

MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2024
together with the
INDEPENDENT AUDITORS' REVIEW REPORT

MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2024

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KPMG Professional Services

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Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed

consolidated interim financial statements

To the Shareholders of Modern Mills Company

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of **Modern Mills Company ("the Company") and its subsidiary ("the Group")**, which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed statement of cash flows for the three-month period ended 31 March 2024; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed interim financial statements of **Modern Mills Company and its subsidiary** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382



Jeddah, 9 May 2024

Corresponding 1st Dhul Qadah 1445H

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

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

MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Property, plant and equipment	7.1	707,816,134	703,884,303
Right-of-use assets		218,062,609	220,952,131
Intangible assets		2,634,864	2,633,188
Non-current assets		928,513,607	927,469,622
Inventories	8.1	88,122,256	86,371,570
Trade receivables		4,366,098	948,027
Prepayments and other current assets		29,761,120	32,019,824
Due from related parties	20	50,000	10,299,943
Cash and cash equivalents		171,736,491	112,026,254
Current assets		294,035,965	241,665,618
Total assets		1,222,549,572	1,169,135,240
EQUITY AND LIABILITIES			
Equity			
Share capital	9	81,832,000	81,832,000
Shareholder' contributions	10	14,309,338	7,274,198
Treasury shares	16.2	(39,279,372)	--
Retained earnings		223,527,386	158,543,954
Total equity		280,389,352	247,650,152
Liabilities			
Long-term loans	11	511,445,142	489,666,876
Lease liabilities		219,466,022	231,763,710
Employees' defined benefit obligations		6,183,495	5,540,275
Non-current liabilities		737,094,659	726,970,861
Trade and other payables		29,542,989	40,829,108
Accrued expenses and other liabilities		71,355,468	62,738,423
Current portion of long-term loans	11	54,911,687	54,253,559
Current portion of lease liabilities		15,177,798	15,141,879
Advances from customers		25,108,383	14,225,339
Zakat payable	17	8,969,236	7,325,919
Current liabilities		205,065,561	194,514,227
Total liabilities		942,160,220	921,485,088
Total equity and liabilities		1,222,549,572	1,169,135,240
Dr. Ibrahim AlRajhi			
Chairman			
Osama Ashi			
CEO			
Amr Kamel			
CFO			

The accompanying notes from 1 to 23 form an integral part of these condensed consolidated interim financial statements.

MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2024
(Expressed in Saudi Arabian Riyals, unless otherwise specified)


	Notes	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Revenue from contract with customers	12	257,806,270	252,245,681
Cost of revenue	13	(158,685,815)	(149,841,380)
Gross profit		99,120,455	102,404,301
Selling and distribution expenses		(8,990,989)	(11,832,913)
General and administrative expenses		(13,331,343)	(13,905,416)
Other income		31,504	--
Operating profit		76,829,627	76,665,972
Finance costs	14	(12,083,401)	(11,624,055)
Finance income		1,880,523	768,559
Profit before zakat		66,626,749	65,810,476
Zakat expense	17.1	(1,643,317)	(1,700,000)
Profit for the period		64,983,432	64,110,476
Other comprehensive income for the period		--	--
Total comprehensive income for the period		64,983,432	64,110,476
Earnings per share for the period attributable to shareholders of the Company (SR):			
Basic	19.1	0.79	0.78
Diluted	19.1	0.79	0.78



