

**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

with

**INDEPENDENT AUDITORS' REVIEW REPORT**

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

**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

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

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## KPMG Professional Services

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements To the Shareholders of Modern Mills Company

## Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial statements of **Modern Mills Company ("the Company")** and its subsidiary ("the Group"), which comprises:

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

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

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، منسجلة في المملكة العربية السعودية، رأسمالها (40,000,000) ريال سعودي متفوع بالكامل، المسجلة سابقاً كشركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون. وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.



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مركز زهران للأعمال  
شارع الأمير سلطان  
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سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

# Independent auditor's report on review of condensed consolidated interim financial statements (continued) To the Shareholders of Modern Mills Company

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed consolidated interim financial statements of Modern Mills Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Ebrahim Oboud Baeshen  
License No. 382



Jeddah, 17 December 2023  
Corresponding to 4 Jamad Al Thani, 1445H

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

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**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Notes</u>	<b>30 September 2023 (Unaudited)</b>	31 December <u>2022</u> (Audited)
<b>ASSETS</b>			
Property, plant and equipment	7.1	672,684,633	694,824,629
Right-of-use assets		224,022,977	228,142,920
Intangible assets		<u>2,724,194</u>	<u>2,890,096</u>
<b>Non-current assets</b>		<u><b>899,431,804</b></u>	<u>925,857,645</u>
Inventories	8.1	90,556,186	92,538,200
Trade receivables		985,548	86,732
Prepayments and other current assets		16,440,006	15,574,847
Due from related parties	19	3,841,741	--
Cash and cash equivalents		<u>167,503,026</u>	<u>118,160,559</u>
<b>Current assets</b>		<u><b>279,326,507</b></u>	<u>226,360,338</u>
<b>Total assets</b>		<u><b>1,178,758,311</b></u>	<u>1,152,217,983</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	81,832,000	81,832,000
Statutory reserve		24,549,600	24,549,600
Shareholder contribution	10	2,581,801	--
Retained earnings		<u>152,733,014</u>	<u>72,046,224</u>
<b>Total equity</b>		<u><b>261,696,415</b></u>	<u>178,427,824</u>
<b>Liabilities</b>			
Long term loans	12	495,286,138	535,976,307
Lease liabilities		230,234,969	237,277,928
Employees' defined benefit obligations		<u>5,608,917</u>	<u>3,100,620</u>
<b>Non-current liabilities</b>		<u><b>731,130,024</b></u>	<u>776,354,855</u>
Trade and other payables		30,054,009	44,707,986
Accrued expenses and other liabilities		62,093,462	72,108,581
Current portion of long-term loans	12	52,281,571	44,588,254
Current portion of lease liabilities		15,208,764	14,172,228
Advances from customers		14,238,065	12,579,045
Provision for penalties		6,424,900	6,424,900
Zakat payable	16	5,631,101	2,854,310
<b>Current liabilities</b>		<u><b>185,931,872</b></u>	<u>197,435,304</u>
<b>Total liabilities</b>		<u><b>917,061,896</b></u>	<u>973,790,159</u>
<b>Total equity and liabilities</b>		<u><b>1,178,758,311</b></u>	<u>1,152,217,983</u>

Dr. Ibrahim AlRajhi  
Chairman

Osama Ashi  
CEO

Amr Kamel  
CFO


The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

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

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

	Notes	For the three-month period ended 30 September		For the Nine-month period ended 30 September	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	13	239,135,637	239,894,889	691,115,010	701,527,839
Cost of revenue	14	(156,064,968)	(139,385,155)	(435,788,152)	(438,908,516)
<b>Gross profit</b>		<b>83,070,669</b>	<b>100,509,734</b>	<b>255,326,858</b>	<b>262,619,323</b>
Selling and distribution expenses		(4,022,873)	(11,081,592)	(22,767,364)	(15,490,263)
General and administrative expenses		(18,948,023)	(18,584,726)	(42,378,443)	(52,458,704)
Expected credit loss on trade receivables		(363,585)	--	(363,585)	(10,000)
Other (expense)/ income		--	(252,018)	--	41,534
<b>Operating profit</b>		<b>59,736,188</b>	<b>70,591,398</b>	<b>189,817,466</b>	<b>194,701,890</b>
Finance costs	15	(12,477,702)	(9,914,567)	(36,113,739)	(24,301,453)
Finance income		1,381,369	671,834	2,784,393	671,834
<b>Profit before zakat</b>		<b>48,639,855</b>	<b>61,348,665</b>	<b>156,488,120</b>	<b>171,072,271</b>
Zakat expense	16.1	(3,189,331)	(693,000)	(5,801,331)	(2,079,000)
<b>Profit for the period</b>		<b>45,450,524</b>	<b>60,655,665</b>	<b>150,686,789</b>	<b>168,993,271</b>
<b>Other comprehensive income for the period</b>		--	--	--	--
<b>Total comprehensive income for the period</b>		<b>45,450,524</b>	<b>60,655,665</b>	<b>150,686,789</b>	<b>168,993,271</b>
<b>Earnings per share for the period attributable to shareholders of the Company (SR):</b>					
Basic	18.1	<u>0.56</u>	0.74	<u>1.84</u>	2.07
Diluted	18.1	<u>0.56</u>	0.74	<u>1.84</u>	2.07

