for the past five years (2020G – 2024G)

⃁ ('000)	2020	2021	2022	2023	2024
Revenue	435,280	555,012	978,001	938,620	**1,000,249**
Cost of Sales	(297,393)	(392,552)	(611,994)	(592,878)	**(626,935)**
Gross Profit	137,887	162,460	366,007	345,743	**373,314**
Selling and distribution expenses	(5,169)	(10,922)	(27,868)	(28,815)	**(48,797)**
General and administrative expenses	(62,197)	(63,037)	(68,626)	(63,215)	**(65,335)**
Expected credit loss on trade receivables	-	-	(103)	(194)	**(135)**
Other income	2,923	106	697	48	**247**
Operating profit	73,444	88,607	270,107	253,567	**259,293**
Finance income/cost	(8,510)	(6,715)	(34,471)	(44,261)	**(47,645)**
Profit before zakat	64,934	81,892	235,636	209,306	**211,648**
Zakat expense	-	(2,378)	(2,627)	(7,496)	**(2,978)**
Profit for the year	64,934	79,514	233,009	201,810	**208,670**

Summary assets and liabilities for the past five years (2020G – 2024G)

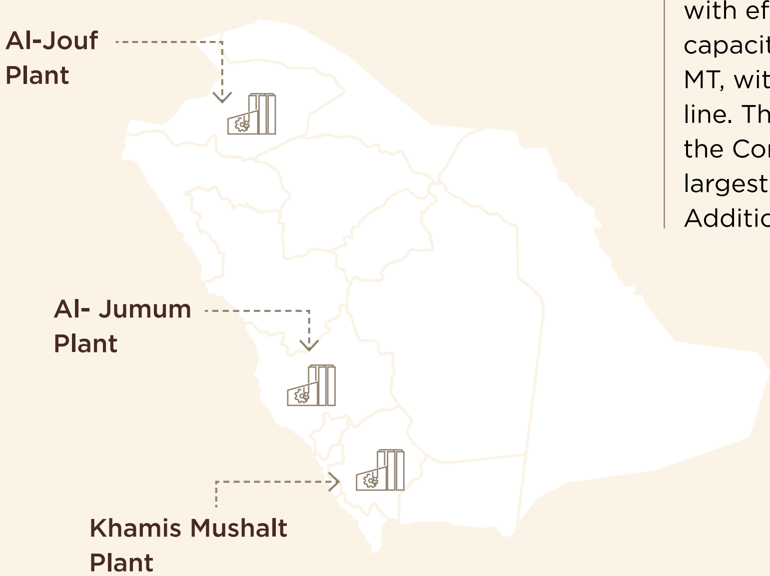
⃁ ('000)	2020	2021	2022	2023	2024
Current assets	464,100	223,769	226,360	241,665	**315,535**
Non-current assets	906,581	948,356	925,858	927,470	**988,032**
Total assets	1,370,681	1,172,125	1,152,218	1,169,135	**1,303,567**
Current liabilities	50,611	149,957	197,435	194,514	**195,421**
Non-current liabilities	181,846	924,331	776,355	726,971	**845,590**
Total liabilities	232,457	1,074,288	973,790	921,485	**1,041,011**
Equities	1,138,224	97,838	178,428	247,650	**262,556**
Total equities and liabilities	1,370,681	1,172,125	1,152,218	1,169,135	**1,303,567**

Operations, Infrastructure, Production and Quality Assurance

MMC's operations are predominantly concentrated around three manufacturing plants which are located in the Northern, Western and Southern Regions of the Kingdom of Saudi Arabia.

The Company has strategically positioned its geographical locations to capitalise on seasonal variations, particularly the expected boom in religious tourism. Additionally, these locations ensure proximity to our key suppliers. While the Company's primary sales operations are managed through the main branches, its products are also distributed across other regions via sales and distribution warehouses of third-party distributors.

Strategically located production facilities



Each of the manufacturing plants has a well-established presence. Al-Jumum, established in 2015G, is located in the Western Region, and is capable of producing all flour products in MMC's portfolio. The facility is considered a 'Gold Standard' milling operation, equipped with modern research and production facilities. As part of our expansion plans to meet the growing demand in the region, driven by the Hajj and Umrah seasons, significant capital expenditure has been invested to enhance the production capacity of the Al-Jumum facility. The Company expects to reap the benefits of this investment with effect from 2025G, when the daily production capacity is set to double from 1,200 MT to 2,450 MT, with the introduction of an additional milling line. This would mark a significant milestone in the Company's history, making Al-Jumum the largest milling plant operating in the Kingdom. Additionally, MMC has invested in an animal feed

production line at the Al-Jumum plant, which is expected to become operational in 2026G.

The Company's investments at Al-Jumum also focuses on transforming the facility into a hub for innovation, offering more opportunities for the Company to develop novel value-added products, particularly to cater to segments such as the HORECA and retail markets. During the year, MMC also invested in large industrial mixers to produce ready-mixes at Al-Jumum.

Established in 1982G, the Khamis Mushait plant, located in the Southern Region, is the Company's oldest production facility. Equipped with a feed production unit, the plant is designed to produce MMC's entire product range. Its strategic location enables MMC to address the underserved animal feed and bran market in the Southern Region.

The Khamis Mushait facility houses three flour mills with a combined daily production capacity of 1,650 MT. The plant includes silos for storing milled wheat and warehouse storage for finished products, with capacities of 40,000 MT and 21,000 MT, respectively. Additionally, the facility's two animal feed plants have a daily production capacity of 1,400 MT – the largest animal feed production capacity in the Kingdom. The Company intends to upgrade one of the flour mills with new and best in class equipment to increase the daily production capacity from 1,650 MT to 1,800 MT in 2026G.

The Al-Jouf facility, which commenced operations in 2008G, primarily serves the Northern Region of the country. Although this is the smallest facility within MMC, with a daily production capacity of 600 MT, it is fully equipped to produce the Company's entire range of flour products. This plant also houses silos for storing milled wheat and warehouse storage for finished products with storage capacities of 20,000 MT and 5,000 MT respectively.

All three facilities comply with regulatory norms and have received certifications from the International Organization for Standardization (ISO).

Overview of the three production facilities

	Al-Jumum	Khamis Mushait	Al-Jouf
Year Established	2015G	1982G	2008G
Products Manufactured	Flour Products	Flour Products and Animal Feed	Flour Products
Daily Wheat Production Capacity (Tonnes) as of end 2024G	1,200	1,650	600
Silo Capacity (Tonnes) as of end 2024G	125,000	40,000	20,000
Wheat Milling (Tonnes per annum) as of 2024G	384,000	528,000	192,000
Daily Feed Production Capacity (Tonnes) as of 2024G	-	1,400	-
Feed Milling (Tonnes per annum) as of 2024G	-	448,000	-

Subsidiaries

Apart from the key operations mentioned above, MMC has MMC has 100% ownership of the Subsidiary company, Hasad Al-Arabia for Trade (single-person company), headquartered in Jeddah. It is a limited liability company registered in Jeddah under commercial registration no. 4030480278, dated 05/01/1444H (corresponding to 03/08/2022G), with a capital of ⃁ 100,000.

The company's key operations include the wholesale of bakery products, distribution centers for food and beverages, land transport of goods, the manufacture of flour and bakery products, the retail sale of food in specialized stores, storage in silo warehouses for grain, flour, and agricultural products, and general storage that accommodates various types of products..

Quality assurance and control

Quality is at the heart of our operations and is embedded within all production processes. The Company is committed to manufacturing high-quality products and has developed its own internal quality standards. These ensure the continuous development of products to meet predefined standards. While MMC adheres to regulatory quality requirements imposed by authorities such as the GFSA and the Saudi Food and Drug Authority (SFDA), we have also implemented an integrated quality management system, based on ISO's standards, which conforms to all regulatory requirements. All of the Company's production facilities comply with ISO 45001 and ISO 14001 certifications.

MMC's advanced quality control facility is equipped with modern state-of-the-art equipment for analysis. The facility and its equipment are on par with both domestic and international standards. The quality control facility conducts tests on wheat, bulk, finished products and packaging material. A wide range of tests are conducted at different stages of the production process to assess key factors such as the protein content, moisture levels and starch damage in raw materials. In addition to the advanced equipment, MMC possesses a highly skilled team that ensures the validation of facilities, equipment, processes, products and methods. The quality control staff participate in training programmes for continuous improvement and to enhance their skills and knowledge on quality standards.

Products and Product Development

MMC's primary activities include the production and storage of flour and animal feed, thereby contributing to food security in the Kingdom of Saudi Arabia. The Company operates across three key product segments: flour, animal feed, and animal bran products.

For the period ending 2024G, flour products and animal feed accounted for the majority of total sales. Year-on-year revenue growth in flour products was driven by strong demand across all channels, fuelled by population growth and increased out-of-home consumption. Meanwhile, the surge in animal feed sales was primarily attributed to significant expansion in both poultry and livestock feed segments.

Comprehensive offerings for flour and animal feed products: Driving quality and innovation

Flour products

The Company's flour products cater primarily to the demand from large bakeries, food manufacturers, HORECA (Hotels, Restaurants and Caterers) and retail consumers. Additionally, the Company has developed a diverse portfolio of flour brands that target all market segments within the retail sector. Flour products are available in the form of packs and in bulk, where pack sizes range from 1kg to 45kg quantities.

The GFSA regulates the sales process for 45kg flour packs and bulk flour. These are sold at subsidized prices and government-approved quotas to each customer, authorized by the GFSA. In contrast, sales of flour packs of 10kg or less are not subject to such restrictions, offering the Company greater pricing flexibility based on market demand.

MMC's sales channels align with the product categories. Sales to the Household Segment are conducted through third-party distributors, while Industrial and B2B Segment sales are made either directly or via third party distributors.

Animal feed products

In the Kingdom of Saudi Arabia, the animal feed market is classified into three groups based on the formulation and ingredients used in the production process: Traditional, Total Compound and Total Mixed Ration (TMR). MMC's operations are concentrated on the production of Compound Animal Feed, and are broadly classified into

Flour products tailored to meet the needs of every end user:

Industrial and B2B

- Bakery Flour
- Superior Flour
- Whole Wheat Flour
- Superior Whole Wheat Flour

45kg and larger bulk packs

Bakeries and HORECA

- Bakery Flour
- Superior Flour
- Whole Wheat Flour
- Superior Whole Wheat Flour
- Ready Mix

10kg and 45kg packs

500g to 10kg

Household

- All Purpose Flour
- Brown Bread Flour
- Ready Mix
- Gluten Free Flour

two key segments – Poultry Feed and Livestock Feed – which cater to a diverse range of animal-specific diets.

Marketed under the brand name 'Premier', MMC's animal feed is recognised for its superior quality and leading production capacity among the milling companies in Saudi Arabia. The Company prioritises manufacturing high-quality products, ensuring the use of superior quality feed ingredients to improve animal productivity and health. These products play a synergistic role in the Company's portfolio where the Company could capitalise on similar manufacturing capabilities. Byproducts of flour production, such as wheat bran, are effectively used as feedstock for producing animal feed, predominantly for livestock.

Animal feed customers are divided into two segments, the B2B Segment and the Wholesale Segment. The GFSA does not regulate the pricing of animal feed products. These products are sold in large packs of 40kg and 50kg to wholesalers and poultry farms and in bulk via tankers to large farms. In certain instances, when consumer demand for poultry and livestock animal feed fluctuates, MMC is equipped to cater to such changes due to the flexibility of its manufacturing capabilities. In the Total Compound Animal Feed Segment, the Company leverages the high quality of its compound feed formula to command a marginal premium for its product in the market.

The range of poultry and livestock animal feed products offered based on the types of animals

Product Type	Animals targeted
Poultry Feed	
Broiler Feed	Chickens raised for meat
Layer Feed	Hens for egg production
Breeder Feed	Assists with poultry breeding (e.g. farms that produce eggs for hatching rather than consumption)
Livestock Feed	
Total Compound Animal Feed	Sheep, Camels, Goats, Horses, Calves for fattening (veal) and Cows

Animal bran products

Animal bran is a byproduct of the flour milling process. While the majority of animal bran produced by the Company is utilised internally in the production of animal feed, the remaining portion is sold through appointed distributors. These distributors supply animal bran products to small livestock farms and feed producers. Wheat bran for animal use is produced in large packs of 40kg and in bulk quantities.

The pricing of animal bran products is not subject to regulation. In recent years, MMC has been successful in challenging conventional pricing norms for animal bran in Saudi Arabia by positioning itself as a market leader in aligning prices to match international levels within the animal bran market. The customer portfolio for animal bran products is similar to the portfolio of animal feed products and divided into two sales channels – B2B and wholesale.

Driving growth through diversification, innovation and market expansion

The Company is committed to the diversification of its product offerings to satisfy the evolving needs of existing clientele while attracting new customers. Our marketing and innovation team conducts extensive research and partners with renowned third-party consultants to identify new opportunities for product development and innovation. Additionally, the Company strives to invest in upgrading its existing plants with advanced technology to maintain a competitive edge.

In the flour category, the Company launched an array of retail brands – Modern Mills and Qoot & Root – under our Household Segment in January 2023G. MMC also embarked on expanding the value-added product categories, which yield premium profit margins such as specialty flour, gluten-free options, and ready mixes such as cake mixes. The value-added products cater to the growing demand from the rising expatriate community and health-conscious consumers. These sectors are underserved by existing market players. Additionally, MMC collaborates with customers to develop new products that are tailored to meet their needs.

In the animal feed category, the Company has diversified into the poultry sector, in line with Saudi Vision 2030 to increase self-sufficiency. Through strategic investments in research and development, MMC tailored its nutrient blends to produce region-specific animal feed compositions.

Looking ahead, we intend to expand our presence beyond Saudi Arabia.

The Company aims to expand the distribution of unregulated products in Saudi Arabia through its extensive network of distributors. Furthermore, MMC plans to obtain a licence to export flour, providing opportunities for our brands to enter untapped markets. In the feed sector, we seek to attract new international markets. MMC entered the GCC region in 2023G to be in line with our goal of geographical expansion.

Intellectual property: Strengthening the competitive position

The Company holds 12 trademarks in the Kingdom of Saudi Arabia, which strengthens our competitive position in the market and contributes to the success of the business segments.

No.	Trademark	Registration number
1.	Modern Mills Trademark	1444006930
2.	Modern Millings Trademark	1443024062
3.	Qamhati Trademark	1443023310
4.	Qamhati Trademark	1444017162
5.	Qoot & Root Trademark	1443024075
6.	Qoot & Root Trademark	1444006862
7.	Qoot & Root Trademark	1444006866
8.	Milling Company 3 Trademark	1438014042
9.	Premier Trademark	1444018332
10.	Premier Trademark	1441006513
11.	Premier Trademark	1444018342
12.	Hasad Al-Arabia for Trade	1444018876

Customers and Partners

MMC has cultivated robust partnerships across its diverse customer base which plays a pivotal role in its continued growth and success. The Company's operations span multiple product segments – Flour, Animal Feed and Bran – each designed to meet the unique demands of households and businesses in the hospitality and animal production industry.

Flour segment customers

The Company has categorized its Flour segment into Regulated and Non-regulated products serving a wide array of customers in three main categories:

- **Industrial and B2B**

  These include large-scale businesses such as industrial manufacturers and large bakeries that use bulk quantities of flour in their operations. Industrial and B2B customers purchase regulated flour products primarily in 45kg and bulk sizes on a cash basis, under government-approved quotas authorized by the GFSA.

  Customers in this category must register with the GFSA and undergo an assessment process which includes site visits to the customer's facilities, and assessment of the production lines, capacity and the products in which the flour is to be used. The completed assessment is then submitted to GFSA for approval. Once approval is granted, MMC can supply to customers in this category.

- **Bakeries and HORECA**

  Smaller bakeries and commercial businesses in the hospitality, restaurant and cafe (HORECA) sector purchase non-regulated flour products. These include 10kg and 45kg packs, along with semolina and cake mixes. Retail and HORECA customers have the option of purchasing these products on credit, with terms determined by the tiering, providing flexibility and supporting demand.

- **Households**

  Household customers purchase the Company's retail flour brand, which includes a range of products intended for household use in package sizes of 500g to 10kg.

The Company's regulated flour, which is offered to industrial and B2B customers, constitutes 95% of MMC's flour sales. Meanwhile, the retail and HORECA customers consume non-regulated products. Seasonal trends, Ramadan, and Hajj drive demand for regulated SKUs in Makkah, while non-regulated SKUs peak during festive and back-to-school seasons. To meet the increasing customer demand, we are commissioning a new production line with a capacity of 1,250MT per day at the Al Jumum facility, from 2025G onwards.

Animal Feed segment customers

Animal Feed, which is considered to be the second pillar of MMC's business, serves a diverse customer base across poultry and livestock farming. The segment experienced double-digit growth, driven by entering new regions in the country, acquiring new customers, leveraging product quality and innovation, competitive prices and technical sales services.

- **Poultry segment customers**
  Customers of the poultry segment encompass three primary groups: broilers, layers, and breeders. Broiler customers engaged in meat production are highly sensitive to feed quality and efficiency, with feed conversion ratios (FCR) being a critical metric of profitability. Since feed represents approximately 70% of the total production costs in chicken farming, broiler customers are particularly price-conscious. Layer customers are focused on egg production and prioritize feed consistency to maintain a steady and reliable output, valuing balanced nutritional profiles to support the health and productivity of their flocks. Breeders, who manage parent stock for broiler and layer operations, require specialized feed that is designed to optimize the health and productivity of their breeding stock.

- **Livestock segment customers**
  Customers of the livestock segment include farmers raising sheep, goats, camels, horses, and calves for fattening (veal). Livestock feed sales are carried out mainly through two channels; wholesalers or distributors and livestock farms. These customers are predominantly price-sensitive, with demand patterns significantly influenced by external factors such as seasonality and pasture availability, particularly during the rainy season when natural forage reduces reliance on commercial feed. Livestock customers prioritize feeds that are formulated to deliver economic returns, ensuring optimal weight gain and productivity for their animals, thus supporting the profitability of their farming operations.

Opportunities associated with Flour and Feed segment Customers

- MMC has the opportunity to tap into new customer bases by extending its feed offerings to areas outside the Southern Region and acquiring new customers in both poultry and livestock.
- Targeting industrial customers and HORECA channels with tailored flour products could diversify revenue streams and reduce dependency on regulated markets.
- Providing excellent customer service remains a key opportunity.
- Protecting sales for regulated customers through rebates for achieving sales targets provides a strong incentive for all customers.
- The Company reduces reliance on middlemen and increases direct engagement with customers, allowing it to build stronger relationships with customers.
- Saudi Arabia's growing expatriate population increases varied choices, creating opportunities for specialized products that cater to this demographic.
- The growing disposable income in Saudi Arabia increases spending on quality products and dining experiences, supporting expansion in the HORECA and the retail sector.
- The flourishing restaurant and cafe culture in KSA creates a platform for innovative products and new customer segments.

Marketing and Branding

During 2024G, MMC continued to strengthen its market presence through strategic marketing initiatives and branding efforts. With a focus on innovation, customer engagement and expansion into new channels, MMC has successfully differentiated itself in a competitive industry.

Customer-centric marketing: Driving innovation and growth

At MMC, we employ a customer-focused marketing strategy centred around building strong brands and a product portfolio to serve current and any future consumer needs. The Research function serves the Flour and Animal Feed functions to enable the Company to make informed decisions on product development. Moreover, with the engagement of renowned third-party consultants and through extensive research, MMC identifies new opportunities and gaps in the market prior to launching new products.

In the Flour segment, we tailor our marketing and product development efforts to the type of customers we serve. For B2B customers, the Company collaborates closely with customers to develop products that meet specific requirements or applications. We engage directly with customers for their feedback and collaborate on trials conducted at both ends. In addition, we also host demonstrations and technical sessions, particularly for the HORECA sector, to gather valuable inputs for continuous refinement. For B2C customers, the Company focuses on communication platforms, advertising tools and product variety to enhance customer engagement.

Our marketing team has identified opportunities to introduce innovative products, such as ready mixes and gluten-free options, enjoying a first-mover advantage in the local market. These products not only cater to the growing demand for convenience and health-conscious options, but also reinforce our leadership in offering unique and affordable choices to consumers. This customer-focused approach strengthens our relationships and enhances the relevance and quality of our products, ensuring they align with customer demand.

In Animal Feed, MMC serves both the livestock and poultry markets through a diverse portfolio of products and marketing support, focused on raising awareness and customer engagement. The Company works closely with poultry businesses, livestock farmers and wholesalers, to understand their requirements and deliver high-quality feed solutions under its ‘Premier’ brand. With the aid of targeted communications and social media campaigns, we effectively distinguish ‘Premier’ from our competitors by emphasising its superior quality. Our current offerings include poultry feed designed to improve growth rates, egg production and breeding, as well as specialised feed for lambs, camels, horses and cattle.

Across the Flour and Animal Feed segments, our marketing strategies leverage MMC's innovative product portfolio and first-class customer engagement to stay ahead in a competitive market. By combining innovation, customer insights and communication platforms, the Company successfully positions itself as a trusted partner in both industries. Looking ahead, MMC remains committed to sustaining its growth by expanding its product offerings, fostering customer relationships, and solidifying its brand presence in the domestic market.

Strengthening our brand: Driving growth and market leadership

MMC has undertaken significant branding initiatives to strengthen its market presence and establish itself as a trusted name in the Flour and Animal Feed industries. We have expanded our offerings in the retail channel under two brands Modern Mills, and Qoot & Root, and introduced Modern Mills Professional for the industrial & food service channel – which enjoys strong brand recognition and customer loyalty. MMC will focus on product availability across retail channels while driving continuous innovation within these two brands to strengthen brand trust.

MMC markets its Animal Feed products under the 'Premier' brand, which has gained recognition for its superior quality and performance. The Company leverages targeted communication strategies to emphasize enhanced product benefits, ensuring that customers understand the value of improved nutrition, efficiency, and overall livestock health. In addition, through the Company's participation in high-profile events – such as the Saudi Agriculture Exhibition and local livestock festival by the Ministry of Environment, Water and Agriculture (MEWA) – MMC further promotes the Premier brand while engaging directly with end users to build trust and awareness.

Through our branding efforts, we ensure our products are not only innovative and reliable but also resonate with the evolving customer preferences. With a focus on quality, customer engagement and tailored marketing, we successfully enhanced our brand image, placing our position as a key player in the market. Looking forward, the Company remains committed to solidifying its brand identity by expanding its product portfolio and maintaining its customer-centric approach.

Expanding market reach through effective distribution

MMC has established an efficient and strategic distribution network to ensure seamless product availability across its key segments: Flour and Animal Feed. The Company employs a mix of direct distribution and partnerships with third-party distributors to serve its customer channels, including retail, HORECA and industrial clients.

For the Flour segment, MMC operates through its regional branches in Al-Jumum, Khamis Mushait and Al-Jouf. These locations facilitate the distribution of regulated SKUs (such as 45kg and bulk flour) directly to B2B customers, including bakeries and factories. Meanwhile, non-regulated SKUs (such as 1kg, 2kg, 10kg and ready-mix products) are distributed through third-party partners. Moreover, MMC's distribution company, Hasad Al-Arabia for Trade, plays a key role in expanding reach and accelerating customer service across the Kingdom.