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Chairman



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CEO



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MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Share capital</u>	<u>Shareholder's contribution</u>	<u>Treasury shares</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Three-month period ended 31 March 2024:						
As at 31 December 2023 (audited)	81,832,000	7,274,198	--	--	158,543,954	247,650,152
Profit for the period	--	--	--	--	64,983,432	64,983,432
Other comprehensive income for the period	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	--	64,983,432	64,983,432
Shareholder' contributions (note 10)	--	750,452	--	--	--	750,452
Treasury shares contributed by pre-listing shareholders (note 16.2)	--	6,284,688	(6,284,688)	--	--	--
Purchase of treasury shares for employees' share option scheme (note 16.2)	--	--	(32,994,684)	--	--	(32,994,684)
As at 31 March 2024 (Unaudited)	81,832,000	14,309,338	(39,279,372)	--	223,527,386	280,389,352
Three-month period ended 31 March 2023:						
As at 31 December 2022 (audited)	81,832,000	--	--	24,549,600	72,046,225	178,427,825
Profit for the period	--	--	--	--	64,110,476	64,110,476
Other comprehensive income for the period	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	--	64,110,476	64,110,476
As at 31 March 2023 (unaudited)	81,832,000	--	--	24,549,600	136,156,701	242,538,301

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MODERN MILLS COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Notes</u>	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Cash flows from operating activities			
Profit before zakat		66,626,749	65,810,476
Adjustments:			
Depreciation on property, plant and equipment	7.2	11,842,319	11,247,576
Depreciation of right-of-use assets		2,889,522	2,686,084
Amortisation of intangible assets		100,688	96,765
Finance cost on lease liabilities	14	1,580,738	1,600,134
Finance cost on long-term loans	14	10,354,550	9,875,808
Finance income for the period		(1,880,523)	(768,559)
Amortisation of loan transaction cost	14	148,113	148,113
Reversal of provision for slow moving inventories	13	56,472	(264,766)
Provision for employees' defined benefit obligations		678,696	1,282,481
		<u>92,397,324</u>	<u>91,714,112</u>
Changes in working capital:			
Inventories		(1,807,158)	(5,268,461)
Trade receivables		(3,418,071)	(1,138,240)
Prepayments and other current assets		2,258,704	(11,810,676)
Due from related parties		11,000,395	--
Trade and other payables		(11,286,119)	(13,745,750)
Accrued expenses and other liabilities		8,617,045	8,388,179
Advances from customers		10,883,044	4,965,491
		<u>108,645,164</u>	<u>73,104,655</u>
Paid employees' defined benefit obligations		(35,476)	(7,738)
Finance cost paid		(11,935,288)	(16,562,445)
Finance income received		1,880,523	768,559
Net cash from operating activities		<u>98,554,923</u>	<u>57,303,031</u>
Cash flows from investing activities			
Additions to property, plant and equipment	7.2	(15,774,150)	(5,795,966)
Additions to intangible assets		(102,364)	(68,766)
Proceeds from sale of property, plant and equipment		--	6,357
Net cash used in investing activities		<u>(15,876,514)</u>	<u>(5,858,375)</u>
Cash flows from financing activities			
Repayment of long-term loans	11	(13,711,503)	(11,147,063)
Proceeds from long-term loans	11	35,999,784	--
Capital repayment of lease liabilities		(12,261,769)	(7,405,570)
Purchase of treasury shares	16.2	(32,994,684)	--
Net cash used in financing activities		<u>(22,968,172)</u>	<u>(18,552,633)</u>
Net increase in cash and cash equivalents during the period		59,710,237	32,892,023
Cash and cash equivalents as at 1 January		112,026,254	118,160,559
Cash and cash equivalents at 31 March		<u>171,736,491</u>	<u>151,052,582</u>
Non-cash transactions			
Treasury shares contributed by pre-listing shareholders	16.2	6,284,688	--
IPO cost incurred	10	750,452	--

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MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY 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).

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

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

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

MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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 condensed consolidated interim financial statements comprise the condensed financial statements of Modern Mills Company (the "Company" (or) the "Parent Company") and its subsidiary (collectively referred to as the "Group"). The Group is principally engaged in flour production in the Kingdom of Saudi Arabia and all activities related to the provision of wheat products, animal feed and related products, including making any contracts or making any related arrangements.

