

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2024  
with  
**INDEPENDENT AUDITOR'S REPORT**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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## 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

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

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.



# Independent Auditor's Report

To the Shareholders of Modern Mills Company (continued)

## Revenue recognition

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

### Key audit matter

During the year ended 31 December 2024, the Group recognized revenue from contract with customers of SR 1,000 million.

Revenue from contract with customers is recognised 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.

### How the matter was addressed in our audit

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.

## 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.



# Independent Auditor's Report

To the Shareholders of Modern Mills Company (continued)

## 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. 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.

# Independent Auditor's Report

To the Shareholders of Modern Mills Company (continued)

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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, 9 March 2025  
Corresponding to 9 Ramadan 1446H

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

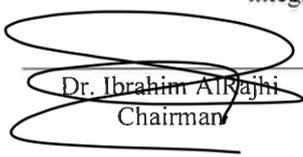
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

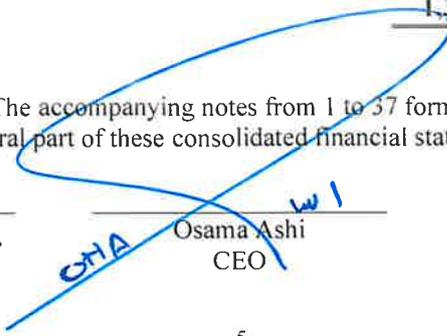
As at 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<b>31 December 2024</b>	31 December <u>2023</u>
<b>Assets</b>			
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
<b>Non-current assets</b>		<b>988,032,456</b>	<b>927,469,622</b>
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
<b>Current assets</b>		<b>315,535,010</b>	<b>241,665,618</b>
<b>Total assets</b>		<b>1,303,567,466</b>	<b>1,169,135,240</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
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
<b>Total equity</b>		<b>262,556,352</b>	<b>247,650,152</b>
<b>Liabilities</b>			
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
<b>Non-current liabilities</b>		<b>845,590,242</b>	<b>726,970,861</b>
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
<b>Current liabilities</b>		<b>195,420,872</b>	<b>194,514,227</b>
<b>Total liabilities</b>		<b>1,041,011,114</b>	<b>921,485,088</b>
<b>Total equity and liabilities</b>		<b>1,303,567,466</b>	<b>1,169,135,240</b>

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

  
Dr. Ibrahim AlRajhi  
Chairman

  
Osama Ashi  
CEO

  
Shahid Akbar  
Finance Director

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

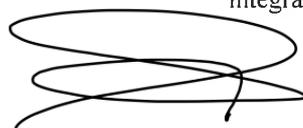
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Revenue from contract with customers	23	1,000,249,437	938,620,394
Cost of revenue	24	(626,935,382)	(592,877,599)
<b>Gross profit</b>		<u>373,314,055</u>	<u>345,742,795</u>
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
<b>Operating profit</b>		<u>259,293,262</u>	<u>253,567,208</u>
Finance cost	28	(54,903,155)	(48,248,007)
Finance income	29	7,258,232	3,987,046
<b>Profit before zakat</b>		<u>211,648,339</u>	<u>209,306,247</u>
Zakat expense	30	(2,978,063)	(7,496,149)
<b>Profit for the year</b>		<u>208,670,276</u>	<u>201,810,098</u>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit obligations	19	507,516	138,032
<b>Other comprehensive income for the year</b>		<u>507,516</u>	<u>138,032</u>
<b>Total comprehensive income for the year</b>		<u>209,177,792</u>	<u>201,948,130</u>
<b>Earnings per share for the year attributable to shareholders of the Company (SR):</b>			
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 AlRajhi  
Chairman

