

MODERN MILLS COMPANY
(A Saudi Closed Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
with
INDEPENDENT AUDITORS' REVIEW REPORT
For the three-month period ended 31 March 2023

MODERN MILLS COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2023

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KPMG Professional Services

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

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed

consolidated interim financial statements

To the Shareholders of Modern Mills Company

Introduction

We have reviewed the accompanying 31 March 2023 condensed consolidated interim financial statements of **Modern Mills Company ("the Company")** and its subsidiary ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed statement of cash flows for the three-month period ended 31 March 2023; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 2023 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, 31 October 2023
Corresponding 16 Rabi Al Thani 1445H

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

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، 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 لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

MODERN MILLS COMPANY
(A Saudi Closed Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Property, plant and equipment	7.1	689,366,662	694,824,629
Right-of-use assets		225,456,836	228,142,920
Intangible assets		2,862,097	2,890,096
Non-current assets		917,685,595	925,857,645
Inventories	8.1	98,071,427	92,538,200
Trade receivables		1,224,972	86,732
Prepayments and other current assets		27,385,523	15,574,847
Cash and cash equivalents		151,052,582	118,160,559
Current assets		277,734,504	226,360,338
Total assets		1,195,420,099	1,152,217,983
EQUITY AND LIABILITIES			
Equity			
Share capital	9	81,832,000	81,832,000
Statutory reserve		24,549,600	24,549,600
Retained earnings		136,156,701	72,046,224
Total equity		242,538,301	178,427,824
Liabilities			
Long-term loans	11	522,412,918	535,976,307
Lease liabilities		224,669,864	237,277,928
Employees' defined benefit obligations		4,375,363	3,100,620
Non-current liabilities		751,458,145	776,354,855
Trade and other payables		30,962,236	44,707,986
Accrued expenses and other liabilities		80,496,760	72,108,581
Current portion of long-term loans	11	47,152,693	44,588,254
Current portion of lease liabilities		14,288,218	14,172,228
Advances from customers		17,544,536	12,579,045
Provision for penalties		6,424,900	6,424,900
Zakat payable	15	4,554,310	2,854,310
Current liabilities		201,423,653	197,435,304
Total liabilities		952,881,798	973,790,159
Total equity and liabilities		1,195,420,099	1,152,217,983

Dr. Ibrahim AlRajhi
Chairman

Sama Ashi
CEO

Amr Kamel
CFO

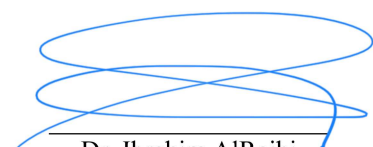
The accompanying notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.

MODERN MILLS COMPANY
(A Saudi Closed Joint Stock Company)

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

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Notes</u>	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Revenue	12	252,245,681	238,421,949
Cost of revenue	13	(149,267,399)	(153,406,912)
Gross profit		102,978,282	85,015,037
Selling and distribution expenses		(11,832,913)	(2,164,560)
General and administrative expenses		(14,479,397)	(13,744,770)
Expected credit loss on trade receivables		--	(5,750)
Other income		--	26,235
Operating profit		76,665,972	69,126,192
Finance costs	14	(11,624,055)	(5,971,801)
Finance income		768,559	--
Profit before zakat		65,810,476	63,154,391
Zakat expense	15.1	(1,700,000)	(693,000)
Profit for the period		64,110,476	62,461,391
Other comprehensive income for the period		--	--
Total comprehensive income for the period		64,110,476	62,461,391
Earnings per share for the period attributable to shareholders of the Company (SR):			
Basic	17.1	0.78	0.76
Diluted	17.1	0.78	0.76



Dr. Ibrahim AlRajhi
Chairman



Osama Ashi
CEO



Amr Kamel
CFO

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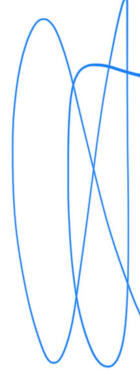
MODERN MILLS COMPANY
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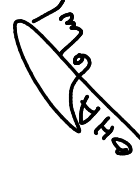
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)