The Company is the ultimate controlling party of the Group. As at 31 March 2024, 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>31 March 2024</u>	<u>31 December 2023</u>
<i><u>Operating subsidiary</u></i>				
Hasad Al-Arabia	Saudi Arabia	Distribution	100	100

MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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>
<u>Head office</u>	09 January 2022 (corresponding to 6 Jumada Al-Akhirah 1443H).	4030449122
<u>Khamis Mushait</u>	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	5855070707
<u>Al Jumum</u>	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	4622099376
<u>Al Jawf</u>	28 March 2017 (corresponding to 29 Jumada Al Thani 1438H)	3400020077

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standards (IAS 34) “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”) and should be read in conjunction with the Group’s last annual financial statements as at and for the year ended 31 December 2023 (“last annual financial statements”).

These condensed consolidated interim financial statements do not include all the information and disclosures required to prepare a complete set of consolidated financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes have been included to explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial statements. In addition, the results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the year ended 31 December 2024.

2.2 Basis of measurement

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

2. BASIS OF PREPARATION (continued)

2.3 Basis of consolidation

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the condensed consolidated interim 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 condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded to the nearest SR, unless otherwise stated.

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

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

The significant judgments exercised in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2023.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards, interpretations and amendments effective as at 1 January 2024, as mentioned in note 5.1. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

5.1 Standards, interpretations and amendments issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2024 and that are available for early adoption in annual periods beginning on 1 January 2024.

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

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

5.1 Standards, interpretations and amendments issued (continued)

<i><u>Standards, amendments, interpretations</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024

5.2 Standards, interpretations and amendments issued but not yet effective

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

<i><u>Standards, amendments, interpretations</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

The standards, interpretations, and amendments with an effective date of 1 January 2025 will not have any material impact on the Group's condensed consolidated interim financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Group is currently assessing the implications on the Group's financial statements on adoption.

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

For the three-month period ended 31 March 2024

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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.

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.

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(Unaudited)**

	<u>Khamis Mushait</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total segments</u>
Total revenue	165,421,326	70,402,688	21,982,256	257,806,270
Cost of inventories	(96,358,492)	(19,555,534)	(9,408,750)	(125,322,776)
Employee benefits expenses	(5,996,106)	(4,799,336)	(3,343,498)	(14,138,940)
Depreciation	(4,966,167)	(7,506,126)	(2,063,008)	(14,535,301)
Other expenses	(4,510,654)	(6,668,037)	(907,665)	(12,086,356)
Financing costs	(425,519)	(917,419)	(212,673)	(1,555,611)
Other income	-	31,504	-	31,504
Segment profit	<u>53,164,388</u>	<u>30,987,740</u>	<u>6,046,662</u>	<u>90,198,790</u>

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	<u>Khamis Mushait</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	<u>Total segments</u>
Total revenue	155,033,011	68,209,882	29,002,788	252,245,681
Cost of inventories	(86,043,971)	(19,634,711)	(8,969,790)	(114,648,472)
Employee benefits expenses	(6,653,744)	(5,097,645)	(3,695,690)	(15,447,079)
Depreciation	(4,673,669)	(7,109,679)	(1,961,426)	(13,744,774)
Other expenses	(4,837,502)	(8,239,559)	(2,738,164)	(15,815,225)
Financing costs	(441,758)	(918,284)	(209,864)	(1,569,906)
Segment profit	<u>52,382,367</u>	<u>27,210,004</u>	<u>11,427,854</u>	<u>91,020,225</u>

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6. SEGMENT INFORMATION (continued)