  
Osama Ashi  
CEO

  
Shahid Akbar  
Finance Director

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	Share capital	Shareholders' contributions	Treasury shares	Statutory reserve	Retained earnings	Total
Balance at 1 January 2024		81,832,000	7,274,198	--	--	158,543,954	247,650,152
Profit for the year		--	--	--	--	208,670,276	208,670,276
Other comprehensive income for the year		--	--	--	--	507,516	507,516
Total comprehensive income for the year		--	--	--	--	209,177,792	209,177,792
<i>Transactions with owners:</i>							
Dividends distribution	22	--	--	--	--	(162,027,360)	(162,027,360)
Purchase of treasury shares for employees' share based payment plan	31	--	--	(32,994,684)	--	--	(32,994,684)
Treasury shares contributed by pre-listing shareholders	31	--	6,284,688	(6,284,688)	--	--	--
Shareholder' contributions	16	--	750,452	--	--	--	750,452
Balance at 31 December 2024		81,832,000	14,309,338	(39,279,372)	--	205,694,386	262,556,352
Balance at 1 January 2023		81,832,000	--	--	24,549,600	72,046,224	178,427,824
Profit for the year		--	--	--	--	201,810,098	201,810,098
Other comprehensive income for the year		--	--	--	--	138,032	138,032
Total comprehensive income for the year		--	--	--	--	201,948,130	201,948,130
Transfer to retained earnings	15	--	--	--	(24,549,600)	24,549,600	--
<i>Transactions with owners:</i>							
Dividends distribution	22	--	--	--	--	(140,000,000)	(140,000,000)
Shareholder' contributions	16	--	7,274,198	--	--	--	7,274,198
Balance at 31 December 2023		81,832,000	7,274,198	--	--	158,543,954	247,650,152

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

Dr. Ibrahim AlRajhi  
Chairman

Osama Ashi  
CEO

Shahid Akbar  
Finance Director

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

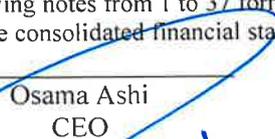
	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Profit before zakat		211,648,339	209,306,247
<b>Adjustments:</b>			
Depreciation of property, plant and equipment	7.4	48,133,859	46,807,691
Depreciation of right-of-use assets	8.1	11,013,437	11,295,237
Amortization of intangible assets	9.1	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 reliable 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)
		<u>319,880,494</u>	<u>309,337,427</u>
<b>Changes in:</b>			
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
<b>Cash generated from operating activities</b>		<u>320,425,389</u>	<u>285,716,761</u>
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)
<b>Net cash from operating activities</b>		<u>275,734,722</u>	<u>238,774,172</u>
<b>Cash flows from investing activities</b>			
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
<b>Net cash used in investing activities</b>		<u>(107,085,657)</u>	<u>(55,997,140)</u>
<b>Cash flows from financing activities</b>			
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)	--
<b>Net cash used in financing activities</b>		<u>(97,771,536)</u>	<u>(188,911,337)</u>
<b>Net change in cash and cash equivalents during the year</b>		<u>70,877,529</u>	<u>(6,134,305)</u>
Cash and cash equivalents as at the beginning of the year		<u>112,026,254</u>	<u>118,160,559</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>182,903,783</u>	<u>112,026,254</u>

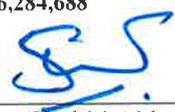
**Non-cash transactions**

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 AlRajhi  
Chairman

  
Osama Ashi  
CEO

  
Shahid Akbar  
Finance Director

## **MODERN MILLS COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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#### **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 SR 180 per metric ton since 2017. The Company also has an option to import the wheat directly or to source it from the open market.

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

On 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.

## MODERN MILLS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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#### 1. COMPANY INFORMATION (continued)

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:

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

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**1. COMPANY INFORMATION (continued)**

The Group operates through three branches and a head office, 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

**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 recognised 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.

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

##### **2.3 Basis of consolidation (continued)**

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of consideration received;
- Recognises the fair value of any investment retained;
- Recognises 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 and presentation currency**

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

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

The preparation of 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.

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

##### **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.

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

##### **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 recognised 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 recognised 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.

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#### 4. MATERIAL ACCOUNTING POLICIES (continued)

##### 4.1 Property, plant and equipment (continued)

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:

<u>Categories</u>	<u>Useful lives</u>	<u>Categories</u>	<u>Useful lives</u>
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 recognised is derecognised 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 derecognised.