For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Share capital</u>	<u>Merger deficit reserve</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<u>Three-month period ended 31 March 2023:</u>					
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
<u>Three-month period ended 31 March 2022:</u>					
As at 31 December 2021 (audited)	899,666,590	(817,835,064)	13,444,845	2,561,719	97,838,090
Profit for the period	--	--	--	62,461,391	62,461,391
Other comprehensive income for the period	--	--	--	--	--
Total comprehensive income for the period	--	--	--	62,461,391	62,461,391
As at 31 March 2022 (unaudited)	899,666,590	(817,835,064)	13,444,845	65,023,110	160,299,481


Dr. Ibrahim AlRajhi
Chairman


Osama Ashi
CEO


Amr Kamel
CFO

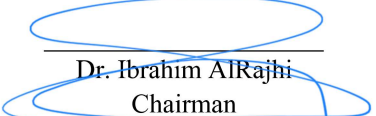
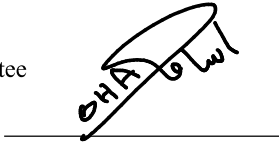

The accompanying notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.

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

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Cash flows from operating activities			
Profit before zakat		65,810,476	63,154,391
<i>Adjustments:</i>			
Depreciation on property, plant and equipment	7.2	11,247,576	10,531,484
Depreciation of right-of-use assets		2,686,084	2,522,463
Amortisation of intangible assets		96,765	--
Finance cost on lease liabilities	14	1,600,134	1,564,867
Finance cost on long-term loans	14	9,875,808	4,367,208
Finance income for the period		(768,559)	--
Amortisation of loan transaction cost	14	148,113	148,112
Reversal of provision for slow moving inventories	13	(264,766)	(964,428)
Provision for employees' defined benefit obligations		1,282,481	1,262,234
Expected credit loss on trade receivables		--	5,750
		<u>91,714,112</u>	<u>82,592,081</u>
<i>Changes in working capital:</i>			
Inventories		(5,268,461)	12,527,628
Trade receivables		(1,138,240)	(496,800)
Prepayments and other current assets		(11,810,676)	16,652,283
Trade and other payables		(13,745,750)	18,844,349
Accrued expenses and other liabilities		8,388,179	8,854,493
Advances from customers		4,965,491	7,341,924
		<u>73,104,655</u>	<u>146,315,958</u>
Paid employees' defined benefit obligations		(7,738)	--
Finance cost paid		(16,562,445)	(11,111,809)
Finance income received		768,559	--
Net cash from operating activities		<u>57,303,031</u>	<u>135,204,149</u>
Cash flows from investing activities			
Additions to property, plant and equipment	7.2	(5,795,966)	(9,248,369)
Additions to intangible assets		(68,766)	(720,355)
Proceeds from sale of property, plant and equipment		6,357	--
Net cash used in investing activities		<u>(5,858,375)</u>	<u>(9,968,724)</u>
Cash flows from financing activities			
Loan repaid	11	(11,147,063)	(3,087,670)
Capital repayment of lease liabilities		(7,405,570)	(7,273,554)
Dividend paid		--	(38,085,452)
Net cash used in financing activities		<u>(18,552,633)</u>	<u>(48,446,676)</u>
Net increase in cash and cash equivalents during the period		32,892,023	76,788,749
Cash and cash equivalents as at 1 January		118,160,559	94,133,966
Cash and cash equivalents at 31 March		<u>151,052,582</u>	<u>170,922,715</u>
Non-cash transactions			
Due from related party - Financial Guarantee		--	(7,375,281)
			
Dr. Ibrahim AlRajhi Chairman	Osama Ashi CEO	Amr Kamel CFO	

The accompanying notes from 1 to 21 form an integral part of these condensed consolidated interim financial statements.

MODERN MILLS COMPANY
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY INFORMATION

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

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

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

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

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

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

The registered address of the Company is as follows:

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

MODERN MILLS COMPANY
(A Saudi Closed Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY INFORMATION (continued)

On 27 April 2022, the Board of Directors of the Company approved and formed an IPO committee to define the consultant's scope of work and recommend timelines/actions required to go for listing. The management is in the process of making arrangements for offering and listing of the Company's shares in Tadawul as on the date of these consolidated financial statements.