At 31 March 2024 (Unaudited)	Khamis <u>Mushait</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	Total <u>Segments</u>
Total assets	355,624,794	523,808,325	134,479,894	1,013,913,013
Total liabilities	124,545,064	156,772,388	55,267,808	336,585,260
Other disclosures:				
Property, plant and equipment with right-of- use assets	295,880,230	515,407,228	111,267,628	922,555,086
Inventories	55,867,291	10,119,649	22,135,316	88,122,256
Intangibles	332,555	51,810	-	384,365
At 31 December 2023 (Audited)	Khamis <u>Mushait</u>	<u>Al Jumum</u>	<u>Al Jowf</u>	Total
Total assets	308,929,427	531,238,364	138,420,163	978,587,954
Total liabilities	112,095,073	187,050,959	52,421,558	351,567,590
Other disclosures:				
Property, Plant and Equipment with Right-of- use assets	296,192,777	512,378,946	113,281,839	921,853,562
Inventories	9,650,644	20,882,296	26,397,563	56,930,503
Intangible assets	364,852	54,663	--	419,515

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

i) Profit before tax

	31 March <u>2024</u> (Unaudited)	31 March <u>2023</u> (Unaudited)
Total profit before tax for reportable segments	90,198,790	91,020,225
Unallocated amounts		
Employee benefits expenses	(9,298,988)	(8,040,812)
Depreciation	(297,228)	(285,649)
Other expenses	(5,328,558)	(7,597,697)
Financing costs	(10,527,790)	(10,054,149)
Finance income	1,880,523	768,558
Expected credit loss on trade receivables	--	--
	<u>66,626,749</u>	<u>65,810,476</u>

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6. SEGMENT INFORMATION (continued)

6.1 Reconciliations of information on reportable segments to the amounts reported in the financial statements (continued)

ii) Total assets

	31 March <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Total assets for reportable segments	1,013,913,013	978,587,954
Unallocated amounts	208,636,559	190,547,286
	<u>1,222,549,572</u>	<u>1,169,135,240</u>

iii) Total liabilities

	31 March <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Total liabilities for reportable segments	336,585,260	351,567,590
Unallocated amounts	605,574,960	569,917,498
	<u>942,160,220</u>	<u>921,485,088</u>

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Property, plant and equipment comprise of the following:

	31 March <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Buildings	287,104,178	290,982,779
Plant and equipment	352,218,407	355,501,647
Furniture and fittings	3,674,977	3,987,896
Motor vehicles	2,699,366	3,057,008
Strategic spare parts	9,396,104	9,694,324
Capital work in progress	52,723,102	40,660,649
	<u>707,816,134</u>	<u>703,884,303</u>

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

7.2 For the purposes of preparing the condensed consolidated interim statement of cash flows, the movement in property, plant and equipment during the three-month period ended 31 March is as follows:

	For the three-month period ended 31 March	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Depreciation	11,842,319	11,247,576
Additions	15,774,150	5,795,966
Carrying amount of disposed assets	--	6,357
Proceeds from disposal	--	6,357

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

7.4 During the current period, additions to capital work in progress includes the capitalised borrowing cost amounting to SR 752,922 related to Jamoom expansion project, calculated using the capitalisation rate of 7.52%.

7.5 As at 31 March 2024, capital work in progress mainly consists of the expansion that is under progress across Al-Jamoum Branch.

Capital commitments relating to these projects amount to SR 86 million (31 December 2023: SR 91.5 million).

8. INVENTORIES

8.1 Inventories comprise of the following:

	<u>31 March 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Spare parts	57,513,451	57,718,009
Raw materials	17,191,562	19,860,794
Finished goods	22,102,833	18,008,309
Goods in transit	--	490,714
Packing material	7,993,623	6,962,744
Others	1,676,631	1,743,316
	106,478,100	104,783,886
Less: allowance for slow-moving inventories of spare parts and raw materials	(18,355,844)	(18,412,316)
	88,122,256	86,371,570

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8. INVENTORIES (continued)

8.2 During the three-month period ended 31 March 2024, the Group has reversed the provision for slow-moving inventories of spare parts and raw materials amounting to SR 0.06 million (31 December 2023: reversal for the year SR 3.67 million). The amount is included in the cost of revenue.

9. SHARE CAPITAL

The authorized, issued and fully paid-up share capital of the Parent Company as at 31 March 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 each share.