  
Dr. Ibrahim AlRajhi  
Chairman

  
Osama Ashi  
CEO

  
Amr Kamel  
CFO

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

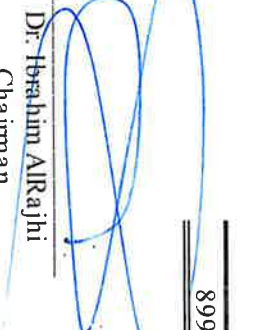
**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

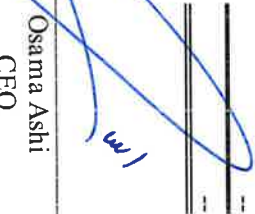
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

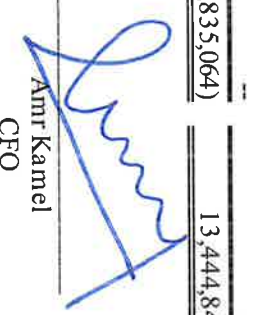
For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Share capital	Shareholder contribution	Merger deficit reserve	Statutory reserve	Retained earnings	Total
<b>Nine-month period ended 30 September 2023:</b>						
As at 31 December 2022 (audited)	81,832,000	--	--	24,549,600	72,046,225	178,427,825
Profit for the period	--	--	--	--	150,686,789	150,686,789
Other comprehensive income for the period	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	--	150,686,789	150,686,789
Shareholder contribution	--	2,581,801	--	--	--	2,581,801
Dividends distribution (note 10)	--	--	--	--	(70,000,000)	(70,000,000)
As at 30 September 2023 (unaudited)	81,832,000	2,581,801	--	24,549,600	152,733,014	261,696,415
<b>Nine-month period ended 30 September 2022</b>						
As at 31 December 2021 (audited)	899,666,590	--	(817,835,064)	13,444,845	2,561,720	97,838,091
Profit for the period	--	--	--	--	168,993,271	168,993,271
Other comprehensive income for the period	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	--	168,993,271	168,993,271
Dividends distribution (note 10)	--	--	--	--	(92,463,711)	(92,463,711)
As at 30 September 2022 (unaudited)	899,666,590	--	(817,835,064)	13,444,845	79,091,280	174,367,651

  
Dr. Hesham AlRajhi  
Chairman

  
Osama Ashi  
CEO

  
Amr Kamel  
CFO

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**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat		156,488,120	171,072,271
<b>Adjustments:</b>			
Depreciation on property, plant and equipment	7.2	34,222,327	31,720,074
Depreciation of right-of-use assets		8,223,657	8,019,956
Amortisation of intangible assets		381,211	--
Finance cost on lease liabilities	15	5,113,896	4,968,001
Finance cost on long-term loans	15	30,555,505	18,889,114
Finance income for the period		(2,784,393)	(671,834)
Amortisation of loan transaction cost	15	444,338	444,338
Reversal of provision for slow moving inventories	8.2	(1,705,927)	(1,185,669)
Provision for employees' defined benefit obligations		2,761,368	2,480,719
Expected credit loss on trade receivables		363,585	10,000
		<u>234,063,687</u>	<u>235,746,970</u>
<b>Changes in working capital:</b>			
Inventories		3,687,941	214,542
Trade receivables		(1,262,401)	(154,653)
Prepayments and other current assets		(865,158)	(31,356,997)
Due from related parties		(1,259,940)	--
Trade and other payables		(14,653,977)	11,859,303
Accrued expenses and other liabilities		(10,015,119)	40,324,555
Advances from customers		1,659,020	6,331,217
		<u>211,354,053</u>	<u>262,964,937</u>
Paid employees' defined benefit obligations		(253,071)	--
Finance cost paid		(37,242,143)	(25,633,715)
Finance income received		2,784,393	671,834
Zakat paid	16.1	(3,024,540)	--
<b>Net cash from operating activities</b>		<u>173,618,692</u>	<u>238,003,056</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	7.2	(12,139,538)	(18,631,207)
Additions to intangible assets		(215,309)	(2,625,824)
Proceeds from sale of property, plant and equipment		57,207	--
<b>Net cash used in investing activities</b>		<u>(12,297,640)</u>	<u>(21,257,031)</u>
<b>Cash flows from financing activities</b>			
Loan repaid	12	(33,441,190)	(9,263,011)
Capital repayment of lease liabilities		(8,537,395)	(7,438,609)
Dividends paid	11	(70,000,000)	(130,549,163)
<b>Net cash used in financing activities</b>		<u>(111,978,585)</u>	<u>(147,250,783)</u>
Net increase in cash and cash equivalents during the period		49,342,467	69,495,242
Cash and cash equivalents as at 1 January		118,160,559	94,133,966
<b>Cash and cash equivalents at 30 September</b>		<u>167,503,026</u>	<u>163,629,208</u>
<b>Non-cash transactions</b>			
Due from related party – Financial Guarantee		--	(7,375,281)
IPO cost incurred		2,581,801	--