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.

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#### 4. MATERIAL ACCOUNTING POLICIES (continued)

##### 4.2 Leases (continued)

##### 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.

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 amortised 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.

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#### 4. MATERIAL ACCOUNTING POLICIES (continued)

##### 4.3 Financial instruments (continued)

##### 4.3.1 Financial Assets (continued)

###### *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 amortised cost.

###### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised 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.

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#### 4. MATERIAL ACCOUNTING POLICIES (continued)

##### 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 SR 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 recognised 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 recognised as a reduction in the amount of inventories recognised 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.

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#### **4. MATERIAL ACCOUNTING POLICIES (continued)**

##### **4.6 Employees' defined benefit obligations (continued)**

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.

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 recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised 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 recognised 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 recognised 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 recognises 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 recognised in the period in which the underlying sales are recognised as a reduction of revenue.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**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 recognised 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.

<b><u>Standards / Interpretations</u></b>	<b><u>Description</u></b>
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.

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

<u>Standards / Interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
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

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.

<u>Reportable segments</u>	<u>Operations</u>
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.

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**6. SEGMENT INFORMATION (continued)**

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.

<b><u>For the year ended 31 December 2024</u></b>	<b><u>Khamis Mushait</u></b>	<b><u>Al Jumum</u></b>	<b><u>Al Jowf</u></b>	<b><u>Total</u></b>
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	<u>202,025,237</u>	<u>97,702,410</u>	<u>28,933,725</u>	<u>328,661,372</u>

<b><u>For the year ended 31 December 2023</u></b>	<b><u>Khamis Mushait</u></b>	<b><u>Al Jumum</u></b>	<b><u>Al Jowf</u></b>	<b><u>Total</u></b>
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	<u>193,935,200</u>	<u>88,125,650</u>	<u>22,507,092</u>	<u>304,567,942</u>

<b><u>At 31 December 2024</u></b>	<b><u>Khamis Mushait</u></b>	<b><u>Al Jumum</u></b>	<b><u>Al Jowf</u></b>	<b><u>Total</u></b>
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
<b><u>Other disclosures:</u></b>				
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

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**6. SEGMENT INFORMATION (continued)**

<u>At 31 December 2023</u>	<u>Khamis Mushait</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total</u>
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
<u>Other disclosures:</u>				
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

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

*i. Profit before tax*

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

*ii. Total assets*

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

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**6. SEGMENT INFORMATION (continued)****6.1 Reconciliations of information on reportable segments to the amounts reported in the consolidated financial statements (continued):***iii. Total liabilities*

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

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

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**7. PROPERTY, PLANT AND EQUIPMENT**

	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Furniture and fittings</u>	<u>Motor vehicles</u>	<u>Strategic spare parts</u>	<u>Capital work in progress</u>	<u>Total</u>
<b><u>Cost:</u></b>							
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)	--
<b>Balance at 31 December 2023</b>	<b>403,841,083</b>	<b>521,367,738</b>	<b>11,302,096</b>	<b>7,264,427</b>	<b>15,707,474</b>	<b>40,660,649</b>	<b>1,000,143,467</b>
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)	--
<b>Balance at 31 December 2024</b>	<b>405,111,171</b>	<b>538,035,701</b>	<b>11,571,839</b>	<b>7,704,427</b>	<b>15,707,474</b>	<b>144,002,990</b>	<b>1,122,133,602</b>

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

	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Furniture and fittings</u>	<u>Motor vehicles</u>	<u>Strategic spare parts</u>	<u>Capital work in progress</u>	<u>Total</u>
<b><u>Accumulated depreciation:</u></b>							
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	--	--	--	--
<b>Balance at 31 December 2023</b>	<b>112,858,304</b>	<b>165,866,091</b>	<b>7,314,200</b>	<b>4,207,419</b>	<b>6,013,150</b>	<b>--</b>	<b>296,259,164</b>
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)
<b>Balance at 31 December 2024</b>	<b>128,587,995</b>	<b>194,337,659</b>	<b>8,568,071</b>	<b>5,658,020</b>	<b>7,224,686</b>	<b>--</b>	<b>344,376,431</b>
<b><u>Net book value:</u></b>							
<b>At 31 December 2024</b>	<b>276,523,176</b>	<b>343,698,042</b>	<b>3,003,768</b>	<b>2,046,407</b>	<b>8,482,788</b>	<b>144,002,990</b>	<b>777,757,171</b>
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

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

7.1 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 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 SR 77.5 million (2023: SR 91.5 million).

