Prospectus of Fourth Milling Company

Offering of one hundred and sixty-two million (162,000,000) Ordinary Shares, representing 30% of Fourth Milling Company's share capital, through a public offering at a price of SAR 5.30 per share.

The Offering Period: Two days

Starting on **29 / 03 / 1446H (corresponding to 02 / 10 / 2024G)**

Ending on **30 / 03 / 1446H (corresponding to 03 / 10 / 2024G)**

A single-person closed joint-stock company established under Commercial Registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), pursuant to ministerial resolution No. G/14 dated 12/01/1438H (corresponding to 12/10/2016G).

Fourth Milling Company (hereinafter referred to as "**Fourth Milling Company**", the "**Company**" or the "**Issuer**") is a Saudi single-person closed joint-stock company established under commercial registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), issued in Dammam, Kingdom of Saudi Arabia, and having its address at 7210, Dammam 32211-12868. The Company was established pursuant to ministerial resolution No. G/14 dated 11/01/1438H (corresponding to 12/10/2016G). The current share capital of the Company is five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share (the "**Shares**").

The Company commenced its operations in 1972G as a group of wheat mills under the General Food Security Authority ("**GFSA**") (formerly known as the Saudi Grains Organization) established by Royal Decree No. M/14 dated 25/03/1392H (corresponding to 09/05/1972G).

On 11/01/1438H (corresponding to 12/10/2016G), Ministerial Resolution No. G/14 was issued, declaring the incorporation of Fourth Milling Company. The Company was established in Dammam under Commercial Registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), under the name "**Fourth Milling Company**" as a single-person closed joint-stock company wholly-owned by the Public Investment Fund (the "**PIF**"), pursuant to Ministerial Resolution No. G/229 dated 23/09/1437H (corresponding to 28/06/2016G), approving the incorporation of the Company, with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares valued at ten Saudi Riyals (SAR 10) per share, with a paid-up par value of one hundred and twenty-five thousand Saudi Riyals (SAR 125,000) (with the balance share value paid in cash on the dates later set by the Company's Board of Directors).

On 03/02/1441H (corresponding to 02/10/2019G), the General Assembly approved the increase of the Company's capital from five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares, to four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Cash Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, through transferring funds from the statutory reserve and retained earnings. The amended bylaws issued by the Ministry of Commerce were approved on 03/02/1441H (corresponding to 02/10/2019G).

On 17/10/1441H (corresponding to 09/06/2020G), pursuant to the Council of Ministers' Resolution No. 631, PIF transferred all of its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to the National Center for Privatization (the "**NCP**").

On 25/04/1443H (corresponding to 30/11/2021G), NCP transferred all its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to Gulf Flour Milling Industrial Company under a share purchase agreement entered into by and between NCP and Gulf Flour Milling Industrial Company executed on 03/12/1442H (corresponding to 13/07/2021G). The Shareholders of Gulf Flour Milling Industrial Company established said company on 05/11/1442H (corresponding to 15/06/2021G) as a special-purpose entity with the aim of meeting one of the privatization requirements, where each qualified bidder pledges to establish a legal entity in the Kingdom to acquire Fourth Milling Company. Gulf Industrial Flour Milling Company acquired the Company for a purchase price of approximately SAR 912.4 million. This acquisition was financed using debt amounting to SAR 790.9 million, i.e. approximately 86.67% of the sum due as per SAIBOR, in addition to the applicable margin, as well as under certain guarantees, which include, but are not limited to, the mortgage of all Shares of Gulf Industrial Flour Milling Company as a guarantee to cover the debt, and a cash sum amounting to SAR 121.5 million, i.e. 13.33% of the sum due (for more information, please see Section 4.6 ("**Overview of the Company and Growth of its Capital**") of this Prospectus.

On 14/06/1445H (corresponding to 27/12/2023G), the General Assembly approved the increase of the Company's capital from four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares to five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) cash Ordinary Shares, with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, through the transfer of sixty-six million and ninety-six thousand eight hundred and thirty Saudi Riyals (SAR 66,096,830) from the statutory reserve and retained earnings to the "**capital**" account. The amended bylaws issued by the Ministry of Commerce were approved on 27/06/1445H (corresponding to 09/01/2024G).

(For further information, please refer to Section 4.6 ("**Overview of the Company and Growth of its Capital**") of this Prospectus.

The initial public offering (hereinafter referred to as the "**Offering**") consists of the offering of one hundred and sixty-two million (162,000,000) Ordinary Shares (hereinafter referred to as the "**Offer Shares**", and each an "**Offer Share**"), with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, at an Offer Price of five Saudi Riyals & thirty halalah (SAR 5.30) (hereinafter referred to as the "**Offer Price**"), representing 30% of the share capital of the Company.