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

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

The Company is the ultimate controlling party of the Group. As at 31 March 2023, the Company has investment in the following subsidiary:

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

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

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

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

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

These condensed consolidated interim financial statements are prepared by the management for internal reporting purposes only.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

For the three-month period ended 31 March 2023

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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

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 2022.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards, interpretations and amendments effective as at 1 January 2023, as mentioned in note 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 2023 and that are available for early adoption in annual periods beginning on 1 January 2023.

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

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

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

5.2 Standards, interpretations and amendments issued but not yet effective

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

<u>Standards, amendments, interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	<p>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.</p> <p>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.</p> <p>Note that the IASB has issued a new exposure draft proposing changes to this amendment.</p>	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

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

6. SEGMENT INFORMATION

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

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

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.

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

For the three-month period ended 31 March 2023
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

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.

For the three-month period ended 31 March 2023 (Unaudited)	Khamis Mushait	Al Jumum	Al Jowf	Total segments
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	52,382,367	27,210,004	11,427,854	91,020,225

For the three-month period ended 31 March 2022 (Unaudited)	Khamis Mushait	Al Jumum	Al Jowf	Total segments
Total revenue	138,899,149	69,165,677	30,357,123	238,421,949
Cost of inventories	(75,949,821)	(18,889,132)	(9,570,622)	(104,409,575)
Employee benefits expenses	(8,610,391)	(5,585,785)	(4,223,648)	(18,419,824)
Depreciation	(4,184,700)	(6,961,117)	(1,815,548)	(12,961,365)
Other expenses	(15,956,246)	(3,343,575)	(2,402,590)	(21,702,411)
Financing costs	(302,834)	(1,076,445)	(225,317)	(1,604,596)
Other income	--	22,249	--	22,249
Segment profit	33,895,157	33,331,872	12,119,398	79,346,427

At 31 March 2023 (Unaudited)	Khamis Mushait	Al Jumum	Al Jowf	Total segments
Total assets	363,719,607	513,534,829	140,169,273	1,017,423,709
Total liabilities	144,369,705	202,034,891	68,680,488	415,085,084
Other disclosures: Property, plant and equipment with right-of- use assets	306,578,400	486,940,441	117,536,638	911,055,479
Inventories	53,975,076	22,459,764	21,652,959	98,087,799

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6. SEGMENT INFORMATION (continued)

At 31 December 2022 (Audited)	Khamis Mushait	Al Jumum	Al Jowf	Total segments
Total assets	341,184,376	510,100,920	138,751,589	990,036,885
Total liabilities	101,794,932	163,169,510	43,686,347	308,650,789
Other disclosures:				
Property, plant and equipment with right-of-use assets	309,792,843	487,323,230	113,452,101	910,568,174
Inventories	24,994,187	16,875,096	19,396,894	61,266,177

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

i) Profit before tax

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Total profit before tax for reportable segments	91,020,225	79,346,427
Unallocated amounts		
Employee benefits expenses	(8,040,812)	(6,411,742)
Depreciation	(285,649)	(148,623)
Other expenses	(7,597,697)	(5,263,199)
Financing costs	(10,054,149)	(4,367,208)
Other income	--	4,486
Finance income	768,558	--
Expected credit loss on trade receivables	--	(5,750)
	65,810,476	63,154,391

ii) Total assets

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Total assets for reportable segments	1,017,423,709	990,036,885
Unallocated amounts	177,996,390	162,181,098
	1,195,420,099	1,152,217,983

iii) Total liabilities

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Total liabilities for reportable segments	415,085,084	308,650,789
Unallocated amounts	537,796,714	665,139,370
	952,881,798	973,790,159

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7. PROPERTY, PLANT AND EQUIPMENT

7.1 Property, plant and equipment comprise of the following:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Buildings	302,427,712	304,673,047
Plant and equipment	367,277,274	354,986,161
Furniture and fittings	4,215,221	4,386,647
Motor vehicles	3,313,337	2,277,991
Strategic spare parts	10,475,634	10,733,727
Capital work in progress	1,657,484	17,767,056
	<u>689,366,662</u>	<u>694,824,629</u>

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>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Depreciation	11,247,576	10,531,484
Additions	5,795,966	9,248,369
Carrying amount of disposed assets	6,357	--
Gain on disposals	--	--
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 As at 31 March 2023, capital work in progress consists of the project under progress for mill process automation system at Khamis Mushait and new flour mill at Jammoum.