7.3 During the current year, additions to capital work in progress includes the capitalised borrowing cost amounting to SR 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:

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

#### 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.

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**8. RIGHT-OF-USE ASSETS (continued)**

	<u>Silos</u>	<u>Lands</u>	<u>Building and warehouse</u>	<u>Total</u>
<b><u>Cost:</u></b>				
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
<b>Balance at 31 December 2023</b>	<b>204,919,862</b>	<b>69,751,146</b>	<b>6,276,503</b>	<b>280,947,511</b>
Derecognition	--	--	(3,830,871)	(3,830,871)
<b>Balance at 31 December 2024</b>	<b>204,919,862</b>	<b>69,751,146</b>	<b>2,445,632</b>	<b>277,116,640</b>
<b><u>Accumulated depreciation:</u></b>				
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
<b>Balance at 31 December 2023</b>	<b>46,047,718</b>	<b>12,500,792</b>	<b>1,446,870</b>	<b>59,995,380</b>
Charge for the year	7,630,895	2,653,969	728,573	11,013,437
Released on derecognition	--	--	(547,162)	(547,162)
<b>Balance at 31 December 2024</b>	<b>53,678,613</b>	<b>15,154,761</b>	<b>1,628,281</b>	<b>70,461,655</b>
<b><u>Net book value:</u></b>				
<b>At 31 December 2024</b>	<b>151,241,249</b>	<b>54,596,385</b>	<b>817,351</b>	<b>206,654,985</b>
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:

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

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**9. INTANGIBLE ASSETS**

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

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

**10. INVENTORIES**

10.1 Inventories comprise of the following:

	<b>31 December <u>2024</u></b>	<b>31 December <u>2023</u></b>
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
	<b>103,549,615</b>	<b>104,783,886</b>
Less: adjustment for net realizable value of inventories	<b>(16,955,816)</b>	<b>(18,412,316)</b>
	<b>86,593,799</b>	<b>86,371,570</b>

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**10. INVENTORIES (continued)****10.2** Movement in adjustment for net realizable value of inventories is as follows:

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

**10.3** Spare parts amounting to SR 5.5 million (2023: SR 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:

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

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

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

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
At the beginning of the year	<b>297,308</b>	103,250
Provision during the year	<b>134,843</b>	194,058
At the end of the year	<b><u>432,151</u></b>	<u>297,308</u>

**12. PREPAYMENTS AND OTHER CURRENT ASSETS**

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

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#### 12. PREPAYMENTS AND OTHER CURRENT ASSETS (continued)

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 SR Nil (2023: SR 552,211) on account of IPO cost.

#### 13. CASH AND CASH EQUIVALENTS

	<b>31 December 2024</b>	31 December 2023
Cash in hand	<b>143,438</b>	152,724
Cash at banks – current accounts	<b>32,760,345</b>	46,873,530
Short-term deposits	<b>150,000,000</b>	65,000,000
	<b>182,903,783</b>	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 SR 81,832,000 (31 December 2023: SR 81,832,000) consists of 81,832,000 shares (31 December 2023: 81,832,000 shares) at SR 1 (2023: SR 1) each share.

The shareholding pattern as of 31 December 2024 was as follows:

	<u>Percentage</u>	<u>No. of shares</u>	<u>Amount</u>
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
	<b>100</b>	<b>81,832,000</b>	<b>81,832,000</b>

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 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-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).