The Offering shall be restricted to the two following groups of investors (hereinafter referred to as the "**Investors**"):

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the book-building process in accordance with the Instructions for Book Building Process and Allocation Method in Initial Public Offerings, as issued by the Capital Market Authority (hereinafter referred to as the "**CMA**") (the Instructions shall hereinafter be referred to as the "**Book-Building Instructions**"), (said investors shall be collectively referred to as the "**Participating Parties**" and each as a "**Participating Party**") (For further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus). The number of Offer Shares to be allocated to Participating Parties effectively participating in the book-building process is one hundred and sixty-two million (162,000,000) Ordinary Offer Shares, representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers (as defined under Tranche (B) below), the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of one hundred and twenty-nine million and six hundred thousand (129,600,000) Ordinary Shares, representing 80% of the total Offer Shares. The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.

Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any non-Saudi Arabian national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council (the "**GCC**"), in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a capital market institution (collectively, the "**Individual Subscribers**", and each an "**Individual Subscriber**"). Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of thirty-two million four hundred thousand (32,400,000) Ordinary Shares, representing twenty percent (20%) of the Offer Shares, shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.

Current Company Shareholder (hereinafter referred to as the "**Current Shareholder**") owns the entirety of the Company's Shares prior to the Offering. All Offer Shares will be sold by the Selling shareholder (hereinafter referred to as the "**Selling Shareholder**") in accordance with Table 12.3 ("**Ownership Structure of the Shares**"). The Current Shareholder, whose name appear on page (ix) of this Prospectus and who owns one hundred percent (100%) of the Company Shares prior to the Offering, shall own seventy percent (70%) of the Company's share capital following the Offering, and will continue to hold the controlling interest in the Company. (For more information, please refer to Table 4.1 ("**The Company's Ownership Structure as at the Date of this Prospectus**") of this Prospectus).

Starting from the date when the Company's Shares commence trading on the Saudi Stock Exchange (hereinafter referred to as "**Tadawul**", the "**Exchange**" or the "**Capital Market**"), the Substantial Shareholder, Gulf Flour Milling Industrial Company, is not entitled to dispose of any of its Shares without obtaining the approval of GFSA and CMA, subject to obtaining any required approvals from other relevant Government authorities. As at the date of this Prospectus, 70% of the Company's Current Shareholder's Shares are mortgaged to Riyad Bank, throughout the validity period of the financing instrument between the Current Shareholder, the Company, and Riyad Bank, provided that after the Offering, a percentage of the Company's share capital shall be pledged in favor of Riyad Bank, provided that the market value of the pledged Shares covers at least 150% of any outstanding debt. (For further information, please refer to Section 12.8 ("**Credit Facilities and Loans**") of this Prospectus).

The Offering proceeds (the "**Offering Proceeds**") shall be distributed to the Selling Shareholder after deduction of the Offering expenses (hereinafter referred to as the "**Net Offering Proceeds**"). The Company shall not receive any part of the Offering Proceeds. (For further details, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus). The Underwriter shall fully underwrite the Offering (For further information, please refer to Section 13 ("**Underwriting**") of this Prospectus).

The offering period will commence on Wednesday, 29/03/1446H (corresponding to 02/10/2024G), and will remain open for a period of two (2) days up to and including the last Offering day on Thursday, 30/03/1446H (corresponding to 03/10/2024G) (hereinafter referred to as the "**Offering Period**"). Subscription Applications may be submitted to the receiving agents (hereinafter referred to as the "**Receiving Agents**") listed on page (vii) during the Offering Period. (For further details, please refer to page (xiv) ("**Key Dates and Subscription Procedures**" of this Prospectus). Individual Subscribers can register their application to subscribe to the Offer Shares through the Receiving Agents during the Offering Period, and Participating Parties can register their application to subscribe to the Offer Shares through the Bookrunner (defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus) during the book-building process taking place prior to the Offering to Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for a minimum of ten (10) Ordinary Shares. The maximum number of Ordinary Shares that can be subscribed to is two hundred and fifty thousand (250,000) Ordinary Shares per Individual Subscriber. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Subscriber. In the event that the number of Individual Subscribers exceeds three million two hundred and forty thousand (3,240,000) Investors, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made in accordance with the recommendations of the Issuer and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or withholding by the Receiving Agents. Notification of the final allocation will be made on Sunday 03/04/1446H (corresponding to 06/10/2024G) and refund of subscription monies, if any, will be made on Wednesday 06/04/1446H (corresponding to 09/10/2024G) (For further details, please refer to "**Key Dates and Subscription Procedures**" on page (xiv) and Section 17 ("**Shares and Offering Terms and Conditions**") of this Prospectus).