In the Animal Feed segment, MMC serves poultry businesses, livestock farmers and wholesalers, by leveraging both direct and bulk distribution channels. The Company ensures quality and reliability in its delivery, supported by a strong market presence, our distribution facilities and partnerships with regional distributors.

MMC's distribution network is integral to its marketing success, ensuring customer satisfaction across Saudi Arabia. This efficient system aligns with the Company's strategic goals of expanding its market share and strengthening its presence in the market.

Employees

The Human Capital & Administration function plays a pivotal role in driving the Company's success by strategically managing our most valuable resource – our people.

Extending beyond policies and procedures, this function encompasses all human capital verticals, including talent acquisition, employee development, performance management, organizational structure design and total rewards management. By aligning these areas with the Company's broader objectives, the Human Capital & Administration function ensures an engaged, high-performing workforce that supports sustainable growth and fosters a positive, inclusive workplace culture.

At MMC, the Human Capital & Administration team oversees a wide range of functions, from organizational framework design (job architecture, job grading) and rewards management (compensation, benefits) to robust HR governance (policies, employer branding).

1 Recruitment Enhancements

To address the challenges in recruitment, the organization revamped its employer branding strategy, showcasing employee testimonials and highlighting the benefits offered. Furthermore, we implemented data-driven recruitment strategies that leveraged advanced analytics to identify and engage with a broader range of candidates.

2 Competitive Compensation Packages

Recognizing the importance of attractive compensation in retaining top talent, the Company undertook a comprehensive review of its salary and benefits structure. This recalibration involved benchmarking against industry standards to ensure that our compensation packages are not only competitive but also aligned with the expectations of potential hires.

3 Retention Strategies

To foster employee loyalty and reduce turnover, we launched a series of career development initiatives aimed at enhancing employee skills and providing clear advancement pathways. Engagement surveys were conducted to gauge employee satisfaction and gather feedback, in order to remain responsive to the needs and concerns of our workforce. Additionally, in 2023G, MMC approved an Employee-Share Programme, offering additional incentives to employees whose contributions are considered pivotal for the Company's growth and success.

By addressing these challenges through targeted actions, the organization aims to build a more robust and resilient workforce capable of driving future success.

They also drive talent management (strategic planning, acquisition, performance, development) and manage infrastructure, industrial relations, engagement and change – empowering employees and fuelling the Company's growth.

One of the Company's key strategies is a significant investment in employees' learning and development, focusing on both technical and soft skills organization-wide. Looking ahead to 2025G, the Company remains committed to building a highly capable workforce, emphasizing the recruitment, training and empowerment of Saudi talent.

Strengthening talent attraction and recruitment in 2024G

During the past year, the Company encountered a number of challenges, particularly in the areas of talent attraction and retention. These challenges were primarily driven by heightened market competition, a shortage of skilled professionals, and the evolving expectations of employees regarding workplace flexibility and career growth.

However, MMC addressed these challenges successfully through the following actions:

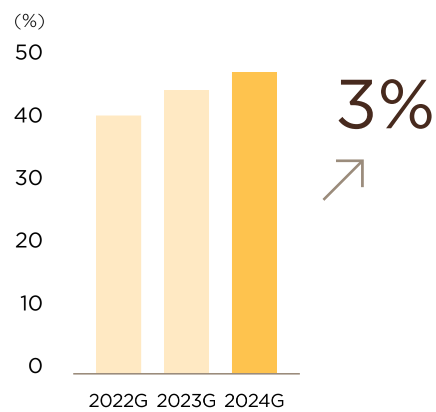
Saudization (Tamheer Programme) and diversity

The Tamheer Programme of MMC is a cornerstone of the Company's Saudization strategy, which was established by the Ministry of Human Resources and Social Development (HRSD). It aims to integrate Saudi talent into the workforce and also offers the Leadership Development Programme, which helps employees prepare for future managerial roles.

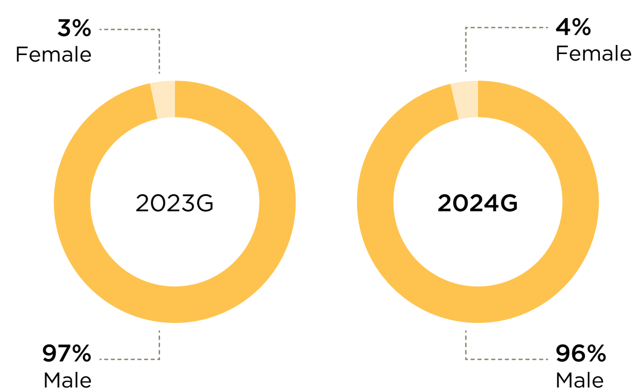
A notable initiative of the Company under this programme is to focus on attracting female graduate candidates to various functions, and equip them with essential skills and experience in order to transition into full-time roles, thereby supporting both individual career growth and the Company's strategic objectives. This initiative reinforces our commitment to align with national goals by developing local talent and increasing the participation of women in the Kingdom's labour force.

Overview of employees

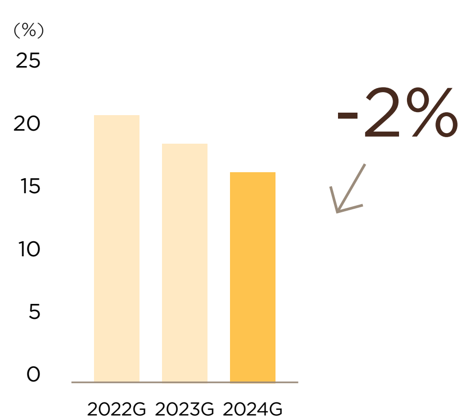
Steady increase in Saudization



Percentage of male and female employees



Employee turnover steadily improving



Department		No. of employees								
		2022G			2023G			**2024G**		
		Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	**Total**	**Saudi**	**Non-Saudi**
Strategic Office Jeddah	Product Supply	16	5	11	9	4	5	**5**	**3**	**2**
	Flour Sales	13	3	10	11	4	7	**12**	**3**	**9**
	Feed Sales	1	0	1	1	0	1	**1**	**0**	**1**
	Marketing & Product Innovation	4	3	1	5	4	1	**4**	**2**	**2**
	Digital & Technology	0	0	0	0	0	0	**11**	**2**	**9**
	Finance	12	4	8	21	6	15	**12**	**6**	**6**
	Human Capital	12	10	2	7	6	1	**7**	**6**	**1**
	Legal	1	1	0	1	1	0	**1**	**1**	**0**
	Internal Audit	0	0	0	2	1	1	**2**	**1**	**1**
	MMC	0	0	0	1	1	0	**1**	**1**	**0**
Al-Jumum Production Facility		140	60	80	128	65	63	**127**	**65**	**62**
Khamis Mushait Production Facility		218	79	139	202	79	123	**192**	**85**	**107**
Al-Jouf Production Facility		112	55	57	99	52	47	**93**	**52**	**41**
Riyadh Sales		0	0	0	1	0	1	**0**	**0**	**0**
Total		529	220	309	488	223	265	**468**	**227**	**241**
Saudization Ration (Total Company)			42%			46%			**49%**	

Training and development initiatives

In 2024G, MMC reinforced its commitment to fostering a culture of continuous learning and professional growth through structured training and development programmes. Guided by policies emphasizing equitable access, alignment with business goals and ongoing evaluation, the Company prioritized enhancing employee skills and advancing career opportunities.

One of the key focus areas in our learning and development strategy is the onboarding process, which is designed to help new hires to acclimate themselves and equip them with the necessary tools to succeed in their roles. This is complemented by role-specific training that ensures employees possess the expertise and knowledge needed to excel in their respective positions.

The Company also places emphasis on leadership development, recognizing that strong leaders are essential for driving innovation and maintaining a competitive edge in the market. Programmes such as workshops, certifications and e-learning platforms have been implemented to cultivate leadership skills among employees, preparing them for future managerial and executive roles.

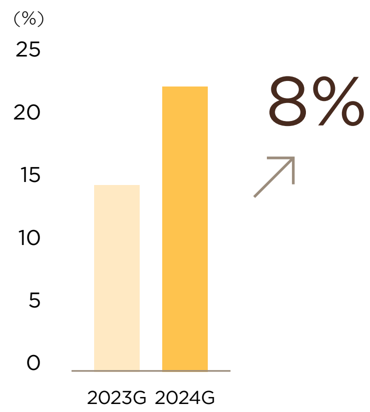
In addition to these areas, there is a strong focus on technical upskilling and compliance awareness. These initiatives ensure that employees remain informed about industry standards and regulations, making them more effective in their roles while also mitigating risks for the organization.

To facilitate career progression, the company has structured initiatives, including the Leadership Development Programme, aimed at preparing high-potential employees for advancement into managerial positions. Succession planning is also implemented to clarify pathways for those recognized as future leaders, ensuring continuity within the organization.

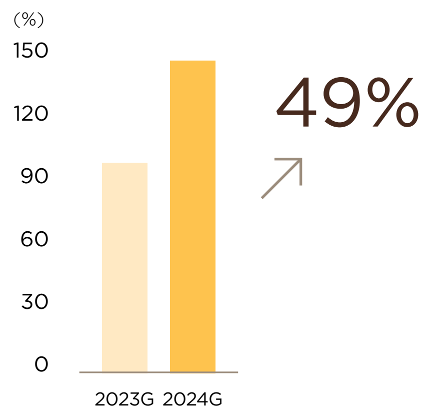
Moreover, the Company actively promotes internal career opportunities through transparent job postings and promotion processes, allowing employees to explore new roles and develop within the Company. This aligns personal career ambitions with the strategic goals of the organization, creating a mutually beneficial environment for both employees and the Company as a whole.

Overall, the commitment to learning and development is integral to the Company's strategy, ensuring that employees are equipped to meet the challenges of today and the future, ultimately driving both individual and organizational success.

Number of training programmes carried out



Number of people trained



Awards and recognitions in 2024G

In 2024G, the Company initiated various recognition programmes to honour the exceptional performance and contributions of employees. Categories include Employee of the Month, Spot Awards, and Special Awards for significant achievements. These initiatives aim to foster a culture of appreciation and motivation throughout the organization.

ESG Review

MMC has a clear focus on Environmental, Social and Governance (ESG) principles which reflects its commitment to sustainability, innovation and corporate responsibility.

MMC is focused on having zero injuries & 100% regulatory compliance, with environmental credentials improving

Environment	Reuse of grey water for irrigation	Exploring solar power for admin & accommodation buildings	Explore Heat Treatment for fumigation	
Social People & Food Safety	People Safety ISO 45000 Environmental ISO 14001	Food Safety ISO22000 Quality Mngmt. ISO 9001	Social - Localization 48% Latadoum-Mowaama	
Governance 100% regulatory compliance GFSA/ SFDA/ CMA/ MOHR	ISO	Cybersecurity ISO 27001 NCA regulation	Enterprise Risk Management Q1'25	ERM Enterprise Risk Management

Environmental responsibility

Sustainable operations

Our milling operations have minimal impact on the environment due to the efficient design of our facilities. The on-site employee accommodation generates grey water which is processed through a recovery plant. This treated water is reused for gardening, which demonstrates the Company's commitment to water recycling and sustainability. Moreover, the Company also manages noise pollution through efficient mill design, reducing external disturbances and ensuring compliance with industry standards.

MMC has made substantial investments to reduce its energy consumption and CO_2 emissions, with the Company's lighting systems having been transformed into energy-efficient LED lighting and air conditioners placed on timers to conserve energy. In addition, the Company is exploring solar energy solutions, and negotiations to implement solar power systems are underway. Notably, MMC's correction factors for electricity efficiency exceeded local standards, achieving levels of 98-99%, well above the required 95%.

The feed division employs modern boilers with updated stacks to minimize emissions, ensuring compliance with environmental regulations. These measures reflect MMC's proactive approach to reducing air pollution.

Commitment to food security

MMC plays a vital role in ensuring food security in the Kingdom of Saudi Arabia, aligning the Company's operations with the objectives of Saudi Vision 2030. As a leading player in the flour milling and animal feed sector, MMC ensures a stable and sustainable food supply for the Kingdom. It recognizes the importance of reducing food waste as part of its commitment to sustainability and food security. To this end, the Company signed an agreement with the GFSA seeking to enhance cooperation in the areas of food loss, waste reduction and awareness. Through this collaboration, MMC seeks to raise awareness about the optimal and efficient use of food resources among customers and stakeholders, participate in marketing campaigns, and organize scientific seminars and workshops.

Social responsibility

The Company's social responsibility initiatives support the nation's development goals, enhancing quality of life and fostering inclusive economic growth. As part of its social commitment, MMC prioritizes creating job opportunities and nurturing talent. It focuses on empowering Saudi youth and women, aligning with national efforts to increase their participation in the workforce. The Company also invests in employee training and development programmes, equipping the workforce with the skills required to excel in a competitive and innovative environment. It also emphasises providing a safe and supportive environment for its employees by providing on-site accommodation with sustainable water management systems.

The Company integrates global best practices into its protocols, including ISO standards and elements from International Occupational Health and Safety Acts. As such, MMC goes beyond local regulatory requirements, focusing on both compliance and prevention.

In line with the Company's commitment to advancing the agricultural sector, MMC actively participated in the 41st Saudi Agricultural Exhibition, held under the patronage of the Ministry of Environment, Water and Agriculture. Through these initiatives, the Company underscores its commitment to the well-being and growth of the communities it serves.

Governance practices

MMC adheres to a comprehensive governance framework that ensures transparency, accountability and ethical business practices. The Company is guided by a well-structured Board of Directors and specialized Committees such as the Audit Committee, which oversees reviewing and auditing financial statements, compliance and risk management. Further, our recent IPO reflects the Company's commitment to transparency, allowing shareholders to engage in its growth. Our governance structure conforms to the country's corporate governance regulations and best practices, ensuring sustainable growth and trust among stakeholders.

An array of comprehensive internal control mechanisms have also been established to safeguard the Company's assets, ensure operational efficiency and maintain compliance with regulatory standards. The Audit Committee works closely with External and Internal Auditors to monitor the effectiveness of these controls and address any risks or irregularities.

The Company prioritizes the rights of shareholders by fostering active communication and providing opportunities for participation in General Assembly meetings. Shareholders are encouraged to voice their opinions and vote on critical matters, promoting a culture of inclusivity and mutual respect. Additionally, MMC emphasises ethical conduct and sustainability, integrating these principles into its operations to comply with global Environmental, Social and Governance (ESG) standards.

Further details regarding our governance structure and policies can be found in the Governance section on page 50.

Governance and Risk Management

Modern Mills Company upholds strong governance through transparency, ethical leadership, and robust risk management, ensuring accountability and long-term success.

Governance

Introduction

The Board of Directors of MMC is committed to maintaining effective oversight of corporate strategy, protecting investor value, and ensuring the representation of shareholders' interests in alignment with the regulations set forth by the Capital Market Authority (CMA). The Board exercises its governance responsibilities through strategic decision-making, risk oversight, and through continuous monitoring of financial and operational performance.

The effectiveness of the Board is reinforced through a structured governance framework that ensures transparency, accountability and ethical leadership. Regular Board meetings are held to review and assess corporate performance, financial reporting, risk management, and compliance with regulatory requirements. The Board also ensures that the Executive Management remains accountable for achieving strategic objectives while safeguarding shareholder value.

In line with best corporate governance practices, the Board actively engages with key stakeholders to support long-term growth and responsible business conduct. The Audit Committee plays a key role in enhancing financial integrity and the internal controls environment, while the Nomination and Remuneration Committee ensures that the leadership structure supports corporate growth and governance objectives.

In 2024G, we made a number of improvements to our governance practices:

- Improved the disclosure and listing-related practices to reflect our evolving responsibilities as a listed entity. This includes publishing General Assembly notices and meeting agendas on the Tadawul website and the Company's website in a timely manner providing comprehensive information to shareholders ahead of key decisions.
- Adopted the necessary measures to ensure that changes to Board composition, as well as the outcomes of shareholder and Board meetings, are promptly communicated to the CMA and Tadawul in compliance with the stipulated timelines.
- Updated the risk management policy to incorporate clearer metrics and protocols for identifying, assessing and mitigating risks, reflecting the emphasis these regulations place on proactive oversight and accountability by both the Board of Directors and the Audit Committee.
- Expanded the Company's Code of Conduct and Ethics, thereby further clarifying the ethical and professional standards expected of directors, executives and employees.

Through these initiatives, the Company demonstrated its commitment to a governance framework that consistently meets local regulatory expectations, promotes transparency and safeguards shareholder value.

Board of Directors and Subsidiary Committees

Board of Directors and Committee Members

Board of Directors

In reference to article (17) of the Company's bylaws, the Board of Directors composed of Seven members. Further, the Board of Directors was reformed on 11/09/2023G, pursuant to a General Assembly Resolution.

Composition of the Board of Directors and classification of its members

Name of Board Member	Date of appointment	Capacity	Member classification	Status
Ibrahim Sulaiman Al-Rajhi	26/02/1445H (11/09/2023G)	Chairman	Non-Executive	Active
John Iossifidis	26/02/1445H (11/09/2023G)	Vice Chairman	Non-Executive	Active
Djamal Djouhri	26/02/1445H (11/09/2023G)	Board Member	Non-Executive	Active
Abdulmohsen Al-Bazie	26/02/1445H (11/09/2023G)	Board Member	Non-Executive	Active
Nafez Al-Morhabi	17/10/1445H (24/04/2024G)	Board Member	Independent	Active
Majed Nofal	26/02/1445H (11/09/2023G)	Board Member	Independent	Active
Martin Reintjes	19/03/1445H (04/10/2023G)	Board Member	Independent	Resigned
Abdulrahman Al-Owais	26/02/1445H (11/09/2023G)	Board Member	Independent	Resigned

Biographies of the Board of Directors

An overview of the experiences, qualifications, and current and previous positions of each member of the Board of Directors given on page 53

Ibrahim Sulaiman Al-Rajhi

Chairman of the Board

John Iossifidis

Vice Chairman

Djamal Djouhri

Board Member

Abdulmohsen Al-Bazie

Board Member

Nafez Al-Morhabi

Board Member

Majed Nofal

Board Member

Martin Reintjes

Board Member

Abdulrahman Al-Owais

Board Member

Ibrahim Sulaiman Al-Rajhi

Chairman of the Board of Directors

Academic qualifications

- PhD in Human Resources from London Metropolitan University, London, 2008G.
- Master of Administrative Science from Hult International Business School (formerly Arthur D. Little School of Management), USA, 1996G.
- Bachelor's Degree in Systems Engineering (Industrial Engineering) from King Fahd University of Petroleum and Minerals, Dhahran, 1994G.

Current executive positions

N/A

Previous executive positions

- Project General Manager, Al-Watania Poultry Company, a limited liability company engaging in the field of poultry, from 1999G until 2008G.
- Deputy General Manager, Al-Watania Poultry Company, a limited liability company engaging in the field of poultry, from 1996G until 1999G.
- General Manager, Fursan Travel & Tourism Company, a limited liability company engaging in the field of travel and tourism, from 1994G until 1995G.

Current memberships

- Member of the Executive Committee, Transport General Authority, since 2024G.
- Member of the Board, Transport General Authority, the regulatory and legislative Authority for the railway, maritime, and land transport industry in the Kingdom of Saudi Arabia, since 2024G.
- Member of the Board, Al Rajhi Holding Group Company, a closed joint stock company, which has many investments in many companies and sectors, since 2024G.
- Chairman of the Board, City Cool Cooling Company, a limited liability company engaging in the field of air conditioning services and solutions, since 2024G.
- Member of the Investment Committee, King Fahd Causeway Authority, since 2024G.
- Chairman of The Executive Committee, Sheik Sulaiman Abdulaziz Al Rajhi Endowment, since 2024G.
- Chairman of the Board of Trustees, Sheikh Sulaiman bin Abdulaziz Al Rajhi Endowment, the highest legislative authority in the endowment of Sheikh Sulaiman bin Abdulaziz Al Rajhi, engaging in the field of performing supervisory and regulatory functions on the endowment and its entities, since 2023G.
- Member of the Board, The National Centre for Family Business, a non-profit consulting organization engaging in the field of consultancy, since 2023G.
- Member of the Board, ACWA Power Company, a listed company engaging in the field of water and energy business, since 2022G.
- Vice Chairman, Hessah bint Ibrahim Al Qubaisi Academic Excellence Program, a non-profit program engaging in Academic Excellence Support, since 2018G.
- Member of the Board, Family Business Council Gulf in Dubai, a non-profit consulting organization engaging in the field of consultancy, since 2018G.
- Advisory Board, School of Business at Al Faisal University, a university engaging in the field of education, since 2017G.
- Member of the Board of Trustees, Nama Al-Rajhi Humanity Establishment, a humanitarian establishment engaging in the field of charitable

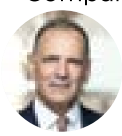
and humanitarian non-profit work, since 2016G.

- Chairman of the Board, Tibah Airports Development Company, a closed joint stock company, engaging in the field of operating and developing airports, since 2015G.
- Member of the Board of Trustees, Endowments of Hessah bint Ibrahim Al Qubaisi, a non-profit endowment foundation, since 2015G.
- Chairman of the Board, Tibah Airports Operating Company, a limited liability company, engaging in the field of operating and developing airports, since 2012G.

Previous memberships

- Chairman of the Board, Arabian Cement Company, a listed company engaging in the field of cement and clinker production, from 2016G until 2020G.
- Member of the Board, Arabian Cement Company, a listed company engaging in the field of cement and clinker production, from 1999G until 2016G.
- Member of the Board, Al Rajhi Group Holding Company, a closed joint stock company engaging in the field of investment and company ownership, from 2009G until 2021G.
- Member of Board, ACWA Power Company, a listed company engaging in the field of water and energy business, from 2018G until 2020G.
- Member of the Board, Awqaf Sulaiman bin Abdulaziz Al-Rajhi Holding Company, a limited liability company engaging in the field of investment and real estate, from 2012G until 2018G.
- Member of the Executive Committee, Awqaf Sulaiman bin Abdulaziz Al Rajhi Holding Company, a limited liability company engaging in the field of investment and real estate, from 2011G until 2018G.
- Member of the Board, Al-Watania Poultry Company, a limited liability company engaging in the field of poultry, from 2011G until 2017G.
- Member of the Board, Sulaiman bin Abdulaziz Al Rajhi Real Estate Investments Company, a limited liability company engaging in the field of real estate investments, from 2012G until 2017G.
- Member of the Board, Al-Ajial Holding Company, a closed joint stock company engaging in the field of investment and company ownership, from 2014G until 2017G.
- Chairman of the Board, Projects and Trading Limited Company, a limited liability company engaging in the field of contracting, from 2008G until 2017G.
- Member of the Board, Al-Arrab Contracting Company, a limited liability company engaging in the field of contracting, from 2012G until 2017G.
- Chairman of the Board, Mada Infrastructure Holding Company, a limited liability company engaging in the field of investment, from 2012G until 2016G.
- Member of Governance, Nominations and Remuneration Committee of Arabian Cement

Company, from 2006G until 2008G.



John Iossifidis

Vice Chairman/Nomination and Remuneration Committee Member

Academic qualifications

- Diploma in Corporate Governance from the Institute of Corporate Governance, Ireland, 2022G.
- MBA from Monash University, Australia, 1992G.
- Bachelor's Degree in Accounting from Monash University, Australia, 1984G.