Dr. Ibrahim AlRajhi  
Chairman

Osama Ashi  
CEO

Amr Kamel  
CFO

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.



**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

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

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**1. COMPANY INFORMATION**

Modern Mills Company (the "Company" or the "Parent Company"), a Saudi Closed Joint Stock Company, was incorporated in accordance with the Companies' Regulations in the Kingdom of Saudi Arabia under Commercial Registration No. 5855070277 issued on 10 November 2016 (corresponding to 10 Safar 1438H).

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).

On 1 November 2021 (corresponding to 26 Rabi al Awal 1443H) merger agreement was signed between shareholders of Mada Al Ghurair Limited (the Ultimate Parent Company) and its wholly owned subsidiary, Modern Mills Company ("Company") whereby all assets, liabilities, rights and obligations of the ultimate Parent Company were to be transferred to the Company subject to the completion of legal procedures.

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

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

The registered address of the Company is as follows:

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

**MODERN MILLS COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**1. COMPANY INFORMATION (continued)**

On 27 April 2022, the Board of Directors of the Company approved and formed an IPO committee to define the consultant's scope of work and recommend timelines/actions required to go for listing. The management is in the process of making arrangements for offering and listing of the Company's shares in Tadawul as on the date of these consolidated financial statements. The Company has submitted an application to CMA regarding the listing process dated 6 November 2023 corresponding to 22 Rabi Al Thani 1445H.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association/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 Awwal 1445H approved the amended By-Law.

These accompanying condensed consolidated financial statements comprise the condensed 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 30 September 2023, the Company has investment in the following subsidiary:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Effective ownership interest (%)</u>	
			<u>30 September 2023</u>	<u>31 December 2022</u>
<u>Operating subsidiary</u>				
Hasad Al-Arabia	Saudi Arabia	Distribution	100	100

The Group operates through three branches, which are as follows:

<u>Branch Location</u>	<u>Date</u>	<u>Commercial Registration No.</u>
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

**MODERN MILLS COMPANY**  
(A Saudi Closed Joint Stock Company)

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

For the nine-month period ended 30 September 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standards (IAS 34) “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”) and should be read in conjunction with the Group’s last annual financial statements as at and for the year ended 31 December 2022 (“last annual financial statements”).

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

These condensed consolidated interim financial statements are prepared by the management for internal reporting and external reporting to be used as the latest financial information for filing an application to the Capital Market Authority requesting approval for an Initial Public Offering and for consultants for their respective review.

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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

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

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

The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial statements were prepared.

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**  
**(continued)**

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The significant judgments exercised in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2022.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards, interpretations and amendments effective as at 1 January 2023, as mentioned in note 4.1 and note 5.1. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

**4.1 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, costs. Costs for sale of shares to the public if paid by the company are not recognized in the Company's income statement as expenses and are accounted for as amounts due from the selling shareholders. 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, INTERPRETATIONS AND AMENDMENTS**

**5.1 Standards, interpretations and amendments issued**

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

<i>Standards, amendments, interpretations</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	1 January 2023
Amendment to IAS 12-deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	1 January 2023
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023

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**5 NEW STANDARDS, INTERPRETATION AND AMENDMENTS (continued)**

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

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

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

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

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**6. SEGMENT INFORMATION (continued)**

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

	<u>Khamis</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total Segments</u>
Total revenue	157,254,228	63,130,629	18,750,780	239,135,637
Cost of inventories	(91,387,643)	(23,217,117)	(7,023,428)	(121,628,188)
Employee benefits expenses	(4,005,465)	(3,287,640)	(1,989,585)	(9,282,690)
Depreciation	(4,526,373)	(7,395,587)	(1,983,365)	(13,905,325)
Other expenses	(8,116,088)	(6,941,479)	(420,538)	(15,478,105)
Financing costs	(500,528)	(1,093,280)	(250,177)	(1,843,985)
Segment profit	<u>48,718,131</u>	<u>21,195,526</u>	<u>7,083,687</u>	<u>76,997,344</u>