10. SHAREHOLDER'S CONTRIBUTIONS

The shareholder contribution represents SR 8,024,650 (31 December 2023: SR 7,274,198) related to IPO costs fully recovered from the pre-listing shareholders as these costs are deducted from the offering proceeds and SR 6,284,688 (31 December 2023: SR Nil) contributed by pre-listing shareholders in the form of treasury shares (refer note 16.2).

11. LONG-TERM LOANS

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Long-term loans	575,095,482	552,807,201
Less: unamortised loan transaction cost	(8,738,653)	(8,886,766)
	<u>566,356,829</u>	<u>543,920,435</u>
Non-current portion	511,445,142	489,666,876
Current portion	54,911,687	54,253,559
	<u>566,356,829</u>	<u>543,920,435</u>

	Senior Murabaha Facility	Commercial Bank Loan	Total
At the beginning of the period	545,455,524	7,351,677	552,807,201
Obtained during the period	--	35,999,784	35,999,784
Paid during the period	(13,711,503)	--	(13,711,503)
At the end of the period	<u>531,744,021</u>	<u>43,351,461</u>	<u>575,095,482</u>

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

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11. LONG-TERM LOANS (continued)

On 23rd January 2024, the Group has drawn down additional loan from a commercial bank which carries profit at the rate of SAIBOR plus an applicable margin to finance Jamoom expansion. The facility is repayable till 31 December 2038.

The facilities are secured against the following collaterals:

Securities provided against bank borrowings include assignment of insurance policies for insurance of the property all risk and business interruption amounting to SR 1,253 million (2023: SR 1,253 million).

Maturity analysis - contractual undiscounted cash flows

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Within one year	94,430,368	95,904,946
One to five years	361,272,799	388,400,126
More than five years	386,293,743	345,206,602
	<u>841,996,910</u>	<u>829,511,674</u>

12. REVENUE FROM CONTRACT WITH CUSTOMERS

	For the three-month period ended 31 March	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Sale of goods	<u>257,806,270</u>	<u>252,245,681</u>

The group generates revenue primarily from the sale of flour, wheat, and bran.

Disaggregation of revenue

Revenue is disaggregated by type of customer as shown below:

	For the three-month period ended 31 March	
Type of customer	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Individuals	27,854,203	23,394,515
Corporate sector	<u>229,952,067</u>	<u>228,851,166</u>
	<u>257,806,270</u>	<u>252,245,681</u>

Timing of revenue recognition

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

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13. COST OF REVENUE

Cost of revenue comprises the following:

	For the three-month period ended 31 March	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Raw materials consumed	125,322,776	119,862,028
Salaries and other benefits	12,170,708	9,856,874
Depreciation and amortization	13,085,424	12,899,892
Utilities	5,532,834	5,229,093
Insurance	1,426,814	825,094
Maintenance	2,054,174	3,004,331
Other expenses	3,244,081	3,642,391
Reversal of provision for slow moving inventories of spare parts and raw materials (note 8.2)	(56,472)	(264,766)
	<u>162,780,339</u>	<u>155,054,937</u>
Finished goods inventory at the beginning of the period	18,008,309	20,775,523
Finished goods available for sale during the period	180,788,648	175,830,460
Finished goods inventory at the end of the period	(22,102,833)	(25,989,080)
	<u>158,685,815</u>	<u>149,841,380</u>

14. FINANCE COSTS

Finance costs comprise the following:

	For the three-month period ended 31 March	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Finance cost on lease liabilities	1,580,738	1,600,134
Finance cost on long-term loans	10,354,550	9,875,808
Amortization of loan transaction cost	148,113	148,113
	<u>12,083,401</u>	<u>11,624,055</u>

15. DIVIDEND PAYABLE

15.1 The movement in dividend payable is as follows:

	<u>31 March</u> <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
At the beginning of the period/year	--	--
Declared during the period/year	--	140,000,000
Paid during the period/year	--	(140,000,000)
At end of the period/year	<u>--</u>	<u>--</u>

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15. DIVIDEND PAYABLE (continued)

15.2 No dividends were declared during the three-month period ended 31 March 2023.

15.3 On 28 March 2024 (corresponding to 18 Ramadan 1445H), the Board of Directors of the Parent Company has 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. The approval is due from General Assembly as at the date of approval of these condensed consolidated interim financial statements.