Current executive positions

- Group CEO of Al Ghurair Investment Group, a limited liability company engaging in the field of investments, since 2020G.

Previous executive positions

- CEO, Noor Bank PJSC, an unlisted public company licensed by the Central Bank of the UAE, engaging in the field of banking services, from 2017G until 2020G.
- Executive Vice President and Group Head, Corporate and Investment Banking (2015G to 2017G), and Executive Vice President and Group Head, International Banking and Financial Institutions, Mashreq Bank PJSC from 2009G until 2015G. Mashreq Bank PJSC is a listed company engaging in the field of corporate and investment banking.
- Managing Director and Regional Head, Origination and Client Coverage MENAP, Standard Chartered Bank PLC, a listed company engaging in the field of banking services, from 2003G until 2009G.

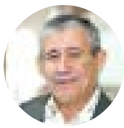
Current memberships

- Non-Executive member of the Board of Directors, Mashreq Bank PJSC, a listed company engaging in the field of banking services, since 2021G.
- Member, Australian Institute of Company Directors, a non-profit institute focused on governance and professional development and engaged in the field of corporate governance, since 2019G.
- Member, Australian Business Council, a non-profit council engaging in the field of business, since 2015G.
- Member and fellow, Australian Institute of Bankers, an institute focused on the field of financial services and engaging in the field of banking, since 1988G.

Previous memberships

- Senior Independent Director, Hellenic Bank Public Company Limited, a listed systemically important bank regulated by the ECB, engaging in the field of banking services, 2021G to 2024G.
- Vice Chairman – Non-Executive, Digital Financial Services Company LLC, a limited liability company engaging in the field of e-wallets and digital payments, from 2018G until 2020G.
- Non-Executive Board Member, Noor Takaful Company, a listed company engaging in the field of providing Sharia-based public, personal and medical life insurance products, from 2017G until 2020G.
- Non-Executive Director, Mashreq Capital (DIFC) Limited Company, a limited liability company engaging in the field of money management services, from 2013G until 2017G.

Non-Executive Director, Makaseb Investment Funds Company BSC, a limited liability company engaging in the field of money management services, from 2009G until 2017G.



Djamal Djouhri
Board Member

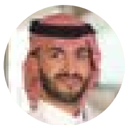
Academic qualifications
- Master's Degree in Business Administration from San Diego State University, USA, 1983G.
- Bachelor's Degree in Economics from Algiers University, Algeria, 1979G.

Current executive positions
N/A

Previous executive positions
- Executive Director, Al Ghurair Resources International Company, a limited liability company engaging in the field of food and grain supply chain (such as flour, corn, wheat, barley, and oil seeds), from 2009G until 2019G.
- Vice President, Al Ghurair Resources International Company, a limited liability company engaging in the field of food and grain supply chain (such as flour, corn, wheat, barley, and oil seeds), from 2004G until 2009G.
- Marketing Manager, Gulf Import & Export Company, a limited liability company engaging in the field of grain trade, from 1990G until 2004G.
- Head of Treasury and Investment Department, Al-Mashreq Bank for Foreign Exchange Trading and Capital Markets, a listed company engaging in the field of banking services, from 1983G until 1988G.

Current memberships
- Board Member, Reem Rice Mills Company, a private limited liability company engaging in the field of rice, since 2021G.
- Board Member, Serendib Flour Mills Company, a private limited liability company engaging in the field of wheat milling and flour production, since 2021G.
- Canadian Business Council Member, a council representing companies and professionals who establish or operate businesses related to Canada, since 2012G.
- Board Member, Big Mills of the South Company, a closed joint stock company engaging in the field of wheat milling and flour production, since 1999G.

Previous memberships
- U.S. Wheat Associates Member, an organization for the development of the export market for the American wheat industry, since 2012G.
- Canadian Wheat Board (CWB) Member, a marketing board for wheat and barley in Canada, since 2012G.
- Global Grain Association (GGA) Member, a global association engaging in the field of grain, since 2012G.
- Grain and Feed Trade Association (GAFTA) Member, a trade association engaging in the field of grain and feed, since 2012G.
- U.S. Soybean Export Council (USSEC) Member, a council engaging in the field of soybean exports, since 2012G.



Abdulmohsen Al-Bazie

Board Member/Nomination and Remuneration Committee Member

Academic qualifications

- Bachelor's Degree in Finance from King Fahd University of Petroleum and Minerals, Dhahran, 2011G.

Current executive positions

- CEO, Mada International Holding, a limited liability company engaged in the field of investing in the infrastructure sector, since 2022G.

Previous executive positions

- Head of Structured Finance, Saudi National Bank (formerly known as the National Commercial Bank), a listed joint stock company engaging in the field of banking services, from 2019G until 2022G.

Current memberships

- Board Member, Tibah Airport Development Company, a closed joint stock company engaging in the field of operating and developing airports, since 2022G.
- Board Member, City Cool Cooling Company, a limited liability company engaging in the field of air conditioning services and solutions, since 2022G.
- Chairman, Madinah Airport Hotel Company, a closed joint stock company engaging in the field of hospitality, since 2023G.
- Board Member, One Company for Investment, a limited liability company engaging in the field of marketing and communication solution, since 2024G.

Previous memberships

N/A

Nafez Al-Morhabi

Board Member/Audit Committee Member

Academic qualifications

- Master of Accounting and Financial Science, Lancaster University.

Current executive positions

N/A

Previous executive positions

- KPMG – Chief Operating Officer for Saudi Levant Cluster.

Current memberships

- Independent Board Member and Nomination and Remuneration Committee Member, at Key Car Rental, a closed joint stock company.
- Muhammad Alshareef Sons for Building Materials, a closed joint stock company, serving as an Independent Board Member, Audit Committee Member, and Chairman of the Transformation Committee.
- Yanbu United Co as an Independent Board Member, Chairman of Nomination and Remuneration Committee, and Investment Committee Member.

Previous memberships

- KPMG Saudi Levant Cluster – Board Member, 2018G to 2021G.

Majed Nofal
Board Member/Chairman of Nomination and Remuneration Committee

Academic qualifications
- Bachelor's Degree in Administrative Sciences (Accounting Major) from King Saud University, KSA, 1992G.

Current executive positions
- CEO, Takween Advanced Industries Company, a listed joint stock company engaging in the field of plastic industries, since 2023G.

Previous executive positions
- CEO, Daily Food Company, a limited liability company engaging in the field of fast-food restaurants, from 2021G until 2022G.
- CEO, Pure Beverages Industry Company, a limited liability company engaged in the field of manufacture and sale of bottled water, from 2020G until 2021G.
- CEO, Almarai Company, a listed company engaged in the field of manufacture and sale of dairy products, bakery products, juices, and poultry, from 2019G until 2020G.

Current memberships
N/A

Previous memberships
- Chairman, International Company for Agro-Industrial Projects in Egypt, a closed joint stock company engaged in the field of manufacture and sale of dairy products and juices, from 2019G until 2020G.
- Chairman, International Company for Agro-Industrial Projects in the UAE, a limited liability company engaged in the field of manufacture and sale of dairy products and juices, from 2019G until 2020G.
- Chairman, Taiba Investments Company, a limited liability company, engaged in the manufacture and sale of dairy products and juices, from 2019G until 2020G.

Martin Reintjes
Board Member

Academic qualifications
- PhD in Business and Economics from Bocconi University (Università L. Bocconi), Italy, 1998G.
- Master's Degree in Business and Economics from Bocconi University (Università L. Bocconi), Italy, 1987G.

Current executive positions
N/A

Previous executive positions
N/A

Current memberships
- Advisory Board Member, Dr Oetker Company, a limited liability company operating in the branded food supplies sector, since 2022G.

Previous memberships
- Board Member, GS1 Global Company, a non-profit company engaging in the field of industrial standards, from 2018G until 2023G.
- Board Member, Dr Oetker Company, a limited liability company operating in the branded food supplies sector, from 2010G until 2022G.
- Resigned from the Board of Directors on 14 October 2024G

Abdulrahman Al-Owais

Board Member/Audit Committee Member

Academic qualifications

- Professional Certificate in Senior Management from IESE Business School, Spain, 2022G.
- An MBA from the University of Manchester, UK, 2021G.
- Bachelor's Degree in English Literature from Imam Muhammad Bin Saud Islamic University, Kingdom of Saudi Arabia, 2005G.

Current executive positions

- Chief Executive Officer Company of National Grain Supply Chain Company "Sabil" a Limited Liability Company since 2024G.

Previous executive positions

- Undersecretary, Ministry of Finance, a government body engaging in the financial sector, from 2020G until 2021G.
- Vice President for Joint Services, the National Water Company, a closed joint stock company engaging in the field of water and sanitation infrastructure, from 2017G until 2020G.
- General Manager for the Eastern Province, Almarai Company, a listed company focusing on the manufacture and sale of dairy products, bakery products, juices, and poultry, from 2005G until 2017G.

Current memberships

- Board Chairman, Saudi Fisheries Company, a listed company engaging in the production, processing, and distribution of fish and shrimp, since 2022G.
- Executive Committee Chairman, Saudi Fisheries Company, a listed company engaging in the production, processing, and distribution of fish and shrimp, since 2022G.
- Chairman, National Grain Company, a closed joint stock company involved in grain import and distribution, since 2022G.
- Board Member, Minerva Australia Company, a closed joint stock company operating in the meat production, processing and distribution sector, since 2021G.
- Board Member, Alkhorayef Water and Power Company, a listed company focused on the infrastructure, operation, and maintenance of water and sanitation, since 2020G.
- Nomination and Remuneration Committee Chairman, Alkhorayef Water and Power Company, a listed company focused on the infrastructure, operation, and maintenance of water and sanitation, since 2020G.

Previous memberships

N/A

Resigned from the Board of Directors on 25 April 2024G

Audit Committee Members

The Audit Committee oversees internal audit, risk management, financial reporting, internal controls, and interactions with auditors. The Audit Committee was reformed on 19/10/2023G.

Composition of the Audit Committee and classification of its members

Name of Committee Member	Date of appointment	Capacity	Member classification	Status
Ehsan Makhdoum	19/10/2023G	Chairman of the Committee	Independent	Active
Mohammed Abdelhafez	19/10/2023G	Committee Member	Non-Executive	Active
Nafez Al-Morhabi	26/04/2024G	Committee Member	Independent	Acive
Nasser Paracha	30/04/2024G	Committee Member	Non-Executive	Active
Lisa Meeks	19/10/2023G	Committee Member	Non-Executive	Resigned
Abdulrahman Al-Owais	19/10/2023G	Committee Member	Independent	Resigned

Biographies of the Audit Committee Members

Provided below is an overview of the experiences, qualifications and current, and previous positions of each Member of the Audit Committee.

Ehsan Makhdoum
Chairman of the Audit Committee

Academic qualifications
- Diploma (Board Directorship) from the GCC Board Directors Institute, 2022G.
- Certificate (Board Directorship) from the GCC Board Directors Institute, 2021G.
- Fellowship of the American Institute of Certified Public Accountants (AICPA), 2009G.
- Fellowship of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), 2005G.
- Fellowship of the Saudi Organization for Chartered and Professional Accountants (SOCPA), 2001G.
- Bachelor's Degree in Accounting from King Fahd University of Petroleum and Minerals, Dhahran, KSA, 1997G.

Current executive positions
N/A

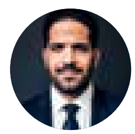
Previous executive positions
- Managing Partner, Deloitte & Touche – Chartered Accountants, a limited liability company engaging in the field of accounting, from 2016G until 2019G.

Current memberships
- Audit Committee Member, Noon Investment Company, a closed joint stock company engaging in the field of electronic commerce, since 2023G.
- Audit Committee Member, Saudia Cargo Company, a closed joint stock company engaging in the field of air cargo, since 2023G.
- Audit Committee Member, ARDARA, a closed joint stock company engaging in the field of real estate development, since 2022G.
- Audit Committee Member, Middle East Fiber Cable Manufacturing Company, a closed joint stock company engaging in the field of fiber cables production, since 2022G.

- Audit Committee Member, Saudi Lime Industries Company, a listed company engaging in the field of supplying lime and limestone products, since 2021G.
- Audit Committee Member, Roshn Company, a joint stock company engaging in the field of real estate development, since 2021G.
- Board Member and Audit Committee Member, Crédit Agricole CIB Arab Financial Company, a joint stock company engaging in the field of financial services, since 2021G.
- Board Member and Audit Committee Member, Etihad Atheeb Telecom Company, a listed company engaging in the field of providing telecommunications services, since 2021G.
- Audit Committee Member, Tawuniya Insurance Company, a listed company engaging in the field of insurance, since 2020G.
- Audit Committee Member, Saudi Downtown Company, a closed joint stock company engaging in the field of real estate development, since 2020G.
- Audit Committee Member, Gulf Coast Real Estate Development Company, a closed joint stock company engaging in the field of real estate development, since 2023G.
- Audit Committee Member, Desert Technologies Factory for Industry Company, a closed joint stock company engaging in the field of real estate development, since 2023G.
- Audit Committee Member, Abdul Mohsen Altamimi Group, a closed joint stock company engaging in the field of contracting, since 2024G.
- Audit Committee Member, Awqaf Investment Company, a closed joint stock company engaging in the field of Awqaf management and investment, since 2024G.
- Audit Committee Member, Aldrees Industrial & Trading Company, a closed joint stock company engaging in the field of manufacturing and trading, since 2024G.

Previous memberships

- Audit Committee Chairman, Dammam Pharma Company, a limited liability company engaging in the field of manufacturing and marketing of medicines, from 2020G until 2021G.
- Audit Committee Member, Rayan Advanced Industrial Company, a closed joint stock company engaging in the field of plastic packaging products, since 2022G.



Mohammed Abdelhafez

Audit Committee Member

Academic qualifications

- Certified Public Accountant (CPA) – California Board of Accountancy, USA, 2016G.
- Certified Internal Auditor (CIA) – The Institute of Internal Auditors (IIA)
- Bachelor's Degree in Accounting and Finance, English Section, Cairo University, Egypt, 2007G.

Current executive positions

- Internal Audit Department Chairman, Al Rajhi Holding Group, KSA, a closed joint stock company focused on investment and ownership of companies across multiple industries, since 2021G.

Previous executive positions

- Group Chief Internal Auditor and Member of Group Corporate Governance Steering Committee, Abdullatif Alissa Group Holding Company, a closed joint stock company engaging in the field of automotive trading, from 2015G until 2021G.

Current memberships

- Audit Committee Chairman, Tibah Airports Operating Company, KSA, a closed joint stock company engaging in the field of operating and developing airports, since 2021G.

- Audit Committee Member, Gemstone Group, a consortium providing investment banking, financial advisory, and project development services, in the UAE, Qatar, and KSA, since 2021G.
- Audit Committee Member, El Sewedy Cables Company, a limited liability company engaging in the field of electrical cables, since 2022G.
- Audit Committee Member, City Cool Cooling Company, a limited liability company engaging in the field of air conditioning services and solutions, since November 2021G.
- Audit Committee Member, Erth Group, KSA, a diversified conglomerate with interests in various sectors, since November 2021G.
- Audit Committee Member, Mattex Group, KSA, a company specializing in the production of carpet backings and technical textiles, since January 2023G.
- Audit Committee Member, Agyal Group, KSA, an organization involved in educational services and investments, since January 2023G.

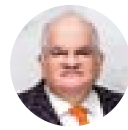
Previous memberships

- Audit Committee Member, Siporex, a limited liability company engaging in the field of production of structural cellular concrete from prefabricated reinforced panels, from 2019G until 2022G.
- Audit Committee Member, National General Automotive Company, KSA, involved in the automotive industry focusing on vehicle distribution and services, from 2020G until 2021G.

Nafez Al-Morhabi

Audit Committee Member

Please refer to page 57 (Biographies of the Board of Directors) for further details regarding the experience, and current and previous positions of Nafez Al-Morhabi.



Nasser Paracha

Audit Committee Member

Academic qualifications

- Bachelor of Science (Hons) Degree in Operational Research with Computing – The University of Leeds (UK).

Current executive positions

- Chief Risk Assurance Officer, Al Ghurair Investment LLC, Dubai.

Previous executive positions

- Senior Executive Vice President and Group Head of Internal Audit – Mashreq Bank, Dubai.
- Executive Vice President and Group Head of Audit, Fraud and Compliance – Mashreq Bank, Dubai.
- Senior Vice President – Chief Compliance Officer and Bank MLRO – Mashreq Bank, Dubai.

Current memberships

- Audit Committee Member in Sukoon Insurance (UAE).

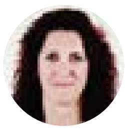
Previous memberships

Institute of Internal Auditors (IIA)

Abdulrahman Al-Owais

Audit Committee Member

Please refer to page 59 (Biographies of the Board of Directors) for further details regarding the experience, and current and previous positions of Abdulrahman Al-Owais.



Lisa Meeks

Audit Committee Member

Academic qualifications

- Master's Degree in Computer Science from University College London, UK, 1997G.
- Certified Public Accountant Certificate (States of New York and California – inactive), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE), Certified Anti-Money Laundering Specialist (CAMS) (States of New York and California), USA, 1990G.
- Bachelor's Degree in Accounting Sciences, State University of New York at Albany, New York, USA, 1987G.

Current executive positions

NA

Previous executive positions

- Head of Internal Audit, Al Ghurair Investment Company, a limited liability company engaging in the field of investments, from July 2022G till January 2024G.

Current memberships

NA

Previous memberships

- Audit Committee Chairman, AG Melco Elevator Company, a limited liability company operating in the field of elevators, from 2022G until 2023G.
- Board Member, The Albany (arts center in London, England), a charity funded by the Arts Council England and Lewisham Council, engaging in the field of art, from 2001G until 2002G.

Resigned from the Committee on 29 April 2024G.

Remuneration and Nomination Committee Members

The Nomination and Remuneration Committee sets Board selection criteria and remuneration policies. The Committee was reformed on 19/10/2023G.

Composition of the Remuneration and Nomination Committee and classification of its members

Name of Committee Member	Date of appointment	Capacity	Member classification	Status
Majed Nofal	19/10/2023G	Chairman of the Committee	Independent	Active
John Iossifidis	19/10/2023G	Committee Member	Non-Executive	Active
Abdulmohsen Al-Bazie	19/10/2023G	Committee Member	Non-Executive	Active
Ayman Al-Ghamdi	19/10/2023G	Committee Member	Independent	Active

Biographies of the Remuneration and Nomination Committee Members

Provided below is an overview of the experiences, qualifications and current, and previous positions of each Member of the Remuneration and Nomination Committee.

Majed Nofal
Chairman of the Remuneration and Nomination Committee

Please refer to page 58 (Biographies of the Board of Directors) for further details regarding the experience, and current and previous positions of Majed Nofal.

John Iossifidis
Nomination and Remuneration Committee Member

Please refer to page 55 (Biographies of the Board of Directors) for further details regarding the experience, and current and previous positions of John Iossifidis.

Abdulmohsen Al-Bazie
Nomination and Remuneration Committee Member

Please refer to page 57 (Biographies of the Board of Directors) further details regarding the experience, and current and previous positions of Abdulmohsen Al-Bazie.

Ayman Al-Ghamdi
Nomination and Remuneration Committee Member

Academic qualifications
- An MBA from the Open University Malaysia, Malaysia, 2009G.
- Bachelor’s Degree in Mechanical Engineering from King Abdulaziz University, Jeddah, KSA, 2004G.

Current executive positions
- Chief Human Capital Officer at Cruise Saudi Company, a company fully owned by the Public Investment Fund and engaging in the field of operating ships and tourist ports, since 2023G.

Previous executive positions
- Vice President for Human Resources at the Saudi Ground Services Company, a listed joint stock company engaging in the field of ground handling services at all airports in the Kingdom, from 2019G until 2023G.

Current memberships
- Chairman of Nomination and Remuneration Committee at Asfar Company, a company fully owned by the Public Investment Fund and engaging in the field of tourism investment, since 2021G.

Previous memberships
- Nomination and Remuneration Committee Member, Jeddah Healthcare Cluster, a company owned by the Ministry of Health and engaging in the field of health, from 2021G until 2023G.

The Mandate of the Committees and their Roles and Responsibilities

The Board of Directors has established various committees to support its functions effectively. It actively oversees the activities of such committees to ensure they fulfill their responsibilities. The committees report to the Board regularly and transparently, providing updates on their actions, findings, and decisions.

Audit Committee

The scope of the Audit Committee's work shall include all actions that enable it to fulfill its functions:

(a) Financial Reports

1. Analysing the Company's interim and annual financial statements before presenting them to the Board, and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
2. Providing its technical opinion, at the request of the Board, on whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
3. Analysing any important or non-familiar issues contained in the financial reports.
4. Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties, or the Company's Compliance Officer or External Auditor.
5. Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
6. Examining the accounting policies followed by the Company, and providing its opinion and recommendations to the Board thereon.

(b) Internal Audit

1. Examining and reviewing the Company's internal and financial control systems and risk management system.
2. Analysing the internal audit reports and following up on the implementation of the corrective measures in respect of the remarks made in such reports.
3. Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit Department of the Company, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.

(c) External Auditor

1. Providing recommendations to the Board to nominate External Auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2. Verifying the independence of the External Auditor, its objectivity, fairness and effectiveness of the audit activities, considering the relevant rules and standards.
3. Reviewing the plan of the Company's External Auditor and its activities, and ensuring that it does not provide any technical, administrative, or consulting works that are beyond its scope of work and provides its opinion thereon.
4. Responding to queries of the Company's External Auditor.
5. Reviewing the External Auditor's reports and its comments on the financial statements and following up on the procedures taken in connection therewith.

(d) Compliance

1. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
2. Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and proposed related party transactions and providing its recommendations to the Board in connection therewith.
4. Reporting to the Board any issues in connection with what it deems necessary to act on and providing recommendations as to the steps that should be taken.

(e) Risk Management

1. Supervise and enhance the risk management framework adopted by the Company.
2. Identify and monitor the main risks facing the Company, evaluate the management of such risks, and align risk management activities with the Company's overall objectives and policies.
3. Ensure risks are taken within acceptable limits, taking into account business objectives, the size of the Company, workload, ratios, and short and long-term perspectives.
4. Select risk management policies and procedures that define the appropriate stages for adopting decisions, and other controls, balances and restrictions to manage such risks, and define risk reporting requirements from an administrative perspective.
5. Review key risk assessment activities periodically.
6. Review the business continuity plan of the Company.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee's scope of work includes all duties designed to enable it to fulfill its functions:

(a) Committee Duties on Remuneration

1. Preparing a clear policy for the remunerations of Board Members, Senior Executives, and Board Committees, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards linked to performance, and disclosing and ensuring implementation of such policy.
2. Reviewing the remuneration policy and comparing it to that adopted by similar companies. The Committee may seek the assistance of an external consultant to ensure the development of appropriate remuneration plans. The Committee shall strive to attract, motivate, reward and retain Board Members known for their high integrity, outstanding ability, and focus on enhancing long-term shareholder value.
3. Annually reviewing and clarifying the relationship between actual remunerations and the adopted remuneration policy, and highlighting cases in which the policy is not adhered to, noting that Board approval is required for any exceptions.
4. Providing recommendations to the Board in respect of the remunerations of its Members, Committee Members and the Executive Management in accordance with the adopted policy.
5. Reviewing the Company's classification and salary structure regularly to ensure the preservation of internal and external ownership rights.