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#### 14. SHARE CAPITAL (continued)

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

	<u>Percentage</u>	<u>No. of shares</u>	<u>Amount</u>
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
	<u>100</u>	<u>81,832,000</u>	<u>81,832,000</u>

#### 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 SR 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 SR 750,452 (31 December 2023: SR 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 SR 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

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

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#### 17. LOANS AND BORROWINGS (continued)

The movement in long-term loans is as follows:

	<b>31 December 2024</b>	31 December 2023
At the beginning of the year	<b>552,807,201</b>	590,043,778
Obtained during the year	<b>882,741,960</b>	7,351,677
Paid during the year	<b>(788,636,880)</b>	(44,588,254)
At the end of the year	<b>646,912,281</b>	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 SR 751 million which have been fully utilized by the Company. The facilities amounting to SR 518 million and SR 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 SR 643 million were repaid from the proceeds of loan from SNB. Accordingly, the total amount of loans with Alinma Bank was derecognised 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 SR 275 million on prevailing market rates. During the year ended 31 December 2024, drawdowns and repayments amounting to SR 75 million and SR 75 million, respectively have been made by the Company with a closing balance of SR 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 SR 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.

#### **Maturity analysis - contractual cash flows**

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

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**18. LEASE LIABILITIES****18.1** Movement in lease liabilities is as follows:

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

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

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

**18.3** Amounts recognised in consolidated statement of cash flows:

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

**19. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS**

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Present value of defined benefit obligation	<b><u>6,972,328</u></b>	<u>5,540,275</u>

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**19. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)****19.1** The major financial assumptions used to calculate the defined benefit obligation are as follows:

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Discount rate	<b>5.26%</b>	5.06%
Salary increase rate	<b>2.50%</b>	2.50%
Mortality table	<b>Mortality table issued by Institute of Actuaries of India for assured lives (IALM 2012- 14)</b>	Mortality table issued by Institute of Actuaries of India for assured lives (IALM 2012- 14)
Employee turnover (withdrawal) rate	<b>16%</b>	1.5% - 43%
Expected retirement age	<b>60 Years</b>	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:

	<b><u>2024</u></b>	<u>2023</u>
Service cost	<b>2,150,084</b>	2,701,854
Net interest	<b>266,708</b>	125,372
	<b><u>2,416,792</u></b>	<u>2,827,226</u>

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

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

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

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

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**19. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)**

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

<u>31 December 2024</u>	<u>Original</u>	<u>%</u>	<u>Amount (SR)</u>
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
<u>31 December 2023</u>	<u>Original</u>	<u>%</u>	<u>Amount (SR)</u>
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

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
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
	<u>12,350,398</u>	<u>9,466,339</u>

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**20. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

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

**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 SR 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 SR 14.2 million as at 31 December 2023 has been recognised as revenue in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 (2023: SR 12.57 million). The Group expects to recognise advances from customers amounting to SR 13.6 million as revenue for the year ending 31 December 2025.

**22. DIVIDENDS PAYABLE**

The movement in dividend payable is as follows:

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

**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 SR 1 per share amounting to SR 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 SR 1 per share amounting to SR 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.

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**22. DIVIDENDS PAYABLE (continued)**

**22.3** On 29 October 2023 (corresponding to 14 Rabi Al Thani 1445H), 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 8.55 per share amounting to SR 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 SR 0.43 per share amounting to SR 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 SR 0.43 per share amounting to SR 35,000,000. The dividends were paid on 27 April 2023 and 3 May 2023.

**23. REVENUE FROM CONTRACT WITH CUSTOMERS**

	<u>2024</u>	<u>2023</u>
Sale of goods	<u>1,000,249,437</u>	<u>938,620,394</u>

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:

	<u>2024</u>	<u>2023</u>
<b>Type of customer</b>		
Corporate sector	<b>893,178,419</b>	834,083,145
Individuals	<b>107,071,018</b>	104,537,249
	<u><b>1,000,249,437</b></u>	<u>938,620,394</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 dispatched from the warehouses.