16. EMPLOYEE SHARE OPTION SCHEME

16.1 The shareholders of the Company through Extraordinary General Assembly Meeting held on 19 October 2023 (corresponding to 4 Rabi Al-Thani 1445H), approved the employee shares program with a maximum of 818,320 shares and authorize the Board of Directors to determine the terms of this program, including the allocation price for each share offered to employees if it is for a consideration. No accrual is booked during the current period as the policy is pending for approval by the Nomination and Remuneration and Board Committees as at the date of approval of these condensed consolidated interim financial statements.

16.2 Further, the shareholders of the Company through Extraordinary General Assembly Meeting held on 19 October 2023 (corresponding to 4 Rabi Al-Thani 1445H), approved the purchase of a number of the Company shares, with a maximum of 818,320 shares, with the aim of allocating those to the Company's employees within the employees shares program. The purchase will be financed from the Company's available cash funds, and the Board of Directors is authorized to complete the purchase within a maximum period of twelve months from the date of the extraordinary general assembly's decision. On 4 March 2024 (corresponding to 23 Shaban 1445H), the Company has paid an amount SR 32,994,684 to HSBC (the "Lead Manager") to buy-back its 687,389 shares as treasury shares at the initial public offering price of SR 48 with the aim of allocating these to the Company's employees within the employees share program. Further, the pre-listing shareholders also awarded the Company in conjunction with completing the Initial Public Offering process by providing 130,931 shares for no consideration to use them within the Company's employee share program. These shares are recognized as additional contribution from shareholders at the IPO price of SR 48 per share, being the granted date, amounting to SR 6,284,688.

17. ZAKAT

17.1 Movement in provision for zakat during the period/year

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

	31 March <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
At the beginning of the period/year	7,325,919	2,854,310
Charged during the period/year	1,643,317	7,496,149
Paid during the period/year	--	(3,024,540)
At end of the period/year	<u>8,969,236</u>	<u>7,325,919</u>

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17. ZAKAT (continued)

17.2 Zakat status

The Parent Company got exemption from Zakat, Tax and Customs Authority (ZATCA) from submitting the zakat return for the year ended 31 December 2020. The Group has submitted the zakat return for the year ended 31 December 2023 and obtained the unrestricted Zakat certificate which is valid until 30 April 2025. ZATCA did not issue the Zakat assessments for the said year till date.

18. CAPITAL COMMITMENTS AND CONTINGENCIES

18.1 Contingencies

- a) The Group has provided bank guarantees of 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 2025.
- b) The Group has provided bank guarantees of SR 475,979 in favor of GFSA for lease of lands in Khamis Mushait, Al Jumum and Al Jawf. These guarantees are valid up to 30 January 2025.
- c) The Group has provided bank guarantees of SR 500,000 in favor of GFSA for barley import contract for the purpose of trade. These guarantees are valid up to 30 June 2024.