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

	<u>Khamis</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total Segments</u>
Total revenue	140,675,431	65,013,895	34,205,563	239,894,889
Cost of inventories	(81,968,795)	(19,802,603)	(10,726,260)	(112,497,658)
Employee benefits expenses	(6,840,400)	(4,057,200)	(3,848,801)	(14,746,401)
Depreciation	(4,454,470)	(7,188,178)	(1,541,944)	(13,184,592)
Other expenses	(1,402,548)	(9,332,628)	(3,007,805)	(13,742,981)
Financing costs	(548,572)	(833,785)	(274,494)	(1,656,851)
Segment profit	<u>45,460,646</u>	<u>23,799,501</u>	<u>14,806,259</u>	<u>84,066,406</u>

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

	<u>Khamis</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total Segments</u>
Total revenue	433,937,166	194,021,668	63,156,176	691,115,010
Cost of inventories	(251,056,567)	(62,154,373)	(22,931,738)	(336,142,678)
Employee benefits expenses	(16,918,633)	(13,400,649)	(9,296,551)	(39,615,833)
Depreciation	(14,132,763)	(21,844,106)	(5,956,127)	(41,932,996)
Other expenses	(13,072,922)	(25,327,429)	(4,236,310)	(42,636,661)
Financing costs	(1,401,469)	(2,964,581)	(682,931)	(5,048,981)
Segment profit	<u>137,354,812</u>	<u>68,330,530</u>	<u>20,052,519</u>	<u>225,737,861</u>

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**6. SEGMENT INFORMATION (continued)**

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

	<u>Khamis</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total Segments</u>
Total revenue	418,282,417	198,075,874	85,169,548	701,527,839
Cost of inventories	(245,973,087)	(62,567,623)	(28,261,384)	(336,802,094)
Employee benefits expenses	(20,918,644)	(14,233,962)	(11,999,990)	(47,152,596)
Depreciation	(12,858,617)	(20,563,386)	(5,542,077)	(38,964,080)
Other expenses	(18,628,013)	(12,947,600)	(7,573,042)	(39,148,655)
Financing costs	(1,443,223)	(2,676,694)	(727,911)	(4,847,828)
Segment profit	<u>118,460,833</u>	<u>85,086,609</u>	<u>31,065,144</u>	<u>234,612,586</u>

**At 30 September 2023  
(Unaudited)**

	<u>Khamis</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total Segments</u>
<b>Total assets</b>	<b>264,848,433</b>	<b>355,038,108</b>	<b>57,619,671</b>	<b>677,506,211</b>
<b>Total liabilities</b>	<b>(151,552,299)</b>	<b>(192,597,105)</b>	<b>(77,489,240)</b>	<b>(421,638,644)</b>
<b>Other disclosures:</b>				
<b>Property, plant and equipment with Right-of- use assets</b>	<b>299,393,893</b>	<b>479,392,735</b>	<b>114,528,544</b>	<b>893,315,172</b>
<b>Inventories</b>	<b>47,214,285</b>	<b>21,049,852</b>	<b>19,677,006</b>	<b>87,941,143</b>

At 31 December 2022  
(Audited)

	<u>Khamis</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total Segments</u>
Total assets	345,732,926	359,958,581	69,741,916	775,433,423
Total liabilities	141,700,107	175,334,057	55,450,113	372,484,277
Other disclosures:				
Property, plant and equipment with right-of-use assets	303,754,897	496,884,655	118,524,623	919,164,175
Inventories	53,920,214	19,429,049	20,359,630	93,708,893

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**6. SEGMENT INFORMATION (continued)**

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

*i) Profit before tax*

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Total profit before tax for reportable segments	76,997,344	84,066,406	225,737,861	234,612,586
<b>Unallocated amounts</b>				
Employee benefits expenses	(9,223,711)	(12,428,042)	(20,295,634)	(36,530,195)
Depreciation	(303,672)	(283,616)	(894,196)	(775,950)
Other expenses	(9,214,173)	(2,167,882)	(19,415,962)	(7,483,913)
Financing costs	(10,633,694)	(8,258,016)	(31,078,066)	(19,418,477)
Finance income	1,381,347	672,134	2,797,703	672,134
Other income	--	(252,319)	--	6,086
Expected credit loss on trade receivables	(363,585)	--	(363,585)	(10,000)
	<u>48,639,855</u>	<u>61,348,665</u>	<u>156,488,120</u>	<u>171,072,271</u>

*ii) Total assets*

	30 September <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Total assets for reportable segments	677,506,211	990,036,885
Unallocated amounts	501,252,098	162,181,098
	<u>1,178,758,309</u>	<u>1,152,217,983</u>

*iii) Total liabilities*

	30 September <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Total liabilities for reportable segments	421,638,644	308,650,789
Unallocated amounts	495,423,252	665,139,370
	<u>917,061,896</u>	<u>973,790,159</u>