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**24. COST OF REVENUE**

Cost of revenue comprises the following:

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Raw materials consumed		<b>484,933,205</b>	453,349,325
Salaries and other benefits		<b>46,591,162</b>	39,155,318
Depreciation of property, plant and equipment	7.4	<b>42,294,158</b>	42,275,006
Utilities		<b>17,957,289</b>	19,306,425
Depreciation of right-of-use assets	8.1	<b>10,284,864</b>	10,284,851
Maintenance expenses		<b>9,918,305</b>	13,665,228
Insurance		<b>5,431,826</b>	4,114,798
Professional and consulting fees		<b>67,251</b>	733,202
Adjustment for net relisable value of inventories	10.2	<b>(1,456,500)</b>	(3,672,320)
Other expenses	24.1	<b>10,937,128</b>	10,898,552
		<b>626,958,688</b>	590,110,385
Finished goods inventory at the beginning of the year	10.1	<b>18,008,309</b>	20,775,523
Finished goods available for sale		<b>644,966,997</b>	610,885,908
Finished goods inventory at the end of the year	10.1	<b>(18,031,615)</b>	(18,008,309)
Cost of goods sold		<b>626,935,382</b>	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:

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

**25.1** Other expenses include mainly travelling expenses and stationary charges.

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**26. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses comprise the following:

	<u>Note</u>	<u>2024</u>	<u>2023</u>
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
		<u>65,335,204</u>	<u>63,214,707</u>

**26.1** Subsequent to year ended 31 December 2024 on 15 January 2025 (corresponding to 15 Rajab, 1446H), GFSA raised a claim amounting to SR 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 SR 3 million in these consolidated financial statements (2023: reversal for the year SR 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**

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

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**28. FINANCE COST**

Finance cost comprise the following:

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

**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:

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

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

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

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

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

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#### **30. ZAKAT (continued)**

##### **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 SR 32,994,684 to buy-back 687,389 shares at the initial public offering price of SR 48 per share. Furthermore, 130,931 shares amounting to SR 6,284,688 have been contributed by pre-listing shareholders as shareholders' contributions at the initial public offering price of SR 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 SR 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 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 2026.
- c) The Company has provided bank guarantee amounting to SR 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 SR 20,000,000; and

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## 32. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

### 32.1 Contingencies (continued)

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

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).

Subsequently on 2 October 2023 (corresponding to 17 Rabi Al-Awal 1445H) the Group received response from GFSA with a revised claim amounting to SR 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.

As neither party involved in the lawsuit has appealed the decision within the allowed timeframe, the Group paid an amount of SR 4.4 million on 12 December 2023 (corresponding to 28 Jumada Al-Awal 1445H) to the GFSA and reversed the excess provision of SR 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 SR 2,924,276 (USD 779,807) (31 December 2023: Nil) with an outstanding amount of SR 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 SR 59,887,500 (USD 15,970,000) with an outstanding amount of SR 6,315,131 (USD 1,684,035) (31 December 2023: SR 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 SR 1,795,998 (CHF 421,220) (31 December 2023: SR 859,769 (CHF 203,255)) with an outstanding amount of SR 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 SR 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 SR 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.

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#### **32. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)**

##### **32.2 Commitments (continued)**

- f) Outward LC import outstanding amounting to SR 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 SR 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 SAR 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 SAR 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 SAR 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.

	<u>2024</u>	<u>2023</u>
Profit for the year	<b>208,670,276</b>	201,810,098
Weighted average number of ordinary shares for basic and diluted EPS	<b>81,205,963</b>	81,832,000
Earnings per share - basic and diluted	<b>2.57</b>	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 SR 10 to SR 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.

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#### 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 recognised 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:

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

Short term employee benefits include SR 1.9 million (2023: SR 0.36 million) related to board and committees' fees.