6. Making recommendations to the Board of Directors regarding the total amounts and overall annual cash remunerations, the employee share incentive scheme, and the allocation and distribution ratios among Company employees and Executive Management.
7. Recommending a balanced and appropriate ratio between fixed, performance-based, immediate and deferred remunerations.

(b) Committee Duties on Nominations

1. Suggesting clear policies and standards for membership of the Board, Subcommittees and the Executive Management.
2. Establishing the procedures to be followed in the event of a Board or senior executive vacancy.
3. Providing support to the Board of Directors in filling vacant positions on the Board and Committees, and in relation to the post of Company CEO. The Nomination and Remuneration Committee shall adhere to the best nomination practices in order to enhance the quality of recruitment processes.
4. Overseeing the appointment, performance evaluation and dismissal of key Executive Management members.
5. Ensuring the adoption of an effective business operations model and a streamlined high-level organizational structure.
6. Overseeing the adoption of succession plans for Board and Executive Management positions, including clear plans and a study of associated challenges and risks. Consideration should be given to the skills, knowledge, experience, independence and diverse backgrounds of candidates. The succession plan adoption program shall be reviewed at least annually, with reports presented in that regard to the Board of Directors.
7. Preparing job descriptions that outline the qualifications and capabilities required for Board and Executive Management positions, specifying the time commitment expected from each Board Member in relation to Board-related duties.
8. Defining the expected roles of Board Committees and Board Members.
9. The Committee shall maintain a register that specifies the qualifications and capabilities that each member of the Board and the Committees should possess to effectively fulfill their responsibilities and duties.
10. Reviewing the structure and composition of the Board of Directors and the Executive Management, and making recommendations for changes when necessary.
11. Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board Member also acts as a Member of the Board of Directors of another company.
12. Determining the strengths and weaknesses of the Board and recommending remedial measures that serve the Company’s interests.

List of companies where the Board Member has served on the current or former Board of Directors, or as a manager

Name of Board Member	Names of companies where a company's Board Member is a Director or among their managers	Within/Outside the Kingdom	Current/ Previous Board Member	Legal form
Ibrahim Sulaiman Al-Rajhi	ACWA Power Company	Within the Kingdom	Current	Joint Stock Publicly Listed Company
	Tibah Airports Development Company	Within the Kingdom	Current	Closed Joint Stock Company
	Al Rajhi Group Holding Company	Within the Kingdom	Current	Closed Joint Stock Company
	City Cool Cooling Company	Within/outside the Kingdom	Current	Limited Liability Company
	Arabian Cement Company	Within the Kingdom	Previous	Joint Stock Publicly Listed Company
	ACWA Power Company	Within the Kingdom	Previous	Joint Stock Publicly Listed Company
John Iossifidis	Al-Mashreq Bank PJSC	Outside the Kingdom	Current	Joint Stock Publicly Listed Company
	Hellenic Bank Public Company Limited	Outside the Kingdom	Current	Limited Liability Company
	Al Ghurair Investment Company	Outside the Kingdom	Current	Limited Liability Company
	Noor Takaful Company	Outside the Kingdom	Previous	Joint Stock Publicly Listed Company
	Al-Mashreq Capital (DIFC) Limited Company	Outside the Kingdom	Previous	Limited Liability Company
	Digital Financial Services Company LLC	Outside the Kingdom	Previous	Limited Liability Company
Djamal Djouhri	Reem Rice Mills Company	Outside the Kingdom	Current	Limited Liability Company
	Serendib Flour Mills Company	Outside the Kingdom	Current	Limited Liability Company
	Big Mills of the South Company	Outside the Kingdom	Current	Closed Joint Stock Company
	Al Ghurair Food Company	Outside the Kingdom	Current	Limited Liability Company
	Al Ghurair Resources International Company	Outside the Kingdom	Current	Limited Liability Company

Name of Board Member	Names of companies where a company's Board Member is a Director or among their managers	Within/Outside the Kingdom	Current/ Previous Board Member	Legal form
Majed Nofal	Takween Advanced Industries Company	Within the Kingdom	Current	Joint Stock Publicly Listed Company
	International Company for Agro-Industrial Projects in Egypt	Outside the Kingdom	Previous	Closed Joint Stock Company
	International Company for Agro-Industrial Projects in UAE	Outside the Kingdom	Previous	Limited Liability Company
	Taiba Investments Company	Outside the Kingdom	Previous	Limited Liability Company
Nafez Al-Morhabi	Yanbu United co.	Within the Kingdom	Current	Closed Joint Stock Company
	Key Car Rental	Within the Kingdom	Current	Closed Joint Stock Company
	Muhammad Alshareef Sons for Building Materials.	Within the Kingdom	Current	Closed Joint Stock Company:
Abdulmohsen Al-Bazie	Madinah Airport Hotel Company	Within the Kingdom	Current	Closed Joint Stock Company
	Tibah Airports Development Company	Within the Kingdom	Current	Closed Joint Stock Company
	City Cool Cooling Company	Within/outside the Kingdom	Current	Limited Liability Company
	Mada International Holding	Within the Kingdom	Current	Limited Liability Company
	One Company for Investment	Within the Kingdom	Current	Limited Liability Company

Meetings of the Board of Directors, subsidiary committees, and the General Assembly in 2024G

Board of Directors meetings held in 2024G

Name	Capacity	19 Mar 2024G	29 Mar 2024G	8 May 2024G	7 Aug 2024G	5 Nov 2024G	9 Dec 2024G	18 Dec 2024G
Ibrahim Sulaiman Al-Rajhi	Chairman of Board	✓	✓	✓	✓	✓	✓	✓
John Iossifidis	Vice Chairman	✓	✓	✓	✓	✓	✓	✓
Djamal Djouhri	Board Member	✓	✓	✓	✓	✓	✓	✓
Abdulmohsen Al-Bazie	Board Member	✓	✓	✓	✓	✓	✓	✓
Nafez Al-Morhabi*	Ind. Board Member	-	-	✓	✓	✓	✓	✓
Majed Nofal	Ind. Board Member	✓	✓	✓	✓	✓	✓	✓
Martin Reintjes***	Board Member	✓	✓	✓	✓	-	-	-
Abdulrahman Al-Owais**	Board Member	✓	✓	-	-	-	-	-

**Nafez Al-Morhabi was appointed to the Board of Directors on 26 April 2024G.*

***Abdulrahman Al-Owais resigned from the Board of Directors effective 25 April 2024G.*

****Martin Reintjes resigned from the Board of Directors effective 14 October 2024G.*

Audit Committee meetings held in 2024G

Name	Capacity	01 Jan 2024G	01 Mar 2024G	24 Mar 2024G	07 May 2024G	13 Jun 2024G	29 Jul 2024G	5 Aug 2024G	29 Oct 2024G
Ehsan Makhdoum	Chairman of Audit Committee	✓	✓	✓	✓	✓	✓	✓	✓
Nasser Paracha*	Committee Member	-	-	-	✓	✓	✓	✓	✓
Nafez Al-Morhabi**	Committee Member	-	-	-	✓	✓	✓	✓	✓
Mohammed Abdelhafez	Committee Member	✓	✓	✓	✓	✓	✓	✓	✓
Lisa Meeks***	Committee Member	✓	✓	✓	-	-	-	-	-
Abdulrahman Al-Owais****	Committee Member	-	✓	✓	-	-	-	-	-

**Nasser Paracha was appointed to the Audit Committee on 30 April 2024G.*

***Nafez Al-Morhabi was appointed to the Audit Committee on 26 April 2024G.*

****Lisa Meeks resigned from the Audit Committee effective 29 April 2024G.*

*****Abdulrahman Al-Owais resigned from the Audit Committee effective 25 April 2024G.*

Nomination and Remuneration Committee (NRC) meetings held in 2024G

Name	Capacity	12 Mar 2024G	6 May 2024G	04 Jun 2024G	08 Jul 2024G
Majed Nofal	Chairman of Nominations and Remunerations Committee	✓	✓	✓	✓
John Iossifidis	Committee Member	✓	✓	✓	✓
Abdulmohsen Al-Bazie	Committee Member	✓	✓	✓	✓
Ayman Al-Ghamdi	Committee Member	✓	✓	✓	✓

List of shareholders' General Assemblies conducted in the last fiscal year, along with the names of the Board of Directors who were present at these Assemblies

Name of Member	Ordinary Assembly	Extraordinary Assembly
	20 January 2024G	12 June 2024G
Ibrahim Sulaiman Al-Rajhi	✓	✓
John Iossifidis	✓	✓
Djamal Djouhri	✓	✓
Abdulmohsen Al-Bazie	✓	✓
Nafez Al-Morhabi*	–	✓
Majed Nofal	✓	✓
Abdulrahman Al-Owais **	✓	–
Martin Reintjes***	✓	✓

***Nafez Al-Morhabi was appointed to the Board of Directors on 26 April 2024G.*

***Abdulrahman Al-Owais resigned from the Board of Directors effective 25 April 2024G.*

****Martin Reintjes resigned from the Board of Directors effective 14 October 2024G*

Board of Directors' and Subsidiary Committees' remuneration

Remuneration and determination of remuneration for Board Members, Subsidiary Committees and Executive Management of the Company:

The remuneration policy was ratified by the Extraordinary General Assembly on 11/04/1445H (corresponding to 19/10/2023G). This policy is a vital part of the Company's governance framework. The Company complies with regulations for listed joint stock companies, along with the controls and procedures outlined in the Corporate Governance Regulations stipulated by the Capital Market Authority. The Remuneration and Nomination Committee oversees the review of remuneration policies and criteria, and makes recommendations to the Board of Directors.

The remuneration policy for Board Members, Committees, and Executive Management and their remunerations for 2024G are detailed below:

First: Board Members' Remuneration

1. An annual fixed remuneration for each Board Member amounting to ⃁ 200,000, with entitlement to this remuneration being proportional to the number of meetings attended by the Member throughout the year.
2. Provision of transportation arrangements and necessary travel expenses for attending Board meetings for Board Members residing outside Jeddah.
3. The Company is responsible for organizing all logistical services for trips and covering the associated costs for Board Members who are not resident in Jeddah.
4. A Board Member may receive remunerations for membership in Subsidiary Committees of the Board, or for any additional executive, technical, administrative, or advisory roles – under a professional licence – assigned to them within the Company, in addition to the remuneration they may receive as a Board Member and as a Member of Independent Committees as per the Company's system and regulations.
5. Remunerations for independent Board Members shall not be tied to a percentage of the Company's profits, nor shall they directly or indirectly depend on the Company's profitability.
6. Annual remunerations for Board Members mentioned in item (1) above may be subject to periodic review, based on recommendations from the Remuneration and Nomination Committee, in light of the Company's performance, subsequent to obtaining approval from the General Assembly.
7. Board Members are not permitted to vote on the agenda item concerning the remuneration of Board Members during the General Assembly meeting.

Second: Remuneration of Committee Members

The remuneration of Committee Members is as follows	
Annual remuneration for each committee chairperson	⃁ 100,000
Annual remuneration for each committee member	⃁ 60,000

Third: Executive Management Remuneration

The total remuneration for Executive Management includes the following:

(a) Basic salary (paid at the end of each month).

(b) Allowances, including but not limited to, housing allowance, car allowance, mobile allowance, and education allowance.

(c) Insurance benefits, including but not limited to, medical insurance, health insurance, life insurance, and accident insurance.

(d) Short-term incentive plans linked to individual and Company performance, and long-term incentive plans such as stock options.

(e) Other benefits, including but not limited to, annual leave, annual air tickets, and end-of-service gratuity.

Board of Directors' remuneration during the year 2024G:

Name	Fixed remuneration						
	Appointed (Annual remuneration) amount	Attendance allowance for Board of Directors' meetings	Total allowance for attending sessions of subcommittees	Membership reward in subsidiaries and committees	Attendance allowance in subsidiaries and committees	Chairman reward	Total
First: Independent Members							
Nafez Al-Morhabi	136,438						136,438
Majed Nofal	200,000						200,000
Martin Reintjes*	200,000						158,333
Abdulrahman Al-Owais**	200,000						64,444
Second: Non-Executive Members							
Ibrahim Sulaiman Al-Rajhi	200,000						200,000
John Iossifidis	200,000						200,000
Abdulmohsen Al-Bazie	200,000						200,000
Djamal Djouhri	200,000						200,000
Total	**1,536,438**						**1,359,215**

*Martin Reintjes - Resigned as of 14/10/2024G
**Abdulrahman Al-Owais - Resigned as of 25/04/2024G

Details of the remuneration and compensation for Members of the Board of Directors and Committees will be outlined in the following tables:

Audit Committee Members' remuneration during the year 2024G:

Name	Capacity	Fixed remuneration	Payment period FY2024G	Total
Ehsan Makhdoum	Chairman	100,000	12 months	100,000
Nasser Paracha	Member	60,000	Pro-rata	40,274
Nafez Al-Morhabi	Member	60,000	Pro-rata	40,274
Mohammed Abdelhafez	Member	60,000	12 months	60,000
Lisa Meeks	Member	60,000	Pro-rata	20,000
Abdulrahman Al-Owais	Member	60,000	Pro-rata	19,333
Total		**400,000**		**279,881**

Variable remuneration						End of service gratuity	Gross total	Expenses (Transportation – Accommodation)
A percentage of the profits	Periodic rewards	Short-term incentive plans	Long-term incentive plans	Value of granted shares	Total			
							136,438	
							200,000	–
							158,333	
							64,444	
							200,000	–
							200,000	–
							200,000	–
							200,000	–
							1,359,215	

The Remuneration and Nomination Committee Members' remuneration during the year 2024G:

Name	Capacity	Fixed remuneration	Payment period FY2024G	Total
Majed Nofal	Chairman	100,000	12 months	100,000
John Iossifidis	Member	60,000	12 months	60,000
Abdulmohsen Al-Bazie	Member	60,000	12 months	60,000
Ayman Al-Ghamdi	Member	60,000	12 months	60,000
Total		**280,000**		**280,000**

The relationship between the granted remuneration and the implemented remuneration policy:

There is no significant deviation between the remuneration granted to Board Members, Committee Members and Senior Executives, compared to the related remuneration policy in effect during the year 2024G.

Measures taken by the Board of Directors to inform its Members about the proposals or comments of its shareholders regarding the Company and its performance

The Company documents shareholders' suggestions provided through the General Assembly and notifies the Chairman of the Board of any other suggestions related to the Company to be presented at the next Board meeting. There is also an email address dedicated to the comments and suggestions of the shareholders, which is published on the official website of the Company and on Tadawul's website so that the Board can review the suggestions and comments of the shareholders.

Evaluation of the strategies employed by the Board of Directors to assess its effectiveness, and the performance of its Committees and Members

Not applicable.

Executive Management Team

Executive management team composition

Osama Ashi

Chief Executive Officer

Current Position:

- CEO

Academic Qualifications:

- Bachelor's degree in Engineering from King Abdulaziz University, KSA, 1994G.

Previous Executive Positions:

- General Manager in the KSA, Gulf, and Levant Regions, Savola Foods Company, a listed company engaging in the field of food business and food security, from 2013G until 2022G.
- Vice President for KSA business, Economic Cities Company, a listed company engaged in the field of economic development and city development, from 2010G until 2012G.
- Regional Marketing Manager for the Middle East and Pakistan, Procter & Gamble Company, a listed company engaging in the field of consumer-packaged goods, from 1995G until 2010G.

Other Current Memberships: N/A.

Other Previous Memberships: N/A.

Amr Kamel

Chief Financial Officer

Current Position:

- Chief Financial Officer

Academic Qualifications:

- Certified Public Accountant Certificate from the California Board of Accountancy, USA, 2003G.
- Bachelor's degree in Accounting from Alexandria University, Egypt, 1993G

Previous Executive Positions:

- Vice President of financial affairs, Arabian Cement Company, a listed company engaging in the field of cement and clinker production, from 2018G until 2021G.
- Senior Financial Manager, at Basamh Trading & Industries Group, a limited liability company engaging in the field of production and distribution of consumer goods, from 2012G until 2018G.
- Senior Internal Audit Manager, Savola Group, a joint stock company engaging in the field of production and distribution of consumer goods, from 2006G until 2008G.
- Senior Financial Manager, United Sugar Company, a closed joint stock company engaging in the field of production and distribution of consumer goods, from 2008G until 2012G.

Other Current Memberships: N/A.

Other Previous Memberships:

- Board Member, Readymix Concrete Company, a joint stock company engaging in the field of building materials made of ready-mix concrete mixtures, from 2019G until 2021G.
- Audit Committee Member, Readymix Concrete Company, a joint stock company engaging in the field of building materials made of ready-mix concrete mixtures, from 2019G until 2021G.
- Audit Committee Member, Qatrana Cement Company, a limited liability company engaging in the field of manufacture of cement for building materials, from 2018G until 2021G.

Ahmed Hijazi

Head of the Feed Sector

Current Position:

- Head of the Feed Sector

Academic Qualifications:

- Master's degree in Business Administration from the University of Leicester, UK, 2007G.
- Certificate of Agricultural Sciences from the Jordan University of Science and Technology, Jordan, 2000G.

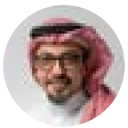
Previous Executive Positions:

- General Manager for poultry, feed, and oats, Al Ghurair Foods, a limited liability company engaging in the field of flour milling, and the production of eggs, oats, and animal feed, from 2016G until 2020G.
- Head of Sales for poultry, feed, and oats, Al Ghurair Foods, a limited liability company engaging in the field of flour milling, and the production of eggs, oats, and animal feed, from 2012G until 2016G.
- Business Unit Director, Tanmiah Food Company, a listed company engaging in the field of manufacture and distribution of food and agricultural products, from 2008G until 2012G.
- Product Manager, Tanmiah Food Company, a listed company engaging in the field of manufacture and distribution of food and agricultural products, from 2003G until 2008G.

Other Current Memberships: N/A.

Other Previous Memberships:

- Board Member, Modern Mills Company, a closed joint stock company engaging in the field of food business and food security, from 2021G until 2022G.



Hattan Malki

Director of Human Capital and Administrative Affairs Department/ Secretary to the Board/Secretary of the Nomination and Remuneration Committee.

Current Position:

- Secretary of the Board
- Director of Human Capital and Administrative Affairs Department
- Secretary of the Nominations and Remunerations Committee.

Academic Qualifications:

- Bachelor's degree in Human Resources Management and Organization from King Abdulaziz University, Jeddah, 2007G.

Previous Executive Positions:

- Director - Human Resources and Administrative Affairs Department, Al-Sunbulah Group, a limited liability company engaging in the field of pastry, honey, and meat production and retail sale, from 2018G until 2021G.
- Director - Human Resources and Administrative Affairs Department, Mohammed Yousef Naghi Group, a limited liability company engaging in the field of retail sales and maintenance of cars and commercial vehicles, from 2012G until 2018G.
- Country Human Resources Management Director, Philips Company, a limited liability company engaging in the field of retail sale of medical devices, lighting and electrical appliances, from 2010G until 2012G.
- Operations and Training Manager for Human Resources, SADAFCO Company, a listed company engaging in the field of the production of dairy and food products and retail sale, from 2007G until 2010G.

Other Current Memberships:

N/A

Other Previous Memberships:

N/A.

Stephen Wouters

Head of Product Supply Operations

Current Position:

- Head of Product Supply Operations

Academic Qualifications:

- National Diploma of the fifth level from the Technical College, Bloemfontein, South Africa, 1995G.

Previous Executive Positions:

- Group Operations Manager, Pollux Group, a limited liability company engaging in the field of food and beverages, from 2015G until 2018G.
- Technical Director, Matola Industrial Company, a limited liability company engaging in the field of food and beverages, from 2014G until 2015G.
- Technical Director, Merrick Industries Company, a limited liability company engaging in the field of food and beverages, from 2011G until 2013G.
- Technical Director, National Foods Company, a listed company engaging in the field of food and beverages, from 2009G until 2011G.

Other Current Memberships:

N/A.

Other Previous Memberships:

N/A

Executive Management remuneration

In 2024G, the compensation and benefits granted to the five members of the Senior Executive team of the Company, including the CEO and CFO, were as follows. Other benefits including periodic rewards under short-term incentive plans.

Element	Five Senior Executives (Including the CEO and CFO)
Basic Salary	4,639,952
Allowances	1,623,983
Other benefits	324,797
Total	**6,588,732**
Periodical rewards (as per contracts)	-
Profits	-
Short-term incentive plans	2,352,755
Long-term incentive plans	-
Granted shares	-
Total	**2,352,755**
End of service gratuity	954,996
Total rewards to executives for the board if any	-
Total	**9,896,483**

Achievements and Social Contributions of the Company

This section highlights the Company's key achievements and contributions to society over the past year. It outlines significant business milestones, innovations, and strategic initiatives that have driven growth and success. Additionally, it showcases the Company's commitment to social responsibility, including community engagement, sustainability efforts, and philanthropic activities. Through these accomplishments, the Company continues to create value for its stakeholders while making a positive impact on the broader community.

Addressing food waste in Saudi Arabia

Food waste remains a significant challenge affecting food security within the Kingdom of Saudi Arabia. To address this issue, MMC plays a crucial role in ensuring food security in the Kingdom, while aligning its operations with the goals outlined in Saudi Vision 2030. As a key player in the flour milling and animal feed sectors, the Company is dedicated to maintaining a reliable and sustainable food supply for the nation. Recognizing the importance of minimizing food waste as part of its commitment to sustainability and food security, MMC entered into a two-year agreement with the GFSA in 2023G. This partnership aims to strengthen collaboration on food loss, curbing waste and increasing public awareness. Through this initiative, we focus on educating customers and stakeholders on the efficient use of food resources by engaging in marketing campaigns, and hosting scientific seminars and workshops.

Empowering youth: MMC's contribution to Saudi Arabia's workforce

The Company actively contributes to the nation's development through various social responsibility initiatives and supports inclusive economic growth. MMC prioritizes job creation and talent development, with a strong emphasis on empowering Saudi youth and women, in compliance with national workforce participation goals. Additionally, the Company invests in employee training and development programs, equipping its workforce with the skills needed to thrive in a competitive and innovative environment. The Company also ensures a safe and supportive workplace by providing on-site accommodation with sustainable water management systems.

Corporate Governance Disclosures and Compliance Overview

Implementation and non-implementation of Corporate Governance Regulations

MMC's commitment to exemplary corporate governance is driven by a strong belief in its long-term value. This commitment is reflected in the establishment of an effective governance framework, designed to strengthen relationships with shareholders, investors, and stakeholders. By prioritizing transparency and disclosure, the Company aims to protect and enhance shareholder value over time, supported by comprehensive governance policies and procedures.

To ensure strict adherence to regulatory requirements, MMC has developed and implemented policies that promote compliance with official regulations and facilitate transparent communication of key Company performance data. This approach enables shareholders and investors to make well-informed assessments of the Company's position and prospects.

Across all departments, MMC fosters a culture of governance excellence, implementing superior work methodologies that safeguard the interests of both the Company and its shareholders. This unwavering dedication to sound governance practices reinforces the Company's reputation as a responsible and forward-thinking organization. MMC rigorously upholds corporate governance provisions in accordance with its bylaws and the regulatory framework established by the Ministry of Commerce. The Company prioritizes shareholder rights and maintains strict compliance with disclosure and transparency standards, consistently meeting and exceeding governance expectations.