Capital commitments relating to these projects amount to SR 70.79 million (31 December 2022: SR 16.52 million).

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8. INVENTORIES

8.1 Inventories comprise of the following:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Spare parts	60,842,290	61,645,702
Raw materials	22,788,314	25,787,731
Finished goods	27,377,714	20,775,523
Packing material	9,844,093	7,640,128
Other – inventories	1,605,112	1,339,978
	122,457,523	117,189,062
Less: provision for slow-moving inventories	(24,386,096)	(24,650,862)
	98,071,427	92,538,200

8.2 During the three-month period ended 31 March 2023, the Company has reversed the provision for slow-moving inventories of spare parts and raw materials amounting to SR 0.26 million (31 December 2022: charge for the year SR 9.75 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 2023 amounted to SR 81,832,000 (31 December 2022: SR 81,832,000) consists of 8,183,200 shares (31 December 2022: 8,183,200 shares) at SR 10 each share.

10. DIVIDENDS

No dividends were declared during the three-month period ended 31 March 2023 and 31 March 2022.

11. LONG-TERM LOAN

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Long-term loan	578,896,715	590,043,778
Less: unamortised loan transaction cost	(9,331,104)	(9,479,217)
	569,565,611	580,564,561
Current portion	47,152,693	44,588,254
Non-current portion	522,412,918	535,976,307
	569,565,611	580,564,561

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

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11. LONG-TERM LOAN (continued)

The facilities are secured against the following collaterals:

Shareholders have provided a financial guarantee of SR 100 million against this loan that is restricted based on meeting certain KPIs stated in stabilization support agreement for two consecutive years. The Company has met the KPIs for both periods as at 31 December 2021 and 31 December 2022. The Company is under discussion with the bank to withdraw the stabilization support agreement.

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

Pledge of the shares of Company in favor of the bank during the loan period.

Movement in loan balance is as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period/year	590,043,778	702,406,402
Paid during the period/year	(11,147,063)	(112,362,624)
At the end of the period/year	<u>578,896,715</u>	<u>590,043,778</u>

Maturity analysis - contractual undiscounted cash flows

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Within one year	85,163,691	76,013,761
One to five years	333,647,667	318,515,766
More than five years	426,615,794	420,058,107
	<u>845,427,152</u>	<u>814,587,634</u>

12. REVENUE

12.1 Disaggregation of revenue

Revenue is disaggregated by type of goods as shown below:

	For the three-month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Type of goods		
Flour	121,851,120	106,013,314
Feed	100,443,402	88,676,590
Bran	29,951,159	43,732,045
	<u>252,245,681</u>	<u>238,421,949</u>

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12. REVENUE (continued)

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.

13. COST OF REVENUE

Cost of revenue comprises the following:

	For the three-month period ended 31 March	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Raw materials consumed	119,862,028	108,542,893
Salaries and other benefits	9,856,874	14,701,943
Depreciation and amortization	12,899,892	12,889,515
Utilities	5,229,093	4,307,388
Insurance	251,113	1,497,936
Maintenance	3,004,331	2,521,940
Other Expenses	3,642,391	2,352,270
Reversal of provision for slow moving inventories of spare parts and raw materials	(264,766)	(964,428)
	154,480,956	145,849,457
Finished goods inventory at the beginning of the period	20,775,523	13,396,652
Finished goods available for sale during the period	175,256,479	159,246,109
Finished goods inventory at the end of the period	(25,989,080)	(5,839,197)
	149,267,399	153,406,912

14. FINANCE COSTS

Finance costs comprise the following:

	For the three-month period ended 31 March	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Finance cost on lease liabilities	1,600,134	1,604,593
Finance cost on long-term loans	9,875,808	4,219,096
Amortization of loan transaction cost	148,113	148,112
	11,624,055	5,971,801

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15. ZAKAT

15.1 Movement in provision for zakat during the year

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

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
At the beginning of the period/year	2,854,310	2,377,819
Charged during the period/year	1,700,000	2,626,870
Paid during the period/year	--	(2,150,379)
At end of the period/year	<u>4,554,310</u>	<u>2,854,310</u>

15.2 Zakat status

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

16. CAPITAL COMMITMENTS AND CONTINGENCIES

16.1 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 31 December 2023.
- 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 31 December 2023.
- 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 2023.
- 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
 - ii) exceeding allocated sale quantities approved by GFSA – fine amounting to SR 1,000,000 and financial recoveries amounting to SR 43,248,992.58

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16. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

16.1 Contingencies (continued)

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).

On 2 October 2023 (corresponding to 17 Rai Al-Awal 1445H) the Group received response from GFSA with a revised claim amounting to SR 4,356,536. The Group and GFSA both 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.

16.2 Commitments:

The following LCs are outstanding as at 31 March 2023:

- a) Outward LC import sight of SR 1,708,455 (EUR 419,000) with an outstanding amount of SR 1,110,496 (EUR 272,350) (31 December 2022: SR 1,089,993 (EUR 272,350)) in favor of FAWEMA GMBH for purchase of bag packaging machine. The LC matures on 30 May 2023.
- b) Outward LC import sight of SR 590,335 (EUR 144,780) (31 December 2022: SR 579,436 (EUR 144,780)) in favor of BUHLER AG for purchase of batch scale. The LC matures on 30 April 2023.
- c) LC import sight of SR 1,692,145 (EUR 415,000) with an outstanding amount of SR 1,099,895 (EUR 269,750) (31 December 2022: NIL) in favor of FAWEMA GMBH for bag packing machine. The LC will remain valid till 21 October 2023
- d) LC import sight of SR 313,964 (EUR 77,000) (31 December 2022: NIL) in favor of GK EUROPE GMBH for supply of circular vibration screens. The LC will remain valid till 30 May 2023.
- e) LC import sight of SR 578,438 (USD 154,250) (31 December 2022: NIL) in favor of BUEHLER AG for Silo scale. The LC will remain valid till 30 Jul 2023.
- f) LC import sight of SR 59,887,500 (USD 15,970,000) (31 December 2022: NIL) in favor of OCRIM SPA for supply of flour mill machinery including all electrical equipment's. The LC will remain valid till 15 October 2024.

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17. EARNINGS PER SHARE

17.1 Basic and diluted earnings per share

The calculation of basic earnings per share has been based on the distributable earnings attributable to shareholder of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements, after adjustment for the effects of all dilutive potential ordinary shares, if any.

	For the three-month period ended 31 March	
	<u>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Profit for the period	64,110,476	62,461,391
Weighted average number of ordinary shares for basic and diluted EPS	81,832,000	81,832,000
Earnings per share - basic and diluted	0.78	0.76

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

As disclosed in note (20-3) of these financial statements the shareholders approved the split of nominal value of each of the shares from SR 10 to SR 1 per share while keeping the total share capital unchanged. Accordingly, the number of the total shares of the Company has increased from 8,183,200 shares to 81,832,000 shares without any impact on the effective shareholding interest. The per share calculations for both basic and diluted EPS reflects the retrospective adjustment for this increase in the total number of shares.

18. RELATED PARTY TRANSACTIONS AND BALANCES

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

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

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18. RELATED PARTY TRANSACTIONS AND BALANCES – (continued)

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>2023</u> (Unaudited)	<u>2022</u> (Unaudited)
Short-term employee benefits	2,168,621	1,758,154
Post-employment benefits and medical benefits	1,124,470	911,635
Total compensation paid to key management personnel	<u>3,293,091</u>	<u>2,669,789</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.