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**7. PROPERTY, PLANT AND EQUIPMENT**

7.1 Property, plant and equipment comprise of the following:

	<b>30 September 2023 (Unaudited)</b>	31 December 2022 (Audited)
Buildings	295,323,816	304,673,047
Plant and equipment	356,881,543	354,986,161
Furniture and fittings	4,211,277	4,386,647
Motor vehicles	2,662,888	2,277,991
Strategic spare parts	10,037,047	10,733,727
Capital work in progress	3,568,062	17,767,056
	<b><u>672,684,633</u></b>	<b><u>694,824,629</u></b>

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

	<b>For the nine-month period ended 30 September</b>	
	<b>2023 (Unaudited)</b>	2022 (Unaudited)
Depreciation	<b><u>34,222,327</u></b>	<u>31,720,074</u>
Additions	<b><u>(12,139,538)</u></b>	<u>(18,631,207)</u>
Carrying amount of disposed assets	<b><u>57,207</u></b>	<u>--</u>
Proceeds from disposal	<b><u>57,207</u></b>	<u>--</u>

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

7.4 As at 30 September 2023, capital work in progress consists of the project under progress for mill process automation system at Khamis Mushait and new flour mill at Jammoum.

Capital commitments relating to these projects amount to SR 83.29 million (31 December 2022: SR 16.52 million)

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**8. INVENTORIES**

8.1 Inventories comprise of the following:

	<b>30 September 2023 (Unaudited)</b>	31 December 2022 (Audited)
Spare parts	<b>58,907,277</b>	61,645,702
Raw materials	<b>23,273,879</b>	25,787,731
Finished goods	<b>18,342,714</b>	20,775,523
Packing material	<b>9,397,871</b>	7,640,128
Other – inventories	<b>1,759,253</b>	1,339,978
	<b>111,680,994</b>	117,189,062
Less: provision for slow-moving inventories	<b>(21,124,808)</b>	(24,650,862)
	<b>90,556,186</b>	<b>92,538,200</b>

8.2 During the nine-month period ended 30 September 2023, the Company has reversed the provision for the slow-moving inventories of spare parts and raw materials amounting to SR 1.7 million and write off of SR 1.8 million (31 December 2022: charge for the year SR 9.75 million). The amount of (reversal) / provision is included in the cost of revenue.

**9. SHARE CAPITAL**

The authorized, issued and fully paid-up share capital of the Parent Company as at 30 June 2023 amounted to SR 81,832,000 (31 December 2022: SR 81,832,000) consists of 8,183,200 shares (31 December 2022: 8,183,200 shares) at SR 10 each share.

**10. SHAREHOLDER CONTRIBUTION**

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 shareholders on 31 October 2023 corresponding to 16 Rabi Al-Thani 1445H.

The amount of SR. 2,581,801 represents the IPO costs fully recoverable from the shareholders.

**11. DIVIDENDS**

- 11.1 On 24 April 2023, 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 SR 4.28 per share amounting to SR 35,000,000. The dividends were paid on 27 April 2023 and 3 May 2023.
- 11.2 On 24 April 2023, 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 SR 4.28 per share amounting to SR 35,000,000. The dividends were paid on 27 April 2023 and 3 May 2023.
- 11.3 On 14 June 2022, the General Assembly approved the distribution of dividends of SR 2.13 per share amounting to SR 17,463,711. The dividends were paid on 20 June 2022.

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**12. LONG-TERM LOANS**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Long-term loan	<b>556,602,588</b>	590,043,778
Less: unamortised loan transaction cost	<b>(9,034,879)</b>	(9,479,217)
	<b><u>547,567,709</u></b>	<u>580,564,561</u>
Current portion	<b>52,281,571</b>	44,588,254
Non-current portion	<b>495,286,138</b>	535,976,307
	<b><u>547,567,709</u></b>	<u>580,564,561</u>

Long-term loan represents Senior Murabaha Facility taken from a commercial bank in two tranches and carries profit rate at SAIBOR plus an applicable margin. The facility is repayable in quarterly instalments commencing from 31 March 2021 till 31 December 2038.

The facilities are secured against the following collaterals:

Subsequent to period end, the Bank has confirmed the satisfaction of all Release condition and the revocation of stabilization support agreement dated 10 October 2023 corresponding to 25 Rabi Al Awal, 1445H.

Securities provided against bank borrowings include assignment of insurance policies for insurance of the property all risk and business interruption amounting to SR 1,253 million (2022: SR 1,253 million).