No.	Clause text	Reason for non-implementation
1.	**Article Thirty-Seven: Training (Paragraph 2)** It is imperative for the Company to dedicate adequate resources towards the education and enhancement of skills of the Board of Directors, Committee Members, and the Executive Management, by devising appropriate training initiatives with consideration of the following aspects: 1. Crafting orientation sessions for newly inducted Members of the Board of Directors, committee participants, and executive leadership to acquaint them with the Company's operations and scope, particularly focusing on: a. The Company's strategies and goals. b. The financial and operational dimensions of the Company's undertakings. c. The Board Members' responsibilities, duties, rights, and obligations. d. The roles and powers of the Company's committees. 2. Develop systematic approaches to ensure that Members of the Board of Directors, Committee Members, and the Executive Management have continuous access to training programs and courses. This is aimed at enriching their expertise and comprehension in subjects pertaining to the Company's areas of operation.	The paragraph serves as a guideline.
2	**Article Thirty-Nine: Evaluation** A. Based on the Nomination Committee's recommendations, the Board of Directors will set up mechanisms for the annual assessment of the Board's overall performance, its individual Members, its committees, and the Executive Management. These mechanisms will involve specific performance metrics that relate to the achievement of the Company's strategic goals, risk management quality, and the effectiveness of internal control systems. Identifying areas of strength and weaknesses, proposals will be made for improvements aligned with the Company's best interests. B. The procedures for performance evaluation must be documented in a clear manner and shared with the Board of Directors and those involved in the evaluation process.	The article serves as a guideline.

No.	Clause text	Reason for non-implementation
.	C. Evaluations should also cover the skills and experiences of the Board, highlighting both strengths and weaknesses. Efforts should be made to mitigate weaknesses, potentially through the nomination of individuals with professional skills that could enhance Board performance. Furthermore, the evaluation should assess the overall operational mechanisms of the Board. D. Individual assessment of Board Members will consider each Member's active participation and dedication to their roles and responsibilities. This includes attendance at Board and committee meetings and the allocation of sufficient time for these commitments. E. Every three years, the Board of Directors is to secure an external evaluation of its performance from a qualified third party. F. The Non-Executive Board Members will periodically review the performance of the Board Chairman, incorporate feedback from Executive Members, but exclude the Chairman from the review discussion. The goal is to pinpoint strengths and weaknesses and to propose solutions that serve the Company's interests.	
3.	**Article Sixty-Seven: Establishment of the Risk Management Committee** In accordance with a resolution by the Company's Board of Directors, the Risk Management Committee was established. The Committee is headed by a Chairperson and primarily consists of Non-Executive Board Members. All Members are required to have a solid understanding of risk management principles and financial matters.	This article serves as a guideline.
4.	**Article Sixty-Eight: Responsibilities of the Risk Management Committee** The Risk Management Committee is entrusted with the following responsibilities: 1. Formulating a comprehensive risk management strategy and policies tailored to the Company's scale and operations, ensuring their effective implementation, and periodically reviewing and updating them in response to internal and external changes. 2. Establishing and maintaining an acceptable risk threshold for the Company, while ensuring that it is not exceeded. 3. Evaluating the Company's ability to sustain operations and identify any risks that could threaten its future within the upcoming year. 4. Monitoring the Company's risk management framework and assessing the effectiveness of risk identification, measurement, and monitoring systems to identify potential weaknesses. 5. Conducting regular reassessments of the Company's risk tolerance and exposure, including stress testing. 6. Compiling comprehensive reports on risk exposure and proposed management strategies, to be presented to the Board of Directors. 7. Offering recommendations to the Board on risk management matters. 8. Ensuring the availability of sufficient resources and systems for effective risk management. 9. Reviewing the risk management organizational structure and providing recommendations for the Board's approval. 10. Confirming the risk management personnel operate independently from functions that could heighten the Company's risk exposure.	This article serves as a guideline.

No.	Clause text	Reason for non-implementation
.	11. Ensuring risk management personnel have a deep understanding of the risks facing the Company and fostering a culture of risk awareness. 12. Examining any issues raised by the Audit Committee that could impact the Company's risk management efforts.	
5	**Article Sixty-Nine: Risk Management Committee Meetings** The Risk Management Committee convenes on a regular basis, holding meetings at least twice a year or more frequently as required.	This article serves as a guideline.
6	**Article Eighty-Two: Employee Motivation, Paragraphs (2) and (3)** 1. The Company initiates schemes to enhance and incentivize the engagement and productivity of its employees, specifically emphasizing: 2. Initiatives that provide employees with Company shares or a share of its profits, along with retirement plans and the establishment of a dedicated fund to support these initiatives. 3. The formation of social organizations for the benefit of the Company's employees.	**Subclause 1:** The Company has approved and implemented an Employee Share program. **Subclause 2:** Partially implemented. **Subclause 3:** This serves as a guideline.
7	**Article Eighty-Four: Social Responsibility** The Ordinary General Assembly, based on a recommendation from the Board of Directors, will adopt a policy aimed at creating harmony between its own goals and those sought by the broader community. This initiative is designed to contribute to the social and economic advancement of society.	This article serves as a guideline.
8	**Article Eighty-Five: Social Work Initiatives** The Board of Directors formulates and implements programs to guide the Company's social work endeavors, encompassing: 1. Establishing benchmarks to evaluate the alignment of the Company's social contributions with its performance, and benchmarking these efforts against similar entities. 2. Communicating the Company's social responsibility goals to employees to enhance awareness and engagement. 3. Incorporating updates on social responsibility progress in the Company's regular activity reports. 4. Launching Initiatives to increase community awareness of the Company's commitment to social responsibility.	This article serves as a guideline.
9	**Article Eighty-Six: Disclosure Policies and Procedures** 3. The Company's website is obligated to host all information mandated for disclosure, alongside any additional data or information disseminated through alternative disclosure channels.	This subclause serves as a guideline.
10	**Article Ninety-Two: Establishment of a Corporate Governance Committee** If the Board of Directors elects to establish a Corporate Governance Committee, it is required to entrust this Committee with the responsibilities outlined in Article Ninety-One of these regulations. This Committee is responsible for monitoring governance-related issues, and presenting the Board of Directors with reports and suggestions at least once every year.	This article serves as a guideline.

Details of any sanctions, penalties, precautionary measures, or provisional restrictions imposed on the Company

No penalty, punishment, precautionary measure or preventive restriction has been imposed on the Company by the Capital Market Authority or any supervisory, regulatory, or judicial body for 2024G.

Assurance from the Company's management on the effectiveness of internal control procedures, and the Audit Committee's opinion

Outcomes of the Board of Directors' annual assessment of the effectiveness of internal control measures within the Company

Internal Control

Executive Management is responsible for implementing and maintaining a robust internal control system, adhering to policies, procedures, and processes established under the Board's supervision. This ensures the achievement of strategic goals and the protection of company assets.

The internal audit function periodically evaluates the adequacy and effectiveness of the internal control system, ensuring compliance with applicable policies, procedures, and regulatory requirements. Significant findings and corrective actions are reported to Senior Executive Management and the Audit Committee, which reviews them regularly. The Board of Directors has full access to all committee reports, including the annual internal audit report, enabling continuous assessment of internal controls and identification of potential deficiencies.

Annual review of the effectiveness of internal control procedures

In 2024G, audits confirmed that the Company's systems and procedures for identifying, evaluating, and managing risks were effective to a reasonable extent, with no significant deficiencies in the control environment. However, it is important to recognize that no control system can provide absolute assurance, as audits rely on random sampling and cannot guarantee the complete comprehensiveness of internal control assessments.

Opinion of the Audit Committee

Based on oversight activities in 2024G, the Committee considers that the internal and financial control systems and risk management systems in the Company are adequate to a reasonable extent.

The Committee also stresses the need for the Board and Management to continuously update the internal and financial control systems and risk management systems to effectively address current and future challenges.

The recommendation from the Audit Committee on the necessity of appointing an Internal Auditor within the Company

Not applicable due to the presence of an Internal Auditor in the Company.

Audit Committee recommendations in conflict with Board decisions or ignored by the Board

There were no recommendations from the Audit Committee that conflicted with the decisions of the Board of Directors, nor were there any recommendations rejected by the Board regarding the appointment of the company's Auditors, their dismissal, determining their fees, evaluating their performance, or appointing the Internal Auditor.

Ordinary General Assemblies of shareholders

No.	Date	Type
1	20 January 2024G	Ordinary
2	12 June 2024G	Extraordinary

Clarification of inconsistency with the standard approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA)

The audit and evaluation of the Company's financial statements for the year 2024G fully complied with the accounting standards established by the Saudi Organization for Chartered and Professional Accountants (SOCPA), with no deviations.

Selection of the Company's Auditors

KPMG Professional Consulting was appointed as the External Auditor for the 2024G fiscal year pursuant to a Resolution passed by the General Assembly on 12/06/2024G.

Details of shares and debt instruments issued for each subsidiary company

Not applicable.

The Company's policy pertaining to profit distribution

In accordance with Article 46 of the bylaws, shareholders have the right to receive their share of profits as determined by the General Assembly's Resolution. This resolution specifies the entitlement and distribution dates, ensuring that dividends are granted to shareholders recorded in the registry, at the end of the designated entitlement day. The Board of Directors is responsible for implementing the General Assembly's decision on profit distribution within the timeframe set by the executive regulations of the Companies Law.

The Company's net income – after deducting all operational expenses, costs, provisions (including Sharia-compliant Zakat) and other reserves – is distributed to shareholders according to the following structure:

1. When determining the allocation of net profit, the Ordinary General Assembly may choose to create reserves that support the Company's interests or ensure consistent profit distribution to shareholders. Additionally, it may designate a portion of net profit for social initiatives that benefit the Company's employees.
2. The General Assembly determines the percentage of net profit to be distributed to shareholders after deducting any applicable reserves.
3. Shareholders may receive interim dividends in accordance with the provisions outlined in Article Four of this policy.
4. Any excess retained earnings are designated to strengthen the Company's financial position. Interim dividends may be distributed to shareholders on a semiannual or quarterly basis, provided the following conditions are met:
   - (1) Approval from the Ordinary General Assembly granting the Board the authority to distribute interim dividends, with the authorization renewed each year.
   - (2) The Company must demonstrate stable and strong profitability.
   - (3) The Company should maintain adequate liquidity and the capacity to forecast profit levels, taking into account historical and projected earnings, cash flow, financial requirements, capital needs, market conditions and the broader economic environment.
   - (4) The Company must have verifiable profits available for distribution, as reflected in the most recent audited financial statements. These profits should be sufficient to cover the proposed dividends after accounting for any previous distributions or capitalizations made after the statement date, without any contractual or legal restrictions on profit distribution.

When approving interim dividends, the Company must promptly disclose and announce the decision, notifying the Authority immediately after its issuance.

Profit entitlement and distribution

Profit period	Number of shares subject to profit	Distributed profit per share (⃁)	Distributed Amount (⃁)	The percentage of the amount from net profit (%)
1H 2024G	81,832,000	1.00	81,832,000	100
Recommend annual dividend for the financial year 2024G	81,832,000	1.00	81,832,000	100
Total	**163,664,000**	**2.00**	**163,664,000**	**100**

Ownership of voting shares

N/A

Ownership of shares or debt instruments by Board Members, Senior Executives, and their relatives

During the fiscal year 2024G, none of the Board of Directors Members held shares in the Company. Additionally, neither they nor their relatives have any stake in the Company's subsidiaries. Likewise, Senior Executives and their relatives do not own shares in the Company or its subsidiaries, and there are no outstanding debt instruments for the Company or its subsidiaries.

Count of shareholders' register requests including corresponding dates and justifications in 2024G

Count of requests	Date of request	Justification of request
1.	12/06/2024G	General Assemblies
2.	02/04/2024G	Others
3.	27/03/2024G	Company procedure

Information pertaining to loans granted to the Company

Bank name	Total loan Value	Withdrawn amount	Loan period	Paid amounts to settle loan	Remaining amount from the total loan
ALINMA BANK	659,798,189	659,798,189	18 years	659,798,189	–
ALINMA BANK	233,000,000	139,093,585	27 months	139,093,585	–
Total	**892,798,189**	**798,891,773**		**798,891,773**	**-**
SNB	75,000,000	75,000,000	3 months	75,000,000	–
SNB	518,032,521	518,032,521	14 years	104,087,718	413,886,804
SNB	233,000,000	233,000,000	14 years	–	233,000,000
SNB	20,000,000	–	–	–	–
Total	**871,032,521**	**826,032,521**	**-**	**179,087,719**	**646,886,804**

A description of the class and number of any convertible debt instruments, contractual securities, pre-emptive right or similar rights issued or granted by the Company during the fiscal year, as well as stating any compensation obtained by the Company in this regard

No convertible debt instruments, contractual securities, pre-emptive right, or similar rights were issued or granted by the Company during the fiscal year 2024G.

A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company

The Company and its subsidiary have not made any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company during the fiscal year 2024G.

Redemption, purchase, or cancellation of redeemable debt instruments by the Company

The Company and its subsidiary have not made any recovery, purchase or cancellation of any redeemable debt instruments during the fiscal year 2024G.

Transactions between the Company and any related party

There is no transaction between the Company and a related party

Business transactions or agreements with related parties benefiting Board Members, Senior Executives, or their associates, either directly or indirectly

Related party	Type of relation with the Company	Duration	PO/Contract party	Transaction type/ Type of Contract/PO	Deal terms	Contract/PO Value (exclusive of VAT) ⃁
Ibrahim Sulaiman Al-Rajhi	Chairman	One year	Alrajhi Holding Company	Company Head Office Leasing Contract	No preferential terms comparing to domestic market	522,500
Ibrahim Sulaiman Al-Rajhi	Chairman	One year	Fursan Travel & Tourism Company	Travel and Tourism Services Contract	No preferential terms comparing to domestic market	614,058
John Iossifidis	Vice Chairman	One year	Al Ghurair Resources International Company	Supply Agreement of the Durum Semolina	No preferential terms comparing to domestic market	8,725,988
John Iossifidis	Vice Chairman	One year	Al Ghurair Food Company	Supply Agreement of the Durum Semolina	No Preferential terms comparing to domestic market	380,453

Routine payments processed

Statement of balances with government entities

Description 2024G	Balance as of December 2023G	Due during 2024G	Paid during 2024G	Balance as of 2024G
Zakat, Tax, and Customs Authority	(7,325,919)	**(2,978,062)**	**5,173,619**	**(5,130,362)**
Value added tax	47,009	**(54,694,864)**	**52,991,764**	**(1,750,109)**
General Organization for Social Insurance (GOSI)	(645,148)	**(11,561,597)**	**11,451,284**	**(755,461)**

Waiver of compensation by Board Members and Executives

No member of the Board of Directors or Senior Executives of the Company has made any waiver on any remuneration.

Shareholders forgo profit rights

No shareholder of the Company has waived any rights to dividends.

Investments or reserves established for the benefit of the Company

There are no investments or reserves established for the benefit of the Company's employees.

Notes on annual financial statements

The External Auditor's Report on the consolidated annual financial statements of the Company for the year ended 31 December 2024G, contains no reservation or modification and is a clean audit report.

Auditor change recommendation

The Board of Directors did not propose changing the Auditor before their appointed term.

Treasury shares held by the Company

The Company has hold 818,320 Treasury Shares through buying 687,389 shares (representing 84% of the Treasury Shares) and the award of 130,931 shares (representing 16% of the Treasury Shares), by the selling shareholders to use them within the Company's Employee Share Program.

Information about any business that competes with the Company or its branches, where a Board Member is or was involved. This should include the names of those in the competing business and details about what the business does and its conditions. If there are no competing businesses, the Company must confirm this with a statement.

Member	Company	Type of business	Conditions
John Iossifidis	Chief Executive Officer of Al Ghurair Investment Company in the United Arab Emirates	Exporting and importing bran and flour for home consumption to the Gulf countries and the local market within the Kingdom	No specific conditions

Company declarations

- The accounting records have been accurately prepared.
- The internal control system was established on robust foundations and effectively implemented.
- There is no significant doubt regarding the Company's ability to sustain its operations.
- There were no recommendations from the Audit Committee that conflicted with the decisions of the Board of Directors, nor were there any recommendations rejected by the Board regarding the appointment of the Company's Auditors, their dismissal, determining their fees, evaluating their performance, or appointing the Internal Auditor.
- The Company did not issue or grant any transferable debt instruments, contractual securities, subscription rights memorandums, or similar rights during the year 2024G.
- No investments or reserves were established for the benefit of the Company's employees.
- Neither the Company nor its subsidiaries issued any debt instruments, consequently, the Company did not engage in the purchase, redemption, or cancellation, of any such debt instruments or financial instruments mentioned above.

Risk Management

At Modern Mills Company (MMC), the process of identifying and managing risks related to operations is structured, collaborative, and comprehensive, ensuring alignment with the Company's strategic objectives and regulatory requirements. The Internal Audit Department (IAD) leads this process with active participation from all departments and management, recognizing that department managers are best positioned to identify risks within their areas of responsibility.

Key risks to the Company

The following areas have been identified as key risks to the Company;

Risk	Impact	Response from MMC
Macro risks	All of the Company's operations are located in Saudi Arabia, and the Company generates all of its revenue from its Saudi Arabian sales. The Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy. Fluctuations in economic factors, such as the availability of credit for consumers, interest rate levels, unemployment rates, salary levels and tax rates, and cost of utilities may impact consumer spending and demand for products offered by the Company. In addition, ongoing regional conflicts could pose a challenge to procuring raw materials and spare parts.	To mitigate risks associated with economic fluctuations in Saudi Arabia, the Company continuously monitors market conditions and consumer trends, enabling agile decision-making and strategic planning. By prioritizing operational efficiency, cost management, and strategic diversification, the Company is well-positioned to navigate economic cycles while continuing to deliver value to its customers and stakeholders.
Milling sector regulations	The sector is heavily regulated and may run the risk of partial or full removal of subsidies provided by the Saudi government for certain raw materials, including the Company's purchase of wheat from GFSA. This could lead to an impact on the Company's pricing strategy and margins.	Key sector players, including Modern Mills, continue to work closely with the authorities in order to foresee such changes to the sector.
Delays in capital investments	The timely and successful execution of capacity expansion projects is essential to meeting future demand and achieving growth targets. Any delays in these investments could lead to the loss of market share and an impact on the topline.	To mitigate potential delays, the Board and Executive Management are actively committed to swift, data-driven decision-making. By maintaining close collaboration with key stakeholders, including regulatory bodies and contractors the Company effectively manages the timely implementation of capacity expansions.

Risk	Impact	Response from MMC
Sales and distribution	Inefficiencies or disruptions in distribution networks could impact the timely delivery of products to customers.	To mitigate potential disruptions, the Board and Management continuously assess and optimize logistics operations, leveraging technology and data analytics to enhance route planning, inventory management, and demand forecasting. Furthermore, the Company established the Hasad Al-Arabia For Trade company for distribution purposes, mitigating the risks of depending on third parties.
Key customers	The Company relies on a number of key flour and seed sector customers for a significant portion of its revenue. This dependency increases exposure to potential risks, including changes in purchasing behaviour, contract renegotiations, financial instability, or loss of a major customer. Any reduction in orders or termination of agreements by these key customers could negatively impact the Company's revenue, profitability, and overall business stability.	Strategic initiatives include strengthening relationships with existing clients through tailored solutions and long-term agreements while simultaneously acquiring new customers to reduce the dependency on a few key accounts. Additionally, the Company continuously enhances its value proposition by offering high-quality products, innovative solutions, and superior customer service to increase customer retention and attract a broader clientele.

Collaborative risk identification

The IAD facilitates risk identification sessions, engaging department managers and management teams to discuss risks that could affect operational processes or impede the achievement of strategic goals. These sessions encourage open dialogue and the presentation of potential risks across various categories. Active management involvement is critical to ensure the process captures operational realities and emerging challenges.

Risk Categories

To systematically identify and classify risks, MMC employs a set of consistent and mutually comprehensive risk categories. These categories ensure that risks are aggregated for a holistic understanding of their overall impact on the organization.

- **Strategic Risks:** Related to achieving objectives, making decisions, and responding to market changes.
- **Governance Risks:** Involves roles, responsibilities, policies, and compliance with regulatory bodies.
- **Human Resources Risks:** Linked to recruitment, retention, development, and performance evaluation.
- **Compliance Risks:** Focused on adhering to laws, regulations, and reporting requirements.
- **Operational Risks:** Includes fraud, cybersecurity, process inefficiencies, and business continuity.
- **Financial Risks:** Covers financial reporting accuracy, controls, and budget management.
- **Information Technology Risks:** Encompasses system development, data security, and disaster recovery.

Methods for Risk Identification

MMC employs a range of methods to ensure comprehensive risk identification, including:

- **Historical Data Analysis:** Reviewing past assessments and self-evaluation reports to identify recurring risks.
- **Brainstorming and Discussions:** Facilitating group sessions to identify and categorize risks.
- **Interviews and Workshops:** Conducting structured and informal sessions with representatives from various departments, branches, and administrative levels.
- **Surveys and Data Analysis:** Gathering input from employees and analyzing organizational data to uncover underlying risks.

Structured Steps for Risk Identification

The IAD follows a step-by-step approach to identify and assess risks:

- Reviewing historical data and self-assessments to identify relevant risks.
- Collaborating with departments to organize risks by priority and assess their potential impact and likelihood.
- Conducting interviews and workshops with key stakeholders to ensure risks are comprehensively identified and aligned with the Company's strategic goals.organizational data to uncover underlying risks.

Continuous updates

The risk identification process is dynamic and continuously updated through annual interviews and workshops. These sessions involve identifying strategic goals, understanding the link between organizational and departmental objectives, assessing the external environment, and evaluating asset-related risks. The findings from these updates are incorporated into MMC's broader risk management strategy.

By adhering to this rigorous process, MMC ensures that risks are effectively identified, assessed, and addressed, enabling the Company to maintain operational resilience and achieve its strategic objectives.

Financials

This section includes a discussion and analysis of the financial performance of modern mills company

Independent Auditors' Report

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية
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شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

To the Shareholders of Modern Mills Company

Opinion

We have audited the consolidated financial statements of **Modern Mills Company ("the Company") and its subsidiary ("the Group")**, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Revenue recognition

Refer Note 4.7 for the accounting policy relating to revenue recognition and Note 23 for the relevant disclosure.