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

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
			For the three-month period ended 31 March	
			<u>2023</u>	<u>2022</u>
Al Ghurair Food Company LLC	Shareholder with significant influence	Dividends paid	--	(16,281,612)
Mada International Holding Company	Shareholder with significant influence	Dividends paid	--	(19,042,755)
Al Ghurair Resources International	Affiliate	Purchases	(23,316,964)	(4,760,846)
Al Rajhi Holding	Ultimate Shareholder with significant influence	Lease Payment	(124,850)	(499,400)

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18. RELATED PARTY TRANSACTIONS AND BALANCES – (continued)

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

	<u>Relationship</u>	<u>31 March</u> <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Al Rajhi Holding	Ultimate Shareholder with significant influence	7,697	--
Al Ghurair Resources International	Affiliate	--	15,396,304
		<u>7,679</u>	<u>15,396,304</u>

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

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

	<u>Relationship</u>	<u>31 March</u> <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Al Ghurair Resources International	Affiliate	15,820,383	--
		<u>15,820,383</u>	<u>--</u>

19. FINANCIAL INSTRUMENTS FAIR VALUES

Financial assets

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

	<u>31 March</u> <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Financial assets at amortised cost:		
Bank balances	146,491,197	118,048,894
Trade receivables	1,224,972	86,732
Other receivables	27,492	32,733
	<u>147,743,661</u>	<u>118,168,359</u>

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19. FINANCIAL INSTRUMENTS FAIR VALUES (Continued)

Financial liabilities

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

	31 March <u>2023</u> (Unaudited)	31 December <u>2022</u> (Audited)
Financial liability at amortised cost:		
Trade and other payables	30,962,236	44,707,986
Other payables	209,196	906,487
Long term loans	569,565,611	580,564,561
Lease liabilities	238,958,082	251,450,156
	<u>839,695,125</u>	<u>877,629,190</u>

Fair value hierarchy

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

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

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

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

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

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

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

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

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20. SUBSEQUENT EVENTS

- 20.1 On 24 April 2023, the Board of Directors of the Parent Company as authorized by the revised by-laws of the Company approved the distribution of interim dividends for the fourth quarter of 2022 of SR 4.28 per share amounting to SR 35,000,000. The dividends were paid on 27 April 2023 and 3 May 2023.
- 20.2 On 24 April 2023, the Board of Directors of the Parent Company as authorized by the revised by-laws of the Company approved the distribution of interim dividends for the first quarter of 2023 of SR 4.28 per share amounting to SR 35,000,000. The dividends were paid on 27 April 2023 and 3 May 2023.
- 20.3 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).
- 20.4 The shareholders of the Company through Extraordinary General Assembly Meeting held on 4 October 2023 (corresponding to 19 Rabi Al-Awal 1445H), approved to list the company's shares in Tadawul. The management is in process for filling an application to CMA as on the date of these condensed consolidated financial statements.
- 20.5 The shareholders of the Company through Extraordinary General Assembly Meeting held on 4 October 2023 (corresponding to 19 Rabi Al-Awal 1445H), approved to transfer the statutory reserve amounting to SR 24.5 million to retained earnings. The Company completed the legal procedures, and the commercial register and the amended by-laws were issued on 18 October 2023 (corresponding to 3 Rabi Al-Thani 1445H).
- 20.6 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.
- 20.7 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.
- 20.8 On 29 October 2023, the Board of Directors of the Parent Company as authorized by the revised by-laws of the Company approved the distribution of interim dividends for the third quarter of 2023 of SR 0.86 per share amounting to SR 70,000,000.

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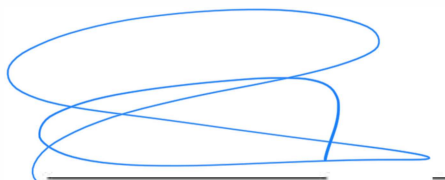
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20. SUBSEQUENT EVENTS (continued)

- 20.9 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 2023.

21. 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 29 October 2023, corresponding to 14 Rabi Al-Thani 1445H.



Dr. Ibrahim AlRajhi
Chairman



Osama Ashi
CEO



Amr Kamel
CFO