Movement in loan balance is as follows:

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
At the beginning of the period/year	<b>590,043,778</b>	702,406,402
Paid during the period/year	<b>(33,441,190)</b>	(112,362,624)
At the end of the period/year	<b><u>556,602,588</u></b>	<u>590,043,778</u>

**Maturity analysis - contractual undiscounted cash flows**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Within one year	<b>93,647,335</b>	76,013,761
One to five years	<b>335,564,572</b>	318,515,766
More than five years	<b>410,912,051</b>	420,058,107
	<b><u>840,123,958</u></b>	<u>814,587,634</u>

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**13. REVENUE**

**13.1 Disaggregation of revenue**

Revenue is disaggregated by type of goods as shown below:

Type of goods	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Flour	99,570,536	99,809,880	305,315,072	286,679,565
Feed	116,195,745	96,454,098	303,533,970	287,840,631
Bran	23,369,356	43,630,911	82,265,968	127,007,643
	<u>239,135,637</u>	<u>239,894,889</u>	<u>691,115,010</u>	<u>701,527,839</u>

**Timing of revenue recognition**

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

**14. COST OF REVENUE**

Cost of revenue comprises the following:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Raw materials consumed	120,309,423	110,981,578	336,142,678	336,802,094
Salaries and other benefits	9,598,848	10,291,386	28,087,720	34,617,618
Depreciation and amortization	12,737,492	12,213,594	38,915,469	38,040,667
Utilities	4,615,311	4,156,025	13,823,193	12,729,347
Insurance	1,426,814	746,247	2,681,568	3,039,694
Maintenance	2,431,033	2,681,208	7,999,537	10,393,134
Other Expenses	1,450,546	508,850	7,389,496	6,995,774
Provision for slow moving inventories of spare parts and raw materials	(277,683)	(15,900)	(1,705,927)	(1,185,669)
	<u>152,291,784</u>	<u>141,562,988</u>	<u>433,333,734</u>	<u>441,432,659</u>
Finished goods inventory at the beginning of the period	<u>22,094,289</u>	<u>13,742,962</u>	<u>20,775,523</u>	<u>13,396,652</u>
Finished goods available for sale during the period	174,386,073	155,305,950	454,109,257	454,829,311
Finished goods inventory at the end of the period	(18,321,105)	(15,920,795)	(18,321,105)	(15,920,795)
	<u>156,064,968</u>	<u>139,385,155</u>	<u>435,788,152</u>	<u>438,908,516</u>

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**15. FINANCE COSTS**

Finance costs comprise the following:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Finance cost on lease liabilities	<b>1,867,112</b>	1,688,791	<b>5,113,896</b>	4,968,001
Finance cost on long-term loans	<b>10,462,934</b>	8,077,664	<b>30,555,505</b>	18,889,114
Amortization of loan transaction cost	<b>148,112</b>	148,112	<b>444,338</b>	444,338
Bank charges	<b>(456)</b>	--	--	--
	<b><u>12,477,702</u></b>	<u>9,914,567</u>	<b><u>36,113,739</u></b>	<u>24,301,453</u>

**16. ZAKAT**

**16.1 Movement in provision for zakat during the period/year**

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

	<b>30 September <u>2023</u> (Unaudited)</b>	31 December <u>2022</u> (Audited)
At the beginning of the period/year	<b>2,854,310</b>	2,377,819
Charged during the period/year	<b>4,609,331</b>	2,626,870
Prior year Zakat	<b>1,192,000</b>	--
Paid during the period/year	<b><u>(3,024,540)</u></b>	<u>(2,150,379)</u>
At end of the period/year	<b><u>5,631,101</u></b>	<u>2,854,310</u>

**16.2 Zakat status**

The Parent Company got exemption from Zakat, Tax and Customs Authority (ZATCA) from submitting the zakat return for the year ended 31 December 2020. The Parent Company has submitted the zakat declaration for the year ended 31 December 2022 and obtained Zakat certificate which is valid up to 30 April 2024.

**17. CAPITAL COMMITMENTS AND CONTINGENCIES**

**17.1 Contingencies**

- The Group has provided bank guarantees of SR 340,860 in favor of GFSA for lease of silos in Khamis Mushait. These guarantees are valid up to 31 December 2023.
- The Group has provided bank guarantees of SR 1,235,617 in favor of GFSA for lease of silos in Khamis Mushait, Al-Jouf. These guarantees are valid up to 30 January 2024.
- The Group has provided bank guarantees of SR 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 2024.
- The Group has provided bank guarantees amounting to SR 500,000 in favor of GFSA for barley import contract for the purpose of trade. These guarantees are valid up to 30 June 2024.