Key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2024, the Group recognized revenue from contract with customers of ⃁ 1,000 million. Revenue from contract with customers is recognized at point in time when control over the goods is transferred to the customer on delivery of the goods in accordance with applicable financial reporting framework. Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks to overstate revenue recognition to increase profitability and earnings. Therefore, revenue recognition was considered a key audit matter.	Our audit procedures performed included, among other audit procedures, the following: – Assessed the appropriateness of the Company's accounting policies for revenue recognition in line with the requirements of applicable financial reporting framework; – Assessed the design and implementation, of the Company's controls over the recognition of revenue; – Evaluated key contractual and returns arrangements by considering relevant documentation and agreements with the customers on sample basis; – Performed variance analysis by comparing the current year's revenue with the historical trend, and discussed material variances, if any; – Tested sample of sales transactions throughout the year and inspected the supporting documents to assess they were recognized at the correct amounts; – Inspected the supporting documents for discounts and rebates for a sample of customers according to their agreements; – Tested sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; and – Assessed the adequacy of the relevant disclosures in accordance with the requirements of applicable financial reporting framework included in the consolidated financial statements.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. "Reasonable assurance" is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Modern Mills Company ("the Company") and its subsidiary ("the Group")**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company

Ebrahim Oboud Baeshen
Regional Managing Partner - Jeddah
License No. 382

Jeddah, 09 March 2025
Corresponding to 9 Ramadan 1446H

Consolidated Statement of Financial Position

As at 31 December 2024 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	**31 December 2024**	31 December 2023
Assets			
Property, plant and equipment	7	**777,757,171**	703,884,303
Right-of-use assets	8	**206,654,985**	220,952,131
Intangible assets	9	**3,620,300**	2,633,188
Non-current assets		**988,032,456**	927,469,622
Inventories	10	**86,593,799**	86,371,570
Trade receivables	11	**9,804,203**	948,027
Prepayments and other current assets	12	**36,233,225**	32,019,824
Due from related parties	34	**–**	10,299,943
Cash and cash equivalents	13	**182,903,783**	112,026,254
Current assets		**315,535,010**	241,665,618
Total assets		**1,303,567,466**	1,169,135,240
Equity and liabilities			
Equity			
Share capital	14	**81,832,000**	81,832,000
Shareholder' contributions	16	**14,309,338**	7,274,198
Treasury shares	31	**(39,279,372)**	–
Retained earnings		**205,694,386**	158,543,954
Total equity		**262,556,352**	247,650,152
Liabilities			
Loans and borrowings	17	**617,348,941**	489,666,876
Lease liabilities	18	**221,268,973**	231,763,710
Employees' defined benefit obligations	19	**6,972,328**	5,540,275
Non-current liabilities		**845,590,242**	726,970,861
Current portion of loans and borrowings	17	**29,563,340**	54,253,559
Current portion lease liabilities	18	**14,365,008**	15,141,879
Trade and other payables		**52,657,166**	40,829,108
Accrued expenses and other current liabilities	20	**80,152,914**	62,738,423
Advances from customers	21	**13,552,082**	14,225,339
Zakat payable	30	**5,130,362**	7,325,919
Current liabilities		**195,420,872**	194,514,227
Total liabilities		**1,041,011,114**	921,485,088
Total equity and liabilities		**1,303,567,466**	1,169,135,240

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

Dr Ibrahim Al-Rajhi	**Osama Ashi**	**Shahid Akbar**
Chairman	CEO	Finance Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 2024 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2024	2023
Revenue from contract with customers	23	**1,000,249,437**	938,620,394
Cost of revenue	24	**(626,935,382)**	(592,877,599)
Gross profit		**373,314,055**	345,742,795
Selling and distribution expenses	25	**(48,797,297)**	(28,815,212)
General and administrative expenses	26	**(65,335,204)**	(63,214,707)
Expected credit loss on trade receivables	11	**(134,843)**	(194,058)
Other income	27	**246,551**	48,390
Operating profit		**259,293,262**	253,567,208
Finance cost	28	**(54,903,155)**	(48,248,007)
Finance income	29	**7,258,232**	3,987,046
Profit before zakat		**211,648,339**	209,306,247
Zakat expense	30	**(2,978,063)**	(7,496,149)
Profit for the year		**208,670,276**	201,810,098
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit obligations	19	**507,516**	138,032
Other comprehensive income for the year		**507,516**	138,032
Total comprehensive income for the year		**209,177,792**	201,948,130
Earnings per share for the year attributable to shareholders of the Company (⃁):			
Basic	33	**2.57**	2.47
Diluted	33	**2.57**	2.47

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

Dr Ibrahim Al-Rajhi
Chairman

Osama Ashi
CEO

Shahid Akbar
Finance Director

Consolidated Statement of Changes in Equity

For the year ended 2024 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	Share capital	Shareholder's contributions
Balance at 1 January 2024		**81,832,000**	**7,274,198**
Profit for the year		**–**	**–**
Other comprehensive income for the year		**–**	**–**
Total comprehensive income for the year		**–**	**–**
Transactions with owners:			
Dividends distribution	22	**–**	**–**
Purchase of treasury shares for employees' share based payment plan	31	**–**	**–**
Treasury shares contributed by pre-listing shareholders	31	**–**	**6,284,688**
Shareholder' contributions	16	**–**	**750,452**
Balance at 31 December 2024		**81,832,000**	**14,309,338**
Balance at 1 January 2023		81,832,000	–
Profit for the year		–	–
Other comprehensive income for the year		–	–
Total comprehensive income for the year		–	–
Transfer to retained earnings	15	–	–
Transactions with owners:			
Dividends distribution	22	–	–
Shareholder' contributions	16	–	7,274,198
Balance at 31 December 2023		81,832,000	7,274,198

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

Dr Ibrahim Al-Rajhi	**Osama Ashi**	**Shahid Akbar**
Chairman	CEO	Finance Director

Treasury shares	Statutory reserve	Retained earnings	Total
–	**–**	**158,543,954**	**247,650,152**
–	**–**	**208,670,276**	**208,670,276**
–	**–**	**507,516**	**507,516**
–	**–**	**209,177,792**	**209,177,792**
–	**–**	**(162,027,360)**	**(162,027,360)**
(32,994,684)	**–**	**–**	**(32,994,684)**
(6,284,688)	**–**	**–**	
–	**–**	**–**	**750,452**
(39,279,372)	**–**	**205,694,386**	**262,556,352**
–	24,549,600	72,046,224	178,427,824
–		201,810,098	201,810,098
–	–	138,032	138,032
–	–	201,948,130	201,948,130
–	(24,549,600)	24,549,600	–
–	–	(140,000,000)	(140,000,000)
–	–	–	7,274,198
–	–	158,543,954	247,650,152

Consolidated Statement of Cash Flows

For the year ended 2024 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2024	2023
Cash flows from operating activities			
Profit before zakat		**211,648,339**	209,306,247
Adjustments:			
Depreciation of property, plant and equipment	7.4	**48,133,859**	46,807,691
Depreciation of right-of-use assets	8.1	**11,013,437**	11,295,237
Amortization of intangible assets	9.1	**450,811**	397,635
Finance cost on lease liabilities	18.2	**6,301,344**	6,575,751
Finance cost on loans and borrowings	28	**39,715,045**	41,079,805
Finance income	29	**(7,258,232)**	(3,987,046)
Reversal of provision for penalties	32.1	**–**	(2,068,356)
Amortization of loan transaction cost	28	**8,886,766**	592,451
Adjustment for net relisable value of inventories	10.2	**(1,456,500)**	(3,672,320)
Provision for employees' defined benefit obligations	19	**2,416,792**	2,827,226
Gain on derecognition of lease		**(82,932)**	–
Expected credit loss on trade receivables	11.2	**134,843**	194,058
Gain on disposal of property, plant and equipment	27	**(23,078)**	(10,952)
		319,880,494	309,337,427
Changes in:			
Inventories		**1,234,271**	9,838,950
Trade receivables		**(8,991,019)**	(1,055,353)
Prepayments and other current assets		**(3,931,734)**	(16,444,977)
Trade and other payables		**(1,092,777)**	(3,878,878)
Accrued expenses and other current liabilities		**13,999,411**	(13,726,702)
Advances from customers		**(673,257)**	1,646,294
Cash generated from operating activities		**320,425,389**	285,716,761
Employees' defined benefit obligations paid	19	**(477,223)**	(249,539)
Finance cost paid on lease liabilities		**(6,301,344)**	(6,575,751)
Finance cost paid on loans and borrowings		**(39,715,045)**	(41,079,805)
Finance income		**6,976,565**	3,987,046
Zakat paid	30.2	**(5,173,620)**	(3,024,540)
Net cash from operating activities		**275,734,722**	238,774,172

	Notes	2024	2023
Cash flows from investing activities			
Additions to property, plant and equipment	7	**(105,679,598)**	(55,932,221)
Additions to intangible assets	9	**(1,437,923)**	(140,727)
Proceeds from disposal of property, plant and equipment		**31,864**	75,808
Net cash used in investing activities		**(107,085,657)**	(55,997,140)
Cash flows from financing activities			
Repayment of long-term loans	17	**(788,636,880)**	(44,588,254)
Proceeds from long-term loans	17	**882,741,960**	7,351,677
Principal repayment of lease liabilities	18.3	**(7,904,967)**	(8,649,015)
Dividends paid	22	**(162,027,360)**	(140,000,000)
Due from related parties		**11,050,395**	(3,025,745)
Purchase of treasury shares	31.2	**(32,994,684)**	-
Net cash used in financing activities		**(97,771,536)**	(188,911,337)
Net change in cash and cash equivalents during the year		**70,877,529**	(6,134,305)
Cash and cash equivalents as at the beginning of the year		**112,026,254**	118,160,559
Cash and cash equivalents at the end of the year		**182,903,783**	112,026,254
Non-cash transactions			
Additions to property, plant and equipment		**12,920,835**	-
Treasury shares contributed by pre-listing shareholders	31	**6,284,688**	-

The accompanying notes from 1 to 37 form an integral part of these consolidated financial statements.

Dr Ibrahim Al-Rajhi
Chairman

Osama Ashi
CEO

Shahid Akbar
Finance Director

Notes to the Financial Statements

As at 31 December 2024 (Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. Corporate information

Modern Mills Company (the "Company" or the "Parent Company"), a Saudi Joint Stock Company, was incorporated in accordance with the Companies' Regulations in the Kingdom of Saudi Arabia under Commercial Registration No. 5855070277 issued on 12 October 2016 (corresponding to 11 Muharram 1438H). On 9 January 2022 (corresponding to 6 Jumada Al-Akhirah 1443H), a branch was opened in with commercial registration No. 4030449122. The Company converted its head office (commercial registration No. 5855070277) into a branch of the Company and converted the branch (commercial registration No. 4030449122) to be the head office of the Company.

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 June 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 Mada Al Ghurair Limited 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 ⃁ 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 1 November 2021 (corresponding to 26 Rabi al Awal 1443H) merger agreement was signed between shareholders of Mada Al Ghurair Limited and its wholly owned subsidiary and Modern Mills 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 were issued on 6 November 2022 (corresponding to 12 Rabi Al Thani 1444H) and accordingly all assets, liabilities, rights and obligations were transferred to the Company.

The registered address of the Company is as follows:

Alkhalidiah
Mohammed Altaib Altunisi Street,
Jeddah 2341 – 6228
Kingdom of Saudi Arabia

The members of the Extraordinary General Assembly have approved the offering and listing of the Company's shares in Tadawul on 4 October 2023 (corresponding to 19 Rabi Al Awal 1445H). On 7 February 2024 (corresponding to 26 Rajab 1445H) the Company has announced its intention to float 24,549,600 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 was successfully listed on the Saudi Exchange on 27 March 2024 (corresponding to 17 Ramadan 1445H).

The new Companies Law issued through Royal Decree M/132 on 30 June 2022 (corresponding to 1 Dhul Hijjah 1443H) (hereinafter referred as "the Law") came into force on 19 January 2023 (corresponding to 26 Jumada Al-Thani 1444H). For certain provisions of the Law, full compliance is expected not later than two years from 19 January 2023 (corresponding to 26 Jumada Al-Thani 1444H). The management has assessed the impact of the New Companies Law on its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company presented the amended By-Laws to the shareholders in their extraordinary/annual General Assembly meeting for their ratification. The General Assembly meeting dated 4 October 2023 (corresponding to 19 Rabi Al Awal 1445H) approved the amended By-Law. The Company completed the legal procedures, and the commercial register and the amended by-laws were issued on 18 October 2023 (corresponding to 3 Rabi Al-Thani 1445H).

These accompanying consolidated financial statements comprise the financial statements of Modern Mills Company (the "Company" (or) the "Parent Company") and its subsidiary (collectively referred to as the "Group"). The Group is principally engaged in 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 is the ultimate controlling party of the Group. As at 31 December, the Company has investment in the following subsidiary:

Subsidiary name			Effective ownership interest (%)	
	Country of incorporation	Principal business activity	**31 December 2024**	31 December 2023
Operating subsidiary				
Hasad Al-Arabia for Trading Company	Saudi Arabia	Distribution	**100**	100

Corporate information (continued)

The Group operates through three branches and a head office, which are as follows:

Branch Location	Date	Commercial Registration No.
Head office	09 January 2022 (corresponding to 6 Jumada Al-Akhirah 1443H)	4030449122
Khamis Mushait	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	5855070707
Al Jumum	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	4622099376
Al Jawf	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	3400020077

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and professional Accountants ("SOCPA") collectively referred to as "IFRS" as endorsed in the Kingdom of Saudi Arabia.

2.2 Basis of measurement

These consolidated 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 recognized at the present value of future obligation using the Projected Unit Credit Method.

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at and for the year ended 31 December 2024 (Note 1). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent company and to the non-controlling interests. All intra-group assets and liabilities, equity, income and expenses relating to transactions between members of the Group are eliminated in full on consolidation. A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Functional presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (⃁) 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 Group's consolidated financial statements require 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3.1 Useful lives and residual value of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets with finite useful lives for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortization methods and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

3.2 Determining lease term for leases with termination option – Group as lessee

The Group determines the term of the lease as non-cancellable periods plus any period covered by a renewable option if the Group is reasonably certain to exercise that option.

The Group has several lease contracts that include termination options. The Group decides through its evaluation of the lease whether it is reasonable to exercise the option to terminate the lease. This means that the Group considers all relevant factors that constitute an economic incentive to exercise the option to terminate the lease. After the lease commencement date, the Group reassesses the lease term if there is an event or change in circumstances within the Group's control that affects the Group's ability to exercise the option to terminate (such as: making material improvements to the lease or a material restructuring of the lease).

3.3 Determination of inventory net realizable value

Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the financial position date to the extent that such events confirm conditions existing at the end of year.

3.4 Defined benefit plans

The cost of the employees' defined benefit obligations and other post-employment medical benefits and the present value of the employees' defined benefit obligations are determined based on the Projected Unit Credit Method as defined under IAS-19 "Employee Benefits" using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, employees' defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning (if any) of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Categories	Useful lives	Categories	Useful lives
Buildings	shorter of the useful life and lease term	Furniture and fittings	6.67 – 10 years
Plant and equipment	10 – 25 years	Strategic spare parts	15 years
Motor vehicles	5 years		

The depreciation of plant is calculated on the useful lives of the components of the principal asset.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income as gain or loss on disposal of property, plant and equipment as a part of the operating profit when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Projects under construction are not depreciated and are stated at cost less accumulated impairment losses, if any, and are classified under "Capital work in progress". These assets are transferred to property, plant and equipment as and when assets are available for intended use.

4.2 Leases

4.2.1 Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

4.2.2 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the year on which the event or condition that triggers the payment occurs.

4. Material accounting policies (continued)

4.2.2 Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.3.1 Financial Assets

The Group's financial assets comprise of cash and cash equivalents, trade and other receivables, margin against letter of credits and guarantees and due from related parties.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – debt instruments;
- Fair value through other comprehensive income (FVOCI) – equity instruments; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and short-term deposits with a maturity of 90 days or less and are subject to an insignificant risk of changes in value.

Trade receivable and other current financial assets

Trade receivables and other current financial assets are measured at amortized cost and comprise of trade and other receivables, margin against letter of credits and guarantees and other current financial assets.

Due from related parties

Amounts due from related parties are measured at amortized cost.

4.3.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or financial liabilities at fair value through profit or loss FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities are classified as "held for trading" if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered by the company that are not designated as hedging instruments as stated in IFRS 9. Other financial liabilities are measured at amortized cost using the effective interest method.

The Group's financial liabilities include trade payables, certain accrued expenses and other current liabilities, advance from customers, loans and borrowings, lease liabilities and due to related parties. At 31 December 2024, all the Company's financial liabilities are classified at amortized cost.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

4.4 Inventories

Cost is measured as follows:

Finished goods	Direct cost of raw materials as well as overheads, the latter of which is allocated based on the normal level of activity. Finished goods are stated at cost or net realizable value, whichever is lower with provision for any obsolete or slow-moving goods. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Wheat	Weighted average of ⃁ 180 per metric ton (Note 1).
Goods of production inputs, goods of production services and others	Weighted average

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

4.5 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks, cash on hand and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

4.6 Employees' defined benefit obligations

The Group has defined benefit plans with General Organization for Social Insurance "GOSI" where the Group and the employees contribute fixed percentage of their salary toward the retirement of its employees. The Group operates defined benefit plans, under the Saudi Arabian Labor Law based on employees' accumulated periods of service at the consolidated statement of financial position date.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year end in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

4. Material accounting policies (continued)

4.6 Employees' defined benefit obligations (continued)

Past service costs are recognized in income at the earlier of:

- The date of the plan amendment or curtailment; and
- The date on which the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognizes the changes in the net defined benefit obligation for service costs that comprises current service costs, past-service costs, gains and losses on curtailments, net interest expense and non-routine settlements under "general and administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

Share based payment plan

The Group maintains an equity-settled share-based payment plan for its key management. The grant-date fair value of such share-based payment arrangement granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

4.7 Revenue from contracts with customers

The Group is involved in manufacturing of flour, feed and bran (by-product). The revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, on dispatch of goods from the warehouse. The revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services.

Under IFRS 15 Revenue from Contracts with Customers, the Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has concluded that it acts as the principal in its revenue arrangements because the performance obligation is fulfilled when the goods are dispatched from the warehouses.

Variable consideration mainly includes discounts and rebates granted to customers. The Group estimates its provision for discounts and rebates based on current contractual terms and conditions as well as historical experience, changes to business practices and credit terms. The Group continually monitors the provisions for discounts and rebates and makes adjustments when it believes that actual discounts may differ from established reserves. All discounts are recognized in the period in which the underlying sales are recognized as a reduction of revenue.

4.8 Zakat

Zakat provision is calculated and recorded based on the zakat base according to the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). The expense relating to a provision is charged to the consolidated statement of profit or loss and other comprehensive income.

4.9 Treasury shares

Own equity instruments that are reacquired (treasury shares), with the aim of allocating to the Group's employees within the employee share programs, are recognized at cost and presented as a deduction from equity. No gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income on the purchase of the Group's own equity instruments.

Any difference between the carrying amount and the consideration, if reissued, is recognized in retained earnings.

4.10 Initial Public Offering (IPO) Cost

IPO costs are the cost for the sale of shares and the listing of shares in the financial market. These include but not limited to underwriting fee, sales commission and valuation costs, trading fees, CMA fees, certified public accountant's fees, advertising costs, cost of legal advice and other costs.

Costs for sale of shares to the public if paid by the Company are not recognized in the Group's consolidated income statement as expenses and are accounted for as amounts due from the shareholders, if the shareholders have committed to reimburse those costs.

Costs of listing of shares are recognized in the Group's financial statements as an expense in the period when they are incurred. Reimbursement from shareholders for such expenses are treated as a separate transaction and are recognized in equity.

5. New standards, interpretation and amendments

5.1 Standards, interpretations and amendments adopted

The Group has applied the following amendments for the first time for the annual reporting period commencing 1 January 2024.

Standards/ Interpretations	Description
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
IAS 1	Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1)
IAS 7 and IFR 7	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The adoption of above amendments does not have any material impact on the consolidated financial statements during the year.

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 financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standards/ Interpretations	Description	Effective from periods beginning on or after the following date
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

5. New standards, interpretation and amendments (continued)

The Group is currently assessing the implications for other above-mentioned standards, interpretations and amendments on the Group's consolidated financial statements on adoption.

6. Segment information

The Group operates in three regions in the Kingdom of Saudi Arabia, which are its reportable segments. These regions are identified as a separate reportable segment because the Group 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.

Reportable segments	Operations
Khamis Mushait	Production of flour and feed
Al Jumum	Production of flour and bran
Al Jowf	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. All unallocated amounts are related to the head office and are not allocatable to the operating segments. 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 year ended 31 December 2024

	Khamis Mushait	Al Jumum	Al Jowf	Total
Total revenue	631,891,025	274,087,846	94,270,566	1,000,249,437
Cost of raw materials	(357,814,086)	(90,976,355)	(36,142,764)	(484,933,205)
Salaries and other benefits	(23,942,348)	(18,890,068)	(13,312,064)	(56,144,480)
Depreciation and amortization	(20,315,067)	(29,718,742)	(8,336,612)	(58,370,421)
Other expenses	(26,068,571)	(33,400,788)	(6,705,969)	(66,175,328)
Finance cost	(1,725,716)	(3,622,956)	(862,510)	(6,211,182)
Other income	–	223,473	23,078	246,551
Segment profit	202,025,237	97,702,410	28,933,725	328,661,372

6. Segment information (continued)

For the year ended 31 December 2023

	Khamis Mushait	Al Jumum	Al Jowf	Total
Total revenue	598,733,602	255,266,728	84,620,064	938,620,394
Cost of raw materials	(345,650,200)	(78,340,864)	(32,125,475)	(456,116,539)
Salaries and other benefits	(22,597,772)	(17,865,597)	(12,467,247)	(52,930,616)
Depreciation and amortization	(19,399,396)	(29,735,300)	(8,180,260)	(57,314,956)
Other expenses	(15,306,338)	(38,837,807)	(7,453,898)	(61,598,043)
Finance cost	(1,844,696)	(2,384,010)	(1,911,982)	(6,140,688)
Other income	–	22,500	25,890	48,390
Segment profit	193,935,200	88,125,650	22,507,092	304,567,942

At 31 December 2024

	Khamis Mushait	**Al Jumum**	**Al Jowf**	**Total**
Total assets	**347,372,240**	**616,369,120**	**128,149,948**	**1,091,891,308**
Total liabilities	**114,707,643**	**205,419,760**	**49,006,379**	**369,133,782**
Other disclosures:				
Property, plant and equipment and right-of-use assets	**298,254,361**	**575,002,332**	**108,399,128**	**981,655,821**
Inventories	**42,133,120**	**26,271,234**	**18,189,445**	**86,593,799**
Intangible assets	**249,453**	**1,075,531**	**14,500**	**1,339,484**

At 31 December 2023

	Khamis Mushait	Al Jumum	Al Jowf	Total
Total assets	338,370,494	531,238,364	138,420,163	1,008,029,021
Total liabilities	112,095,073	187,050,959	52,421,558	351,567,590
Other disclosures:				
Property, plant and equipment and right-of-use assets	296,192,777	512,378,946	113,281,839	921,853,562
Inventories	39,091,711	20,882,296	26,397,563	86,371,570
Intangible assets	364,852	54,663	–	419,515

6. Segment information (continued)

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

i. Profit before tax

	2024	2023
Total profit before tax for reportable segments	**328,661,372**	304,567,942
Unallocated amounts:		
Salaries and other benefits	**(41,640,885)**	(30,961,897)
Depreciation and amortization	**(1,227,686)**	(1,185,607)
Other expenses	**(32,575,878)**	(24,799,860)
Finance cost	**(48,691,973)**	(42,107,319)
Finance income	**7,258,232**	3,987,046
Expected credit loss on trade receivables	**(134,843)**	(194,058)
	211,648,339	209,306,247

ii. Total assets

	31 December 2024	31 December 2023
Total assets for reportable segments	**1,091,891,308**	1,008,029,021
Unallocated amounts	**211,676,158**	161,106,219
	1,303,567,466	1,169,135,240

iii. Total liabilities

	31 December 2024	31 December 2023
Total liabilities for reportable segments	**369,133,782**	351,567,590
Unallocated amounts	**671,877,332**	569,917,498
	1,041,011,114	921,485,088

The Group's total revenue is generated from external customers. Revenue from one customer of the Group's Khamis Mushait segment is ⃁ 264 million (2023: ⃁ 269 million) which represents 25.17% (2023: 27.19%) of the Group's total revenues.