18.2 Commitments:

The following LCs are outstanding as at 31 March 2024:

- a) Outward LC import amounting to SR 59,887,500 (USD 15,970,000) with an outstanding amount of SR 26,111,437 (USD 6,963,050) (31 December 2023: SR 31,983,652) in favor of Ocrim SPA for supply of flour mill machinery including all electrical equipment's. The LC will remain valid till 15 October 2024.
- b) Outward LC outstanding amounting of SR 1,751,012 (CHF 421,220) (31 December 2023: SR 859,769) and SR 1,412,31 (CHF 339,743) (31 December 2023: SR 1,437,113) in favor of Buehler AG for supply of plant components including installation and commissioning supervision at site of Jumum and supply of silos aspiration system plant automation components respectively. These LCs will remain valid till 20 October 2024.
- c) Outward LC import amounting to SR 2,378,107 (EUR 587,840) with an outstanding amount of SR 118,905 (EUR 29,392) (31 December 2023: SR 2,434,363) in favor of Alvan Blanch Development Company for supply of silos measurement devices and hardware's. The LC will remain valid till 28 April 2024.
- d) Outward LC import outstanding amounting to SR 158,779 (USD 42,341) (31 December 2023: SR 1,147,387) and SR 1,072,380 (USD 285,968) (31 December 2023: SR 1,072,380) in favor of Buehler AG for packing line for 10 KG and new flour mixing line. The LCs will remain valid till 25 April 2024 and 30 August 2024.

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18. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

18.2 Commitments (continued)

- e) Outward LC import outstanding amounting to SR 728,518 (EUR 180,081) (31 December 2023: SR 745,751) and SR 740,185 (EUR 182,965) (31 December 2023: SR 757,695) in favor of Ocrim SPA for supply of return line with electrical. These LC will remain valid till 15 September 2024.
- f) Outward LC import with an outstanding amount of SR 739,485 (USD 197,196) (31 December 2023: Nil) in favor of Buehler AG for supply of upgrade at Khamis Mushait factory. The LC will remain valid till 06 September 2024.

19. EARNINGS PER SHARE

19.1 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 condensed consolidated interim financial statements, after adjustment for the effects of all dilutive potential ordinary shares, if any.

	For the three-month period ended 31 March	
	<u>2024</u> (Unaudited)	<u>2023</u> (Unaudited)
Profit for the period	64,983,432	64,110,476
Weighted average number of ordinary shares for basic and diluted EPS	81,787,037	81,832,000
Earnings per share - basic and diluted	0.79	0.78

The calculation for weighted average number of ordinary shares for basic and diluted EPS has been adjusted for the effect of treasury shares (refer note 16.2). 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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20. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders subsidiary, associated companies and key management personnel of the Group, and entities controlled or significantly influenced by such parties (associate). 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 three-month period ended 31 March:

	For the three-month period ended 31 March	
	<u>2024</u>	<u>2023</u>
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,865,876	2,168,621
Post-employment benefits and medical benefits	1,306,732	1,124,470
Total compensation paid to key management personnel	<u>4,172,608</u>	<u>3,293,091</u>

OTHER RELATED PARTY TRANSACTIONS

Transactions with related parties arise mainly from services provided/ received and payments made on behalf of each other and are undertaken at mutually agreed terms. IPO costs will be recovered directly from the Bank from the proceeds of the subscription.

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

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20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

OTHER RELATED PARTY TRANSACTIONS (continued)

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
			For the three-month period ended 31 March	
			<u>2024</u>	<u>2023</u>
Al Ghurair Food Company LLC	Shareholder	IPO costs	12,517,606	--
		Purchases	(50,400)	--
Mada International Holding Company	Shareholder	IPO costs	13,908,451	--
Fursan Travel & Tourism Company	Associate	Ticket and related expenses	(65,323)	--
Al Ghurair Resources international	Associate	Purchases	(8,363,152)	(23,316,964)
Al Rajhi Holding Group Company	Associate	Lease rental	(150,219)	(124,850)

DUE FROM RELATED PARTIES

	<u>Relationship</u>	<u>Closing balances</u>	
		<u>31 March 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Al Ghurair Food Company LLC	Shareholder	--	4,727,832
Mada International Holding Company	Shareholder	50,000	5,572,111
		<u>50,000</u>	<u>10,299,943</u>

DUE FROM RELATED PARTY- included in prepayments and other current assets

	<u>Relationship</u>	<u>Closing balance</u>	
		<u>31 March 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Al Ghurair Resources international	Associate	--	8,298,467
		<u>--</u>	<u>8,298,467</u>