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

**17.1 Contingencies (continued)**

- e) 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 SR 20,000,000; and
  - ii) exceeding allocated sale quantities approved by GFSA – fine amounting to SR 1,000,000 and financial recoveries amounting to SR 43,248,992.58

Based on the advice of the Group's legal advisors, the Group has recognized a provision amounting to SR 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). Subsequent to the period end date, on 2 October 2023 (corresponding to 17 Rai Al-Awal 1445H) the Group received response from GFSA with a revised claim amounting to SR 4,356,536. The Group and GFSA both have the right to appeal the decision to the administrative court within 60 days from the date of notification of the decision, in accordance with the provisions of paragraph three of article twenty-seven of The Flour Mills Regulations. There is no appeal made by either party with respect to this notification. The Board of Director dated 6 December 2023 corresponding to 22 Jamad ul Awwal 1445H has approved to settle and pay the amount of SR 4,356,536.

**17.2 Commitments:**

The following LCs are outstanding as at 30 September 2023:

- a) LC import sight of SR 1,692,145 (EUR 415,000) with an outstanding amount of SR 1,099,895 (EUR 269,750) (31 December 2022: NIL) in favor of FAWEMA GMBH for bag packing machine. The LC will remain valid till 6 January 2024.
- b) LC import sight of SR 59,887,500 (USD 15,970,000) (31 December 2022: NIL) in favor of OCRIM SPA for supply of flour mill machinery including all electrical equipment's. The LC will remain valid till 15 October 2024.
- c) LC import sight of SR 1,112,704 (CHF 268,426) (31 December 2022: NIL) in favor of BUEHLER AG for supply of plant components including installation and commissioning supervision at site of Jumum. The LC will remain valid till 28 Mar 2024.
- d) LC import sight of 1,147,513 (USD 305,970) (31 December 2022: NIL) in favor of BUEHLER AG for packing line for 10 KG. The LC will remain valid till 15 Mar 2024.
- e) LC import sight of SR. 1,073,810 (USD 285,968) (31 December 2022: NIL) in favor of BUEHLER AG for New Flour Mixing Line. The LC will remain valid till 30 Aug 2024.

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**18. EARNINGS PER SHARE**

**18.1 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 financial statements.

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Profit for the period	<b>45,450,524</b>	60,655,665	<b>150,686,789</b>	168,993,271
Weighted average number of ordinary shares for basic and diluted EPS	<b>81,832,000</b>	81,832,000	<b>81,832,000</b>	81,832,000
Earnings per share - basic and diluted	<b>0.56</b>	0.74	<b>1.84</b>	2.07

The calculation of diluted earnings per share has been based on the earnings attributable to shareholder of ordinary shares and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares if any. During the period, there are no transactions that reduce the earnings per share and therefore, the earnings per diluted share are not different from the basic earnings per share.

As disclosed in note (20-1) of these financial statements the shareholders approved the split of nominal value of each of the shares from SR 10 to SR 1 per share while keeping the total share capital unchanged. 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 the total number of shares.

**19. RELATED PARTY TRANSACTIONS AND BALANCES**

Related party represent the subsidiary and associate company and key management personnel of the Group, and entities controlled or significantly influenced by such parties (affiliate). 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 recognised as an expense during the financial period in respect of key management personnel.

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

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Short-term employee benefits	<b>2,210,296</b>	1,984,076	<b>6,547,538</b>	5,659,684
Post-employment benefits and medical benefits	<b>1,024,829</b>	1,028,780	<b>3,273,769</b>	2,934,650
Total compensation paid to key management personnel	<b>3,235,125</b>	3,012,856	<b>9,821,307</b>	8,594,334

**OTHER RELATED PARTY TRANSACTIONS**

Transactions with related party arise mainly from services provided/ received and payments made on behalf of each other and are undertaken at mutually agreed terms. IPO costs will be 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:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of Transactions</u>	
			For the nine-month period ended 30 September	
			<u>2023</u>	<u>2022</u>
Al Ghurair Food Company LLC	Shareholder with significant influence	Dividends paid	<b>(31,500,000)</b>	(58,747,123)
		IPO Cost	<b>1,683,783</b>	--
Mada International Holding Company	Shareholder with significant influence	Dividends paid	<b>(35,000,000)</b>	(57,899,301)
		IPO Cost	<b>1,870,871</b>	--
Masafi Company LLC	Shareholder	Dividends paid	<b>(3,500,000)</b>	(6,527,458)
		IPO Cost	<b>187,087</b>	--
Al Ghurair Resources international	Affiliate	Purchases	<b>(57,779,115)</b>	(30,262,254)
Al Rajhi Holding	Ultimate Shareholder with significant influence	Lease Payment	<b>(574,310)</b>	(499,400)



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

**DUE FROM RELATED PARTY**

	<u>Relationship</u>	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Al Ghurair Food Company LLC	Shareholder with significant influence	1,783,783	--
Mada International Holding Company	Shareholder with significant influence	1,870,871	--
Masafi Company LLC	Shareholder	187,087	--
		<u>3,841,741</u>	<u>--</u>