7. Property, plant and equipment

	Buildings	Plant and equipment	Furniture and fittings	Motor vehicles	Strategic spare parts	Capital work-in-progress	Total
Cost:							
Balance at 31 December 2022	401,818,024	493,387,828	10,434,148	5,276,707	15,707,474	17,767,056	944,391,237
Additions during the year	457,759	11,540,672	876,132	896,833	–	42,160,825	55,932,221
Disposals during the year	–	–	(20,178)	(159,813)	–	–	(179,991)
Reclassifications	–	(11,994)	11,994	–	–	–	–
Transfers during the year	1,565,300	16,451,232	–	1,250,700	–	(19,267,232)	–
Balance at 31 December 2023	403,841,083	521,367,738	11,302,096	7,264,427	15,707,474	40,660,649	1,000,143,467
Additions during the year	342,409	9,710,928	214,660	–	–	111,747,516	122,015,513
Disposals during the year	–	(21,061)	(4,317)	–	–	–	(25,378)
Transfers during the year	927,679	6,978,096	59,400	440,000	–	(8,405,175)	–
Balance at 31 December 2024	**405,111,171**	**538,035,701**	**11,571,839**	**7,704,427**	**15,707,474**	**144,002,990**	**1,122,133,602**

	Buildings	Plant and equipment	Furniture and fittings	Motor vehicles	Strategic spare parts	Capital work-in-progress	Total
Accumulated depreciation:							
Balance at 31 December 2022	97,144,977	138,401,667	6,047,501	2,998,716	4,973,747	–	249,566,608
Charge for the year	15,713,327	27,466,823	1,283,645	1,304,493	1,039,403	–	46,807,691
Disposals during the year	–	–	(19,345)	(95,790)	–	–	(115,135)
Reclassification	–	(2,399)	2,399	–	–	–	–
Balance at 31 December 2023	**112,858,304**	**165,866,091**	**7,314,200**	**4,207,419**	**6,013,150**	–	**296,259,164**
Charge for the year	**15,729,691**	**28,483,843**	**1,258,188**	**1,450,601**	**1,211,536**	**–**	**48,133,859**
Disposals during the year	**–**	**(12,275)**	**(4,317)**	**–**	**–**	–	**(16,592)**
Balance at 31 December 2024	**128,587,995**	**194,337,659**	**8,568,071**	**5,658,020**	**7,224,686**	–	**344,376,431**
Net book value:							
At 31 December 2024	**276,523,176**	**343,698,042**	**3,003,768**	**2,046,407**	**8,482,788**	**144,002,990**	**777,757,171**
At 31 December 2023	290,982,779	355,501,647	3,987,896	3,057,008	9,694,324	40,660,649	703,884,303

7. Property, plant and equipment (continued)

7.1 The buildings are built on land leased from the GFSA with an annual rental of ⃁ 3,173,959. The lease term is twenty-five calendar years commencing from 1 January 2017 (corresponding to 3 Rabee Thani 1438H) and is renewable for a similar period. In 2020, the lease term was extended by an additional four years.

7.2 As at 31 December 2024, capital work-in-progress mainly consists of the expansion that is under progress for Al-Jamoum Branch.

Capital commitments relating to capital work- in-progress are amounting to ⃁ 77.5 million (2023: ⃁ 91.5 million).

7.3 During the current year, additions to capital work in progress includes the capitalised borrowing cost amounting to ⃁ 6 million (2023: Nil) related to Jamoom expansion project, calculated using the capitalisation rate of 7.26%.

7.4 The depreciation charge on property, plant and equipment for the year has been allocated as follows:

	Notes	**2024**	2023
Cost of revenue	24	**42,294,158**	42,275,006
Selling and distribution expenses	25	**1,278,773**	524,235
General and administrative expenses	26	**4,560,928**	4,008,450
		48,133,859	46,807,691

8. Right-of-use assets

The Group leases silos, lands and building. Lands and silos are leased from the GFSA with a lease term of twenty-five calendar years commenced from 1 January 2017 (corresponding to 3 Rabee Thani 1438H) and is renewable for a similar period. In 2020, the lease term was extended by an additional four years. Leases for head office building is for a period of 5 years, with an option to renew the lease after that date. For leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases labour accommodations and motor vehicles with contract term of one year. These leases are short-term and low value. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

	Silos	Lands	Building and warehouse	Total
Cost:				
Balance at 31 December 2022	204,919,862	69,751,146	2,172,055	276,843,063
Additions during the year	-	-	4,104,448	4,104,448
Balance at 31 December 2023	204,919,862	69,751,146	6,276,503	280,947,511
Derecognition	-	-	(3,830,871)	(3,830,871)
Balance at 31 December 2024	**204,919,862**	**69,751,146**	**2,445,632**	**277,116,640**
Accumulated depreciation:				
Balance at 31 December 2022	38,416,823	9,846,836	436,484	48,700,143
Charge for the year	7,630,895	2,653,956	1,010,386	11,295,237
Balance at 31 December 2023	46,047,718	12,500,792	1,446,870	59,995,380
Charge for the year	7,630,895	2,653,969	728,573	11,013,437
Released on derecognition	-	-	(547,162)	(547,162)
Balance at 31 December 2024	**53,678,613**	**15,154,761**	**1,628,281**	**70,461,655**
Net book value:				
At 31 December 2024	**151,241,249**	**54,596,385**	**817,351**	**206,654,985**
At 31 December 2023	158,872,144	57,250,354	4,829,633	220,952,131

8.1 The depreciation for the year has been allocated as follows:

	Note	2024	2023
Cost of revenue	24	**10,284,864**	10,284,851
General and administrative expenses	26	**728,573**	1,010,386
		11,013,437	11,295,237

9. Intangible assets

9.1 Intangible assets include computer programmes and software. Movement in intangible assets is as follows:

	Software	Software under development	Total
Cost:			
Balance at 31 December 2022	3,257,331	3,988,014	7,245,345
Additions during the year	79,465	61,262	140,727
Balance at 31 December 2023	3,336,796	4,049,276	7,386,072
Transfers	168,746	(168,744)	–
Additions during the year	123,617	1,314,306	1,437,923
Balance at 31 December 2024	**3,629,159**	**5,194,836**	**8,823,995**
Accumulated amortization:			
Balance at 31 December 2022	367,235	3,988,014	4,355,249
Amortization for the year (Note 26)	397,635	–	397,635
Balance at 31 December 2023	764,870	3,988,014	4,752,884
Amortization for the year (Note 26)	450,811	–	450,811
Balance at 31 December 2024	**1,215,681**	**3,988,014**	**5,203,695**
Net book value:			
At 31 December 2024	**2,413,478**	**1,206,822**	**3,620,300**
At 31 December 2023	2,571,926	61,262	2,633,188

10. Inventories

10.1 Inventories comprise of the following:

	31 December 2024	31 December 2023
Spare parts	**56,763,332**	57,718,009
Raw materials	**21,880,718**	19,860,794
Finished goods	**18,031,615**	18,008,309
Packing material	**5,100,822**	6,962,744
Goods in transit	**49,167**	490,714
Others	**1,723,961**	1,743,316
	103,549,615	104,783,886
Less: adjustment for net realizable value of inventories	**(16,955,816)**	(18,412,316)
	86,593,799	86,371,570

10. Inventories (continued)

10.2 Movement in adjustment for net realizable value of inventories is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	**18,412,316**	24,650,862
Provision reversed during the year	**(1,456,500)**	(3,672,320)
Written-off during the year	**-**	(2,566,226)
At the end of the year	**16,955,816**	18,412,316

10.3 Spare parts amounting to ⃁ 5.5 million (2023: ⃁ 6.84 million) consumed during the year is included in the maintenance expenses under cost of revenue. Cost of raw materials, packing materials and finished goods recognized during the year are disclosed in Note 24.

11. Trade receivables

11.1 Trade receivables comprise of the following:

	31 December 2024	31 December 2023
Trade receivables	**10,236,354**	1,245,335
Allowance for expected credit losses	**(432,151)**	(297,308)
	9,804,203	948,027

The settlement period of these trade receivables are 30-60 days and are partially secured by promissory notes issued by some customers amounting to ⃁ 3.4 Mn. (31 December 2023: ⃁ Nil).

11.2 The movement of allowance for expected credit losses is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	**297,308**	103,250
Provision during the year	**134,843**	194,058
At the end of the year	**432,151**	297,308

12. Prepayments and other current assets

	31 December 2024	31 December 2023
Advances to suppliers	**20,552,782**	26,722,282
Margin against letters of guarantee and letters of credit (Note 32)	**12,648,546**	500,001
Prepayments (Note 12.1)	**2,696,764**	2,259,921
VAT receivable	**53,466**	1,606,404
Other receivables (Note 12.2)	**281,667**	931,216
	36,233,225	32,019,824

12.1 Prepayments mainly includes prepaid rent related to low value and short-term leases, medical insurance, employees' allowances, and others.

12.2 It includes amount due from one of shareholder amounting to ⃁ Nil (2023: ⃁ 552,211) on account of IPO cost.

13. Cash and cash equivalents

	31 December 2024	31 December 2023
Cash in hand	**143,438**	152,724
Cash at banks – current accounts	**32,760,345**	46,873,530
Short-term deposits	**150,000,000**	65,000,000
	182,903,783	112,026,254

13.1 Short-term deposits are deposited with a commercial bank for 90 days or less period from the date of deposit with agreed return rates.

14. Share capital

The authorized, issued and fully paid-up share capital of the Parent Company as at 31 December 2024 amounted to ⃁ 81,832,000 (31 December 2023: ⃁ 81,832,000) consists of 81,832,000 shares (31 December 2023: 81,832,000 shares) at ⃁ 1 (2023: ⃁ 1) each share. The shareholding pattern as of 31 December 2024 was as follows:

	Percentage	No. of shares	Amount
Mada International Holding Company	**34.5**	**28,232,040**	**28,232,040**
Al Ghurair Foods LLC	**31.05**	**25,408,836**	**25,408,836**
Masafi Company LLC	**3.45**	**2,823,204**	**2,823,204**
Treasury shares (Note 31)	**1**	**818,320**	**818,320**
General public	**30**	**24,549,600**	**24,549,600**
	100	**81,832,000**	**81,832,000**

14. Share capital (continued)

During 2023, the Board of Directors of the Company through a resolution dated 2 October 2023 (corresponding to 17 Rabi Al-Awal 1445H), recommended shareholders to split the nominal value of each of the shares from ⃁ 10 to ⃁ 1 per share while keeping the total share capital unchanged. The shareholders through Extraordinary General Assembly Meeting held on 4 October 2023 (corresponding to 19 Rabi Al-Awal) approved the recommendation and accordingly the number of the total shares of the Company has increased from 8,183,200 shares to 81,832,000 shares without any impact on the effective shareholding interest. The Company completed the legal procedures of share split, and the commercial register and the amended by-laws were issued on 18 October 2023 (corresponding to 3 Rabi Al-Thani 1445H).

The shareholding pattern as of 31 December 2023 was as follows:

	Percentage	No. of shares	Amount
Mada International Holding Company	50	40,916,000	40,916,000
Al Ghurair Foods LLC	45	36,824,400	36,824,400
Masafi Company LLC	5	4,091,600	4,091,600
	100	81,832,000	81,832,000

15. Statutory reserve

During 2023, the shareholders of the Company through Extraordinary General Assembly Meeting held on 4 October 2023 (corresponding to 19 Rabi Al-Awwal 1445H), approved the amendment of the Company's By-laws in accordance with the new Companies Law which became effective at 19 January 2023 (corresponding to 26 Jumada Al-Thani 1444H). The Extraordinary General Assembly Meeting also approved to transfer the balance of the statutory reserve at 31 December 2022 amounting to ⃁ 24.5 million to retained earnings as it is not required in accordance with the new Companies Law and amended By-laws. The Company completed the legal procedures, the commercial register and the amended By-law were issued on 18 October 2023 (corresponding to 03 Rabi Al-Thani 1445H).

16. Shareholders' contributions

During the year ended 31 December 2024, the shareholders' reimbursed an amount of ⃁ 750,452 (31 December 2023: ⃁ 7,274,198) as shareholders' contribution related to listing of existing shares during IPO process. Furthermore, during the year ended 31 December 2024, 130,931 shares amounting to ⃁ 6,284,688 have been contributed by pre-listing shareholders as shareholders' contributions. These shares have been reflected as treasury shares in the consolidated statement of financial position as at 31 December 2024. (Note 31.2).

17. Loans and borrowings

	31 December 2024	31 December 2023
Long-term loans	**646,912,281**	552,807,201
Less: unamortized loan transaction cost	**-**	(8,886,766)
	646,912,281	543,920,435
Non-current portion	**617,348,941**	489,666,876
Current portion	**29,563,340**	54,253,559
	646,912,281	543,920,435

The movement in long-term loans is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	**552,807,201**	590,043,778
Obtained during the year	**882,741,960**	7,351,677
Paid during the year	**(788,636,880)**	(44,588,254)
At the end of the year	**646,912,281**	552,807,201

On 8 October 2024 (corresponding to 5 Rabi Al Thani 1446H), the Company entered into Murabaha financing agreements with Saudi National Bank ("SNB") on more favourable terms. The facilities available under these agreements amounted to ⃁ 751 million which have been fully utilized by the Company. The facilities amounting to ⃁ 518 million and ⃁ 233 million are repayable in quarterly instalments starting from 31 December 2024 to 31 December 2038 and 8 January 2027 to 8 January 2039 respectively.

During the year ended 31 December 2024, the loans from Alinma Bank for Murabaha facility and commercial loan amounting to ⃁ 643 million were repaid from the proceeds of loan from SNB. Accordingly, the total amount of loans with Alinma Bank was derecognized and unamortized loan transaction cost was charged to consolidated statement of profit or loss and other comprehensive income (Note 28).

Furthermore, the above facility letter with SNB also includes revolving working capital facilities amounting to ⃁ 275 million on prevailing market rates. During the year ended 31 December 2024, drawdowns and repayments amounting to ⃁ 75 million and ⃁ 75 million, respectively have been made by the Company with a closing balance of ⃁ Nil as at 31 December 2024. These revolving working capital facilities are valid till 30 September 2025.

All loan facilities with SNB are secured by assignment of insurance policies amounting to ⃁ 871 million. These loan facilities has certain covenants including debt to service and total liabilities to equity ratio. As at 31 December 2024, there has not been any non-compliance observed for any of the covenants.

17. Loans and borrowings (continued)

Maturity analysis – contractual cash flows

	31 December 2024	31 December 2023
Within one year	**69,498,745**	95,904,946
One to five years	**310,823,178**	388,400,126
More than five years	**569,340,887**	345,206,602
	949,662,810	829,511,674

18. Lease liabilities

18.1 Movement in lease liabilities is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	**246,905,589**	251,450,156
Additions during the year	**-**	4,104,448
Derecognition	**(3,366,641)**	-
Finance cost on lease liabilities	**6,301,344**	6,575,751
Capital repayments of lease liabilities	**(7,904,967)**	(8,649,015)
Finance cost paid	**(6,301,344)**	(6,575,751)
Balance at 31 December	**235,633,981**	246,905,589
Current portion	**14,365,008**	15,141,879
Non-current portion	**221,268,973**	231,763,710
	235,633,981	246,905,589

18.2 Amounts recognized in consolidated profit or loss and other comprehensive income:

	2024	2023
Finance cost on lease liabilities	**6,301,344**	6,575,751
Expenses relating to short-term leases and low-value lease	**1,543,334**	224,054
Gain on derecognition	**82,932**	-

18.3 Amounts recognized in consolidated statement of cash flows:

	2024	2023
Principal repayment of lease liabilities	**7,904,967**	8,649,015
Payments relating to short-term leases and low-value lease	**1,543,334**	224,054
Finance cost paid	**6,301,344**	6,575,751
	15,749,645	15,448,820

19. Employees' defined benefit obligations

	31 December 2024	31 December 2023
Present value of defined benefit obligation	**6,972,328**	5,540,275

19.1 The major financial assumptions used to calculate the defined benefit obligation are as follows:

	31 December 2024	31 December 2023
Discount rate	**5.26%**	5.06%
Salary increase rate	**2.50%**	2.50%
Mortality table	**Mortality table issued by Institute of Actuaries of India for assured lives (IALM 2012-14)**	Mortality table issued by Institute of Actuaries of India for assured lives (IALM 2012-14)
Employee turnover (withdrawal) rate	**16%**	1.5% – 43%
Expected retirement age	**60 years**	60 years

At 31 December 2024, the weighted-average duration of the defined benefit obligation was 8 years (2023: 8 years).

19.2 Amount charged to consolidated profit or loss is as follows:

	2024	2023
Service cost	**2,150,084**	2,701,854
Net interest	**266,708**	125,372
	2,416,792	2,827,226

19.3 Amount charged to consolidated other comprehensive income is as follows:

	2024	2023
Gain/(loss) resulting due to experience adjustments	**353,307**	(395,692)
Gain resulting from the change in financial assumptions	**154,209**	533,724
	507,516	138,032

19. Employees' defined benefit obligations (continued)

19.4 Movement in present value of defined benefit obligations is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	**5,540,275**	3,100,620
Service cost	**2,150,084**	2,701,854
Net interest	**266,708**	125,372
Paid during the year	**(477,223)**	(249,539)
(Gain)/loss resulting due to experience adjustments	**(353,307)**	395,692
Gain resulting from the change in financial assumptions	**(154,209)**	(533,724)
At the end of the year	**6,972,328**	5,540,275

19.5 A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation is as follows:

31 December 2024	Original	%	Amount (⃁)
Discount rate	**6,972,328**	**+1%**	**6,208,790**
		-1%	**7,738,125**
Salary increase rate	**6,972,328**	**+1%**	**7,461,628**
		-1%	**6,400,601**
Future mortality	**6,972,328**	**+1 year**	**6,842,566**
		-1 year	**6,976,773**
Withdrawal rate	**6,972,328**	**+10%**	**6,820,370**
		-10%	**7,002,678**

31 December 2023	Original	%	Amount (⃁)
Discount rate	5,540,275	+1%	5,116,414
		-1%	5,999,383
Salary increase rate	5,540,275	+1%	5,999,250
		-1%	5,116,351
Future mortality	5,540,275	+1 year	5,485,556
		-1 year	5,593,147
Withdrawal rate	5,540,275	+10%	5,486,811
		-10%	5,591,883

19. Employees' defined benefit obligations (continued)

The maturity profile of the defined benefit obligation is as follows:

	31 December 2024	31 December 2023
Current portion	**672,905**	332,055
Between 1 and 2 years	**741,695**	460,101
Between 2 and 5 years	**3,311,809**	2,314,294
Beyond 5 years	**7,623,989**	6,359,889
	12,350,398	9,466,339

20. Accrued expenses and other current liabilities

	31 December 2024	31 December 2023
Accrued expenses (Note 20.1)	**30,920,875**	19,599,505
Employee related accruals	**21,667,437**	25,622,786
Accrued rebates	**17,021,986**	12,350,727
Accrued professional fees	**3,713,748**	3,319,874
Accrued finance charge on loans and borrowings	**3,415,080**	-
Due to related parties (Note 34)	**167,067**	-
Withholding taxes payable	**-**	1,750,000
Other payables (Note 20.2)	**3,246,721**	95,531
	80,152,914	62,738,423

20.1 Accrued expenses mainly comprise of accrued electricity, rent and accrued utility charges.

20.2 Other includes the penalty imposed by GFSA amounting to ⃁ 3 million (Note 26.1).

21. Advances from customers

It represents the consideration received from customers for the sale of goods. Advances from customers amounting to ⃁ 14.2 million as at 31 December 2023 has been recognized as revenue in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 (2023: ⃁ 12.57 million). The Group expects to recognise advances from customers amounting to ⃁ 13.6 million as revenue for the year ending 31 December 2025.

22. Dividends payable

The movement in dividend payable is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	-	-
Declared during the year	163,664,000	140,000,000
Dividend on treasury shares	(1,636,640)	-
Paid during the year	(162,027,360)	(140,000,000)
At end of the year	-	-

22.1 On 29 July 2024 (corresponding to 23 Muharram 1446H), the Board of Directors of the Parent Company as authorised by General Assembly meeting held on 12 June 2024 (corresponding to 6 Dhul Hijjah 1445H) approved the distribution of interim dividends for the first half of 2024 of ⃁ 1 per share amounting to ⃁ 81,832,000. The dividends were paid on 6 August 2024, 7 August 2024 and 8 August 2024.

22.2 On 28 March 2024 (corresponding to 18 Ramadan 1445H), the Board of Directors of the Parent Company resolved to recommend the General Assembly for distribution of annual dividends for the year ended 31 December 2023 of ⃁ 1 per share amounting to ⃁ 81,832,000 which were approved by the General Assembly on 12 June 2024 (corresponding to 6 Dhul Hijjah 1445H). The payments were made on 30 June 2024 and 1 July 2024.

22.3 On 29 October 2023 (corresponding to 14 Rabi Al Thani1445H), the Board of Directors of the Parent Company as authorized by the revised by-laws of the Company approved the distribution of interim dividends for the third quarter of 2023 of ⃁ 8.55 per share amounting to ⃁ 70,000,000. The dividends were paid on 31 October 2023 and 01 November 2023.

22.4 On 24 April 2023 (corresponding to 4 Shawwal 1444H), the Board of Directors of the Parent Company as authorized by the revised by-laws of the Company approved the distribution of interim dividends for the first quarter of 2023 of ⃁ 0.43 per share amounting to ⃁ 35,000,000. The dividends were paid on 27 April 2023 and 3 May 2023.

22.5 On 24 April 2023 (corresponding to 4 Shawwal 1444H), the Board of Directors of the Parent Company as authorized by the revised by-laws of the Company approved the distribution of interim dividends for the fourth quarter of 2022 of ⃁ 0.43 per share amounting to ⃁ 35,000,000. The dividends were paid on 27 April 2023 and 3 May 2023.

23. Revenue from contract with customers

	2024	2023
Sale of goods	**1,000,249,437**	938,620,394

The Group generates revenue primarily from the sale of flour, feed, and bran.