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20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

DUE TO RELATED PARTIES – included in trade and other payables

		<u>Closing balances</u>	
<u>Relationship</u>		<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 December</u> <u>2023</u> (Audited)
Al Rajhi Holding Group Company	Associate	7,697	7,697
Fursan Travel & Tourism Company	Associate	65,323	3,321
Al Ghurair Food Company LLC	Shareholder	50,400	--
Al Ghurair Resources International	Associate	64,685	--
		<u>188,105</u>	<u>11,018</u>

DUE TO RELATED PARTY- included in accrued expenses and other liabilities

		<u>Closing balance</u>	
<u>Relationship</u>		<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 December</u> <u>2023</u> (Audited)
Al Ghurair Food Company LLC	Shareholder	242,068	--
		<u>242,068</u>	<u>--</u>

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

21. FINANCIAL INSTRUMENTS FAIR VALUES

Financial assets

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

	<u>31 March</u> <u>2024</u> (Unaudited)	<u>31 December</u> <u>2023</u> (Audited)
Financial assets at amortised cost:		
Cash and bank balances	171,736,491	47,026,254
Short term deposits	--	65,000,000
Trade receivables	4,366,098	948,027
Due from related parties	50,000	10,299,943
Other receivables	186	931,216
	<u>176,152,775</u>	<u>124,205,440</u>

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

For the three-month period ended 31 March 2024

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

21. FINANCIAL INSTRUMENTS FAIR VALUES (Continued)

Financial liabilities

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

	31 March <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Financial liability at amortised cost:		
Trade and other payables	29,542,989	40,829,108
Other payables	70,343	1,845,531
Long term loans	566,356,829	543,920,435
Lease liabilities	234,643,820	246,905,589
	<u>830,613,981</u>	<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 bank balances, trade receivables and other receivables. Its financial liabilities consist of trade and other payables, long-term loans, obligations under finance lease and amounts due to related parties.

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

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

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

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

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

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.

MODERN MILLS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2024

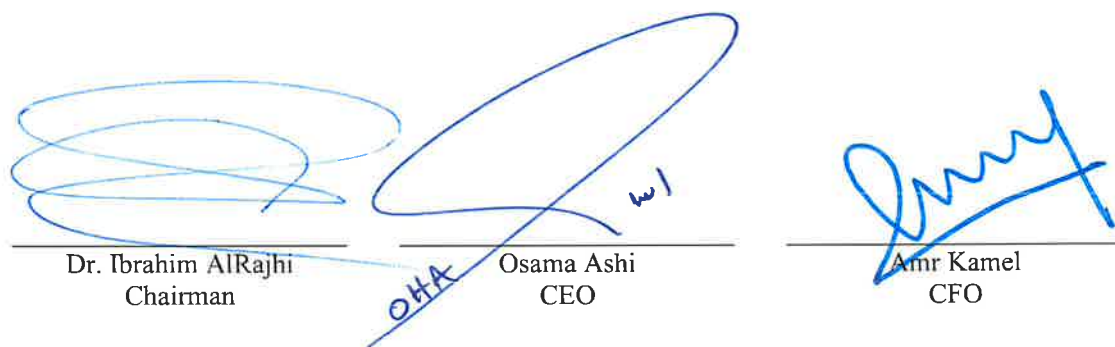
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

22. SUBSEQUENT EVENTS

No other events or matters has occurred up to and including the date of the approval of these condensed consolidated interim financial statements by the Board of Directors which could materially affect these condensed consolidated interim financial statements and the related disclosure for the three-month period ended 31 March 2024.

23. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issuance by the Company's Board of Directors on 8 May 2024 (corresponding to 29 Shawwal 1445H).



Dr. Ibrahim AlRajhi
Chairman

Osama Ashi
CEO

Amr Kamel
CFO