**DUE TO RELATED PARTIES – included in trade and other payables.**

	<u>Relationship</u>	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Al Rajhi Holding	Ultimate Shareholder with significant influence	7,697	--
Al Ghurair Resources international	Affiliate	--	15,396,304
		<u>7,697</u>	<u>15,396,304</u>

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

**DUE FROM RELATED PARTIES – included in prepayment and other current assets.**

	<u>Relationship</u>	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Al Ghurair Resources international	Affiliate	1,613,266	--
		<u>1,613,266</u>	<u>--</u>

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**20. FINANCIAL INSTRUMENTS FAIR VALUES**

Financial assets

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

	<b>30 September <u>2023</u> (Unaudited)</b>	31 December <u>2022</u> (Audited)
<b>Financial assets at amortised cost:</b>		
Bank balances	<b>167,202,996</b>	118,048,894
Trade receivables	<b>1,452,383</b>	86,732
Other receivables	<b>18,332</b>	32,733
	<b><u>168,673,711</u></b>	<u>118,168,359</u>

Financial liabilities

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

	<b>30 September <u>2023</u> (Unaudited)</b>	31 December <u>2022</u> (Audited)
<b>Financial liability at amortised cost:</b>		
Trade and other payables	<b>30,054,009</b>	44,707,986
Other payables	<b>240,292</b>	906,487
Long term loans	<b>547,567,709</b>	580,564,561
Lease liabilities	<b>245,443,733</b>	251,450,156
	<b><u>823,305,743</u></b>	<u>877,629,190</u>

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of bank balances, trade receivables and other receivables. Its financial liabilities consist of trade and other payables, long-term loans, obligations under finance lease and amounts due to related parties. The management assessed that fair value of bank balances, trade receivables, other receivables, trade and other payables, long-term loans, obligations under finance lease and amounts due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments except for the long-term loans which carries floating rate based on the market terms.

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

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

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

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

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**20. FINANCIAL INSTRUMENTS FAIR VALUES (continued)**

Fair value hierarchy (Continued)

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

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

**21. SUBSEQUENT EVENTS**

- 21.1 The Board of Directors of the Company through a resolution dated 2 October 2023 corresponding to 17 Rabi Al-Awwal 1445H, recommended shareholders to split the nominal value of each of the shares from SR 10 to SR 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-Awwal 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).
- 21.2 The shareholders of the Company through Extraordinary General Assembly Meeting held on 4 October 2023 corresponding to 19 Rabi Al-Awwal 1445H, approved to list the company's shares in Tadawul. The management is in process for filling an application to CMA as on the date of these condensed consolidated financial statements.
- 21.3 The shareholders of the Company through Extraordinary General Assembly Meeting held on 4 October 2023 corresponding to 19 Rabi Al-Awwal 1445H, approved to transfer the statutory reserve amounting to SR 24.5 million to retained earnings. 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).
- 21.4 The shareholders of the Company through Extraordinary General Assembly Meeting held on 19 October 2023 corresponding to 4 Rabi Al-Thani 1445H, approved the 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.
- 21.5 The shareholders of the Company through Extraordinary General Assembly Meeting held on 19 October 2023 corresponding to 4 Rabi Al-Thani 1445H, approved the purchase of a number of the Company shares, with a maximum of 818,320 shares, with the aim of allocating those to the Company's employees within the employees shares program. The purchase will be financed from the Company's available cash funds, and the Board of Directors is authorized to complete the purchase within a maximum period of twelve months from the date of the extraordinary general assembly's decision.

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**21. SUBSEQUENT EVENTS (continued)**

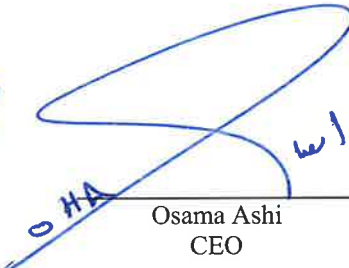
- 21.6 On 29 October 2023, the Board of Directors of the Parent Company as authorized by the revised by-laws of the Company approved the distribution of interim dividends for the third quarter of 2023 of SR 0.86 per share amounting to SR 70,000,000.
- 21.7 No other events or matters have occurred up to and including the date of the approval of these condensed consolidated interim financial statements by the Board of Directors which could materially affect these condensed consolidated interim financial statements and the related disclosure for the nine-month period ended 30 September 2023.

**22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

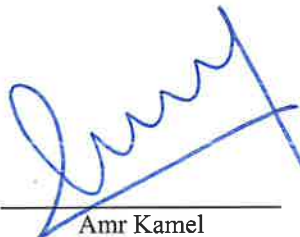
These condensed consolidated interim financial statements were approved and authorised for issuance by the Company's Board of Directors on 13 December 2023, corresponding to 29 Jumada Al-Oula 1445H.



Dr. Ibrahim AlRajhi  
Chairman



Osama Ashi  
CEO



Amr Kamel  
CFO