23.1 Disaggregation of revenue

Revenue is disaggregated by type of customer as follows:

	2024	2023
Type of customer		
Corporate sector	**893,178,419**	834,083,145
Individuals	**107,071,018**	104,537,249
	1,000,249,437	938,620,394

Timing of revenue recognition

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

24. Cost of revenue

Cost of revenue comprises the following:

	Note	2024	2023
Raw materials consumed		**484,933,205**	453,349,325
Salaries and other benefits		**46,591,162**	39,155,318
Depreciation of property, plant and equipment	7.4	**42,294,158**	42,275,006
Utilities		**17,957,289**	19,306,425
Depreciation of right-of-use assets	8.1	**10,284,864**	10,284,864
Maintenance expenses		**9,918,305**	13,665,228
Insurance		**5,431,826**	4,114,798
Professional and consulting fees		**67,251**	733,202
Adjustment for net relisable value of inventories	10.2	**(1,456,500)**	(3,672,320)
Other expenses	24.1	**10,937,128**	10,898,552
		626,958,688	590,110,385
Finished goods inventory at the beginning of the year	10.1	**18,008,309**	20,775,523
Finished goods available for sale		**644,966,997**	610,885,908
Finished goods inventory at the end of the year	10.1	**(18,031,615)**	(18,008,309)
Cost of goods sold		**626,935,382**	592,877,599

24.1 Other expenses include mainly mill license fee and other operating expenses.

25. Selling and distribution expenses

Selling and distribution expenses comprise the following:

	Note	2024	2023
Freight and shipment		**17,334,565**	3,588,719
Marketing and promotion		**11,775,719**	8,318,054
Salaries and other benefits		**9,719,331**	9,236,808
Professional and consulting fees		**1,930,448**	1,032,571
Depreciation of property, plant and equipment	7.4	**1,278,773**	524,235
Maintenance expenses		**1,009,804**	1,068,365
Insurance		**751,346**	767,845
Fuel and power		**532,311**	52,479
Other expenses	25.1	**4,465,000**	4,226,136
		48,797,297	28,815,212

25.1 Other expenses include mainly travelling expenses and stationary charges.

26. General and administrative expenses

General and administrative expenses comprise the following:

	Note	2024	2023
Salaries and other benefits		**41,474,872**	35,500,387
Professional and consulting fees		**5,204,853**	7,609,786
Depreciation of property, plant and equipment	7.4	**4,560,928**	4,008,450
Fines and penalties	26.1	**3,000,000**	(1,963,156)
Subscriptions		**1,970,764**	1,740,707
Board and committees' expenses and allowances		**1,919,755**	870,063
Insurance		**1,207,298**	2,051,530
Utilities		**1,002,884**	939,528
Initial public offering (IPO) costs	26.2	**750,452**	7,274,198
Depreciation of right-of-use assets	8.1	**728,573**	1,010,386
Maintenance expenses		**509,044**	756,360
Amortization of intangible assets	9.1	**450,811**	397,635
Communication		**214,017**	415,137
Other expenses	26.3	**2,340,953**	2,603,696
		65,335,204	63,214,707

26. General and administrative expenses (continued)

26.1 Subsequent to year ended 31 December 2024 on 15 January 2025 (corresponding to 15 Rajab, 1446H), GFSA raised a claim amounting to ⃁ 3 million against the Company for an inspection made on 20 October 2024 (corresponding to 17 Rabi Al Thani 1446H) alleging that the Company did not comply with the Flour Mills Law, Mill Operating License and Wheat Purchase Agreement. The management has objected to the claim and shared their response in consultation with third party expert on 4 February 2025 (corresponding to 5 Shaban, 1446H). Since the matter is still under review with GFSA. Accordingly, the Company's management took a prudent view of the matter and has made a provision of full amount of ⃁ 3 million in these consolidated financial statements (2023: reversal for the year ⃁ 2.07 million).

26.2 Initial public offering (IPO) costs are the costs incurred by the Company for listing of existing shares of the Company. These costs are charged to the profit or loss as and when these are incurred. These are fully recoverable from the shareholders provided that these costs are deducted from the offering proceeds as per the undertaking signed and submitted to the CMA by the current shareholders.

26.3 Other expenses include mainly travelling expenses.

27. Other income

	2024	2023
Gain on disposal of property, plant and equipment	**23,078**	10,952
Others	**223,473**	37,438
	246,551	48,390

28. Finance cost

Finance cost comprise the following:

	Note	**2024**	2023
Finance cost on loans and borrowings		**39,715,045**	41,079,805
Finance cost on lease liabilities	19.2	**6,301,344**	6,575,751
Amortization of loan transaction cost		**8,886,766**	592,451
		54,903,155	48,248,007

29. Finance income

Finance income represents interest income on short-term deposits at applicable market interest rates.

30. Zakat

30.1 The significant components of the zakat base of the Group under zakat regulations are as follows:

	31 December 2024	31 December 2023
Equity at the beginning of the year	**81,832,000**	81,832,000
Opening allowances and other adjustments	**1,069,745,899**	773,442,527
Book value of long-term assets	**(1,045,952,356)**	(1,063,426,344)
Zakat base excluding the zakat able income	**105,625,543**	(208,151,817)
Zakat able income for the year	**207,997,942**	208,632,751
Zakat base for the year	**207,997,942**	208,632,751

30.2 Amount charged to consolidated profit or loss during the year is as follows:

	2024	2023
Charge for the year	**5,258,618**	7,496,149
Prior year adjustment	**(2,280,555)**	-
At end of the year	**2,978,063**	7,496,149

30.3 Movement in provision for zakat during the year is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	**7,325,919**	2,854,310
Charge during the year	**2,978,063**	7,496,149
Paid during the year	**(5,173,620)**	(3,024,540)
At end of the year	**5,130,362**	7,325,919

30.4 Zakat Status

The Parent Company has submitted the zakat declaration for the year ended 31 December 2023 and obtained the unrestricted Zakat certificate for the said year. ZATCA did not issue the Zakat assessments for the said year till date.

31. Employees' share schemes

31.1 The shareholders of the Parent Company through Extraordinary General Assembly meeting held on 19 October 2023 (corresponding to 4 Rabi Al-Thani 1445H), approved the purchase of treasury shares and employee shares program with a maximum of 818,320 shares and authorize the Board of Directors to determine the terms of this program, including the allocation price for each share offered to employees if it is for a consideration. The employee share schemes are under implementation phase and terms and conditions of the plan have not been communicated to employees as at the date of approval of these consolidated financial statements.

31.2 On 4 March 2024 (corresponding to 23 Shaban 1445H), the Company has paid an amount of ⃁ 32,994,684 to buy-back 687,389 shares at the initial public offering price of ⃁ 48 per share. Furthermore, 130,931 shares amounting to ⃁ 6,284,688 have been contributed by pre-listing shareholders as shareholders' contributions at the initial public offering price of ⃁ 48 per share. These shares have been reflected as treasury shares in the consolidated statement of financial position as at 31 December 2024 for the purpose of Company's employee share programs.

32. Capital commitments and contingencies

32.1 Contingencies

(a) The Company has provided bank guarantees amounting to ⃁ 1,576,477 in favor of GFSA for lease of silos in Khamis Mushait, Al Jumum and Al Jouf. These guarantees are valid up to 30 January 2026.

(b) The Company has provided bank guarantees amounting to ⃁ 475,979 in favor of GFSA for lease of lands in Khamis Mushait, Al Jumum and Al Jawf. These guarantees are valid up to 30 January 2026.

(c) The Company has provided bank guarantee amounting to ⃁ 4,339,500 in favor of Bunge for supply of yellow corn in Khamis Mushait. This guarantee is valid up to 28 February 2025.

(d) On 19 March 2023 (corresponding to 27 Shaban 1444H) GFSA has lodged a claim against the Group before the Committee for the Adjudication of Violations of the Flour Milling Law, alleging that Group 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 ⃁ 20,000,000; and

(ii) exceeding allocated sale quantities approved by GFSA – fine amounting to ⃁ 1,000,000 and financial recoveries amounting to ⃁ 43,248,992

Based on the advice of the Group's legal advisors, the Group has recognized a provision amounting to ⃁ 6.42 million during the year ended 31 December 2022 as the Group expects to be successful in defending the claim as the allegations made have no reasonable legal grounds. Management have assessed the balance of the claims as a contingent liability.

The Group has submitted a reply against this claim to the GFSA on 30 April 2023 (corresponding to 10 Shawwal 1444H).

Subsequently on 2 October 2023 (corresponding to 17 Rabi Al-Awal 1445H) the Group received response from GFSA with a revised claim amounting to ⃁ 4,356,536. The Group and GFSA both has 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 Regulations.

32. Capital commitments and contingencies (continued)

As neither party involved in the lawsuit has appealed the decision within the allowed timeframe, the Group paid an amount of ⃁ 4.4 million on 12 December 2023 (corresponding to 28 Jumada Al-Awal 1445H) to the GFSA and reversed the excess provision of ⃁ 2.07 million accordingly.

32.2 Commitments

In addition to the amounts disclosed in Note 7.2 and 18, the following Letter of credits (LCs) are outstanding as at 31 December 2024:

(a) Outward LC import amounting to ⃁ 2,924,276 (USD 779,807) (31 December 2023: Nil) with an outstanding amount of ⃁ 365,531 (USD 97,475) in favor of Buehler AG for supply of upgrade at Khamis Mushait factory. The LC will remain valid till 3 March 2025.

(b) Outward LC import amounting to ⃁ 59,887,500 (USD 15,970,000) with an outstanding amount of ⃁ 6,315,131 (USD 1,684,035) (31 December 2023: ⃁ 31,983,652 (USD 8,528,974)) in favor of Ocrim SPA for supply of flour mill machinery including all electrical equipment's. The LC will remain valid till 28 February 2025.

(c) Outward LC import amounting to ⃁ 1,795,998 (CHF 421,220) (31 December 2023: ⃁ 859,769 (CHF 203,255)) with an outstanding amount of ⃁ 1,071,143 (CHF 251,218) in favor of Buehler AG for supply of silos aspiration system plant automation components. The LC will remain valid till 21 April 2025.

(d) Outward LC import outstanding amounting to ⃁ 638,033 (USD 170,142) (31 December 2023: NIL) in favor of Buehler AG for upgradation of flour and bran closing station at Jamoom branch. The LC will remain valid till 21 March 2025.

(e) Outward LC import outstanding amounting to ⃁ 4,747,230 (EUR 1,136,000) (31 December 2023: NIL) in favor of Wager Walter for supply of air stabilization system. The LC will remain valid till 21 January 2025.

(f) Outward LC import outstanding amounting to ⃁ 679,875 (USD 181,300) (31 December 2023: NIL) in favor of Buehler AG for supply of upgrade at Khamis Mushait factory. The LC will remain valid till 21 June 2025.

(g) Outward LC import outstanding amounting to ⃁ 1,470,000 (USD 392,000) (31 December 2023: Nil) in favor of Buehler AG for supply of upgrade at Khamis Mushait factory. The LC will remain valid till 21 May 2025.

(h) Outward LC import outstanding amounting to ⃁ 1,452,371 (USD 385,000) (31 December 2023: Nil) in favor of Andritz for supply of upgrade at Khamis Mushait factory. The LC will remain valid till 15 September 2025.

(i) Outward LC import outstanding amounting to ⃁ 1,326,947 (CHF 294,439) (31 December 2023: Nil) in favor of Buehler AG for supply of upgrade at Khamis Mushait factory. The LC will remain valid till 21 August 2025.

(j) Outward LCs import outstanding amounting to ⃁ 1,687,003 (EUR 413,542) (31 December 2023: NIL) in favor of Techno Power LLC for supply of upgrade at Khamis Mushait factory. The LC will remain valid till 21 August 2025.

33. Earnings per share

33.1 Basic and diluted earnings per share

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

	2024	2023
Profit for the year	**208,670,276**	201,810,098
Weighted average number of ordinary shares for basic and diluted EPS	**81,205,963**	81,832,000
Earnings per share - basic and diluted	**2.57**	2.47

The calculation for weighted average number of ordinary shares for basic and diluted EPS has been adjusted for the effect of treasury shares (Note 31.2). Further, there are no transactions that reduce the diluted earnings per share and therefore, the earnings per diluted share are not different from the basic earnings per share.

During 2023, the Company split the nominal value of each of the shares from ⃁ 10 to ⃁ 1 per share while keeping the total share capital unchanged and accordingly the number of the total shares of the Company has increased from 8,183,200 shares to 81,832,000 shares without any impact on the effective shareholding interest. The per share calculations for both basic and diluted EPS reflects the retrospective adjustment for this increase in number of shares.

34. Related party transactions and balances

Related parties represent the shareholders with significant influence, key management personnel of the Group and entities controlled or significantly influenced by such parties. The terms of the transactions with related party are approved by the Group'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 Group) refers to the Board of Directors, Chief Executive Officer and other Executives of the Group.

The compensation of the Senior Management personnel includes salaries and other benefits. The amounts disclosed in the table represent the amounts recognized as an expense during the financial period in respect of key management personnel.

Compensation of key management personnel of the Group for the year ended 31 December:

	2024	2023
Short-term employee benefits	**9,243,909**	9,287,911
Post-employment benefits and medical benefits	**5,084,150**	4,643,956
Total compensation paid to key management personnel	**14,328,059**	13,931,867

Short-term employee benefits include ⃁ 1.9 million (2023: ⃁ 0.36 million) related to Board and Committees' fees.

34. Related party transactions and balances (continued)

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 are recovered directly from the Bank from the proceeds of the subscription.

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:

Name	Relationship	Nature of transactions	Amount of transactions	
			For the year ended 31 December	
			2024	2023
Al Ghurair Food Company LLC	Shareholder with significant influence	IPO costs	**12,517,606**	4,969,899
		Payment made on behalf	**1,365,552**	50,000
		Purchases	**380,453**	-
		Services received	**-**	292,067
Mada International Holding Company	Shareholder with significant influence	IPO costs	**13,908,451**	5,522,111
		Payment made on behalf	**1,508,912**	50,000
Fursan Travel & Tourism Company	Subsidiary of shareholder with significant influence	Ticket and related expenses	**614,058**	810,096
Al Ghurair Resources international	Subsidiary of shareholder with significant influence	Purchases	**8,725,988**	57,069,213
Al Rajhi Holding	Parent of shareholder with significant influence	Lease payment	**522,500**	574,310

Amount due from related parties are as follows:

	31 December 2024	31 December 2023
Al Ghurair Food Company LLC	**-**	4,727,832
Mada International Holding Company	**-**	5,572,111
	-	10,299,943

Amount due from related party included in prepayments and other current assets is as follows:

	31 December 2024	31 December 2023
Al Ghurair Resources international	**-**	8,298,467
	-	8,298,467

34. Related party transactions and balances (continued)

Amount due to related parties included in trade and other payables are as follows:

	31 December 2024	31 December 2023
Al Rajhi Holding	**7,697**	7,697
Fursan Travel & Tourism Company	**-**	3,321
	7,697	11,018

Amount due to related party included in accrued expenses other liabilities is as follows:

	31 December 2024	31 December 2023
Al Ghurair Food Company LLC (Note 20)	**167,067**	-
	167,067	

Amounts due to related parties are payable on demand, are unsecured and interest free.

35. Financial instruments

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

	31 December 2024	31 December 2023
Financial assets at amortized cost:		
Short-term deposits	**150,000,000**	65,000,000
Bank balances	**32,760,345**	46,873,530
Margin against letters of guarantee and letters of credit	**12,648,546**	500,001
Trade receivables	**9,804,203**	948,027
Due from related parties	**-**	10,299,943
Other receivables	**281,667**	931,216
	205,494,761	124,552,717

35. Financial instruments (continued)

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

	31 December 2024	31 December 2023
Financial liabilities at amortized cost:		
Loans and borrowings	**646,912,281**	543,920,435
Lease liabilities	**235,633,981**	246,905,589
Trade and other payables	**52,657,166**	40,829,108
Accrued finance charges	**3,415,080**	-
Provision for penalties	**3,000,000**	-
Other payables	**246,721**	1,845,531
Due to related parties under accrued expenses	**167,067**	-
	942,032,296	833,500,663

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 Group's financial assets consist of cash and bank balances, short-term deposits, amount due from related parties trade and other receivables. Its financial liabilities consist of trade and other payables, accrued expenses and other current liabilities, loans and borrowings and obligations under finance lease.

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

All financial instruments for which fair value is recognized or disclosed are categorized 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 recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

35. Financial instruments (continued)

There are no financial instruments recognized at fair value and there were no transfers between levels of fair value measurements in 2024 and 2023. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

Financial risk management objectives and policies

The main purpose of the Group's financial instruments is to raise finances for the Group's operations.

The Group's activities expose it to a variety of financial risks that include credit risk, liquidity risk, and market risk. These financial risks are actively managed by the Group's Finance Department under strict policies and guidelines approved by the Board of Directors. The Group's Finance Department actively monitors market conditions minimising the volatility of the funding costs of the Group.

There were no changes in the policies for managing these risks.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer which the Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Owing to nature of the Group's business, significant portion of revenue is collected in cash due to which the Group is not significantly exposed to credit risks.

The Group is exposed to credit risk on its financial assets as follows:

	31 December 2024	31 December 2023
Financial assets at amortized cost		
Short-term deposits	**150,000,000**	65,000,000
Bank balances	**32,760,345**	46,873,530
Margin against letters of guarantee and letters of credit	**12,648,546**	500,001
Trade receivables	**9,804,203**	948,027
Due from related parties	**–**	10,299,943
Other receivables	**281,667**	931,216
	205,494,761	124,552,717

35. Financial instruments (continued)

The carrying amounts of financial assets represent the maximum credit exposure. Credit risk on amounts due from related parties and balances with banks is limited as:

- Amounts due from related parties are of non-operating nature.
- Bank balances and short-term deposits are held with banks with sound credit ratings as below:

Banks	Rating		Rating agency	31 December 2024	31 December 2023
	Short-term	Long-term			
Saudi National Bank	P-1	A-1	Moody's	**11,187,792**	-
Banque Saudi Fransi	P-1	A-1	Moody's	**161,484,467**	9,271,882
Alinma Bank	P-1	A-1	Moody's	**10,088,086**	102,601,648
				182,760,345	111,873,530

Ratings of Prime-1 (P-1) reflect a superior ability to repay short-term obligations (Aaa – A3).

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings (long-term) of the respective counterparties.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing and maintaining a cash-based mode of conducting business. As the advance of customer is received before any supply of goods, the Group's exposure to any such credit risk on trade receivables is very limited.

Expected credit loss assessment for accounts and other receivables

As per IFRS 9, the simplified approach is used to measure expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The expected loss rates are based on the payment profiles of receivables over a suitable period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified GDP of Kingdom of Saudi Arabia (the country in which it renders the services) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group assessed the concentration of risk with respect to trade receivables and concluded it to be low. The Group has recognized allowance for expected credit losses against their trade receivables amounting to ⃁ 432,151 (31 December 2023: ⃁ 297,308).

35. Financial instruments (continued)

Credit risk (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2024:

Trade Receivables	Loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	**0.56%**	**7,841,053**	**44,201**	**No**
0 – 30 days past due	**4.61%**	**1,762,641**	**81,270**	**No**
31 – 90 days past due	**7.55%**	**352,616**	**26,634**	**No**
91 – 180 days past due	**-**	**-**	**-**	**No**
181 – 360 days past due	**-**	**-**	**-**	**No**
More than 360 days past due	**100%**	**280,046**	**280,046**	**Yes**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2023:

Trade Receivables	Loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.1%	609,005	609	No
0 – 30 days past due	0.83%	-	-	No
31 – 90 days past due	1.79%	287,089	5,139	No
91 – 180 days past due	4.12%	54,310	2,238	No
181 – 360 days past due	19.23%	-	-	No
More than 360 days past due	98.10%	294,931	289,322	Yes

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations as they fall due. The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Excessive risk concentration:

Concentrations arise when a number of counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

35. Financial instruments (continued)

Excessive risk concentration (continued)

The table below summarises the maturities of the Group's financial liabilities as 31 December based on contractual payment dates and current market interest rates as following.

31 December 2024		Contractual amounts			
Non derivative financial liabilities	Carrying amounts	1 year or less	1 to 5 years	More than 5 years	Total contractual amounts
Loans and borrowings	646,912,281	69,498,745	310,823,178	569,340,887	949,662,810
Lease liabilities	235,633,981	14,389,262	56,442,149	233,754,704	304,586,115
Trade and other payables	52,657,166	52,657,166	-	-	52,657,166
Accrued finance charges	3,415,080	3,415,080	-	-	3,415,080
Other payables	3,246,721	3,246,721	-	-	3,246,721
Due to related parties under accrued expenses	167,067	167,067	-	-	167,067
	942,032,296	143,374,041	367,265,327	803,095,591	1,313,734,959

31 December 2023		Contractual amounts			
Non derivative financial liabilities	Carrying amounts	1 year or less	1 to 5 years	More than 5 years	Total contractual amounts
Loans and borrowings	543,920,435	95,904,946	388,400,126	345,206,602	829,511,674
Lease liabilities	246,905,589	14,365,008	56,822,271	247,763,844	318,951,123
Trade and other payables	40,829,108	40,829,108	-	-	40,829,108
Advance from customers	14,225,339	14,225,339	-	-	14,225,339
Other payables	1,845,531	1,845,531	-	-	1,845,531
	847,726,002	167,169,932	445,222,397	592,970,446	1,205,362,775

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: foreign currency risk, interest rate risk and other price risks.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is

35. Financial instruments (continued)

Foreign currency risk (continued)

denominated in a foreign currency). However, as the Group primarily deals in USD, and Euro, with Euro being immaterial and the majority being in USD, which is pegged with SR, the Group's exposure to foreign currency risk is immaterial. No sensitivity for foreign currency risk is presented due to its minimal effect on these consolidated financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Sensitivity analysis

A reasonably possible change of 10% in interest rates at the reporting date would have (increased)/decreased profit before Zakat by the amounts shown below. This analysis assumes that all other variables remain constant.

31 December 2024	**Impact on profit before Zakat**	
	10 % increase	**10% decrease**
Long-term loan (floating rate)	**(3,971,505)**	**3,971,505**

31 December 2023	Impact on profit before Zakat	
	10% increase	10% decrease
Long-term loan (floating rate)	(4,107,980)	4,107,980

Capital Risk Management

For the purpose of the Group's management, capital includes issued share capital, and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximize the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors capital using a gearing ratio, which is "net debt" divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, lease liabilities, employees' defined benefit obligations, zakat payable, less cash and cash equivalents.

35. Financial instruments (continued)

Capital Risk Management (continued)

The gearing ratio as at 31 December 2024 and 31 December 2023 is as follows:

	31 December 2024	31 December 2023
Loans and borrowings	**646,912,281**	543,920,435
Lease liabilities	**235,633,981**	246,905,589
Employees' defined benefit obligations	**6,972,328**	5,540,275
Zakat payable	**5,130,362**	7,325,919
Less: Cash and cash equivalents	**(182,903,783)**	(112,026,254)
Net debt	**711,745,169**	691,665,964
Share capital	**81,832,000**	81,832,000
Treasury shares	**(39,279,372)**	-
Shareholder's contribution	**14,309,338**	7,274,198
Retained earnings	**205,694,386**	158,543,954
Equity	**262,556,352**	247,650,152
Capital and net debt	**974,301,521**	939,316,116
Gearing ratio	**73.05%**	73.64%

36. Subsequent events

On 3 March 2025 (corresponding to 3 Ramadan 1446H), the Board of Directors of the Company has resolved to recommend the General Assembly for distribution of annual dividends for the year ended 31 December 2024 of ⃁ 1 per share amounting to ⃁ 81,832,000.

No other matter has occurred up to and including the date of the approval of these consolidated financial statements by the Board of Directors which could materially affect these consolidated financial statements and the related disclosures for the year ended 31 December 2024.

37. Approval of the consolidated financial statements

These consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on 03 March 2025 (corresponding to 3 Ramadan 1446H).

Dr Ibrahim Al-Rajhi
Chairman

Osama Ashi
CEO

Shahid Akbar
Finance Director

Notes

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