##### 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:

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

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

Amount due from related parties are as follows:

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Al Ghurair Food Company LLC	--	4,727,832
Mada International Holding Company	--	5,572,111
	<u>--</u>	<u>10,299,943</u>

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

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
Al Ghurair Resources international	--	8,298,467
	<u>--</u>	<u>8,298,467</u>

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

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

	<b>31 December 2024</b>	31 December <u>2023</u>
Al Rajhi Holding	7,697	7,697
Fursan Travel & Tourism Company	--	3,321
	<u>7,697</u>	<u>11,018</u>

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

	<b>31 December 2024</b>	31 December <u>2023</u>
Al Ghurair Food Company LLC (Note 20)	<u>167,067</u>	--
	<u>167,067</u>	<u>--</u>

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:

	<b>31 December 2024</b>	31 December <u>2023</u>
<b>Financial assets at amortised cost:</b>		
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	<u>281,667</u>	<u>931,216</u>
	<u>205,494,761</u>	<u>124,552,717</u>

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**35. FINANCIAL INSTRUMENTS (continued)**

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

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
<b>Financial liabilities at amortised cost:</b>		
Loans and borrowings	<b>646,912,281</b>	543,920,435
Lease liabilities	<b>235,633,981</b>	246,905,589
Trade and other payables	<b>52,657,166</b>	40,829,108
Accrued finance charges	<b>3,415,080</b>	--
Provision for penalties	<b>3,000,000</b>	--
Other payables	<b>246,721</b>	1,845,531
Due to related parties under accrued expenses	<b>167,067</b>	--
	<b><u>942,032,296</u></b>	<u>833,500,663</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 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 recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value on a recurring basis, the 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 2024 and 2023. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

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**35. FINANCIAL INSTRUMENTS (continued)****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:

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

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:

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

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**35. FINANCIAL INSTRUMENTS (continued)****FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*****Credit risk (continued)***

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 amortised 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 SR 432,151 (31 December 2023: SR 297,308).

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

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

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**35. FINANCIAL INSTRUMENTS (continued)****FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*****Trade receivables (continued)***

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

Trade Receivables	<u>Loss rate</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Credit-impaired</u>
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 counterparties 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.

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.

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**35. FINANCIAL INSTRUMENTS (continued)****FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)***Liquidity risk (continued)***31 December 2024**

<b><u>Non derivative financial liabilities</u></b>	<b><u>Carrying amounts</u></b>	<b><u>Contractual amounts</u></b>			<b><u>Total contractual amounts</u></b>
		<b><u>1 year or less</u></b>	<b><u>1 to 5 years</u></b>	<b><u>More than 5 years</u></b>	
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
	<b>942,032,296</b>	<b>143,374,041</b>	<b>367,265,327</b>	<b>803,095,591</b>	<b>1,313,734,959</b>

**31 December 2023**

<b><u>Non derivative financial liabilities</u></b>	<b><u>Carrying amounts</u></b>	<b><u>Contractual amounts</u></b>			<b><u>Total contractual amounts</u></b>
		<b><u>1 year or less</u></b>	<b><u>1 to 5 years</u></b>	<b><u>More than 5 years</u></b>	
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
	<b>847,726,002</b>	<b>167,169,932</b>	<b>445,222,397</b>	<b>592,970,446</b>	<b>1,205,362,775</b>

***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.

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#### 35. FINANCIAL INSTRUMENTS (continued)

##### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

###### *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 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	<u>Impact on profit before Zakat</u>	
	<u>10% increase</u>	<u>10% decrease</u>
Long term loan (floating rate)	(3,971,505)	3,971,505

31 December 2023	<u>Impact on profit before Zakat</u>	
	<u>10% increase</u>	<u>10% decrease</u>
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. The gearing ratio as at 31 December 2024 and 31 December 2023 is as follows:

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**35. FINANCIAL INSTRUMENTS (continued)**

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

***Capital Risk Management (continued)***

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

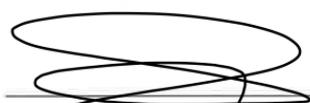
**36. SUBSEQUENT EVENTS**

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 SR 1 per share amounting to SR 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 authorised for issuance by the Company's Board of Directors on 3 March 2025 (corresponding to 3 Ramadan 1446H).

  
Dr. Ibrahim AlRajhi  
Chairman

  
Osama Ashi  
CEO

  
Shahid Akbar  
Finance Director