The Company has one class of Ordinary Shares. Each Share entitles its holder to one vote, and gives them the right to delegate whomever they choose from among non-members of the Board of Directors to vote at assemblies, and each shareholder (hereinafter referred to as a "**Shareholder**"), regardless of the number of Shares held thereby, has the right to attend and vote at General Assembly meetings of the Company (hereinafter referred to as the "**General Assembly**"), but will not be entitled to any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared by the Company as of the date of this Prospectus (hereinafter referred to as the "**Prospectus**") and for subsequent fiscal years (For more information, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia (hereinafter referred to as "**KSA**" or the "**Kingdom**") or elsewhere. Applications have been submitted by the Company to (i) the Capital Market Authority for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All supporting documents have been submitted to CMA and all requirements have been satisfied, including those pertaining to listing the Company on the Exchange, with all approvals required to conduct the Offering granted, including approvals pertaining to this Prospectus (hereinafter referred to as the "**Prospectus**"). It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (For further details, please refer to "**Key Dates and Subscription Procedures**" on page (xiv) of this Prospectus). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in any of the GCC countries as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors will be permitted to trade in the Shares pursuant to CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Non-Saudi individuals living outside the Kingdom and institutions registered outside the Kingdom (hereinafter referred to as "**Foreign Investors**") will have the right to acquire an economic benefit in the Shares by entering into Swap Agreements with a Capital Market Institution licensed by CMA to conduct securities business, to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. The Capital Market Institutions will remain the legal owners of the Shares subject to the Swap Agreements.

Subscription to the Offer Shares can potentially entail risks and uncertainties. Those wishing to subscribe to the Company's Shares should carefully read and review this Prospectus in full and consider the ("**Important Notice**") Section on page (i) and Section 2 ("**Risk Factors**") of this Prospectus, before making any decision to invest in the Offer Shares.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

Riyad Capital

Receiving Agents

Riyad Bank

anb

This Prospectus includes information for the application for registration and offer of securities in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority (the "**CMA**") and the application for listing securities in accordance with the Listing Rules of the Saudi Exchange. The Directors, whose names appear on page (iv) of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 20/12/1446H (corresponding to 26/06/2024G).

شـركة المطـاحن الرابـعة

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IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting a Subscription Application for the Offer Shares, investors, whether Participating Parties or Individual Subscribers, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which may be obtained from the Company, the Lead Manager, or the Receiving Agents, and are available by visiting the websites of the CMA (www.cma.org.sa), the Saudi Exchange (www.saudiexchange.sa), the Company (www.mc4.com.sa), or the Financial Advisor, Lead Manager, Bookrunner, and Underwriter (www.riyadcapital.com).

In respect to the Offering, the Company has appointed Riyad Capital as financial advisor (hereinafter referred to as the "**Financial Advisor**"), lead manager (the "**Lead Manager**"), and bookrunner (the "**Bookrunner**"). The Company also appointed Riyad Capital as underwriter (hereinafter referred to as the "**Underwriter**").

This Prospectus includes information provided in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by CMA, as well as the Listing Rules of the Saudi Exchange. The Directors, whose names appear on page (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. Despite the fact that none of the Company, the Financial Advisor, nor any of the Company's other advisors whose names appear on pages (vi) of this Prospectus (hereinafter referred to as the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political, and any other factors, over which the Company has no control (for further details, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholder, the Receiving Agents or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is restricted to two groups of investors which are: (A) Participating Parties: this comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions (for further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Subscribers: this includes Saudi Arabian nationals, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe for Offer Shares in their name(s) for the mothers' own benefit, provided they submit proof of their marital status and motherhood, in addition to any non-Saudi Arabian national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council, in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors or certain other foreign investors pursuant to Swap Agreements entered into with a Capital Market Institution, in each case subject to applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to comply with such restrictions. Each eligible Individual Subscriber and Participating Party should read the entire Prospectus and seek and rely on their own legal counsel, financial advisor, and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Company Shares. No assurance can be made that profits will be achieved.

MARKET AND INDUSTRY DATA

The information and data contained in Section 3 ("**Market and Industry Information**") of this Prospectus are derived from the market study report prepared for the Company by the Market Study Consultant, Euromonitor International Ltd. (the "**Market Study Consultant**") dated 15/03/2024G.

Euromonitor International Ltd. was founded in 1972G in London, Britain, and provides strategic services, market studies and research. (For more information about Euromonitor International Ltd., please visit the Market Study Consultant website on: https://www.euromonitor.com/saudi-arabia).

The Market Consultant prepared the study report independently and objectively and was keen to ensure the accuracy and completeness of said report. The research was conducted from a broad sector perspective and may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Study Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholder, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

It should be noted that the Market Study Consultant does not, nor does any of its Shareholders, directors, or their relatives own any Shares or any interest of any kind in the Company or its Subsidiaries. As at the date of this Prospectus, the Market Study Consultant has given, and not withdrawn, its written consent for the use of its market information and data, in the manner and format set out in this Prospectus.

FINANCIAL INFORMATION

The Company's audited financial statements for the fiscal years ended 31 December 2021G, 2022G and 2023G were prepared in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards approved by the Saudi Organization for Certified Public Accountants ("**SOCPA**"). The audited financial statements for the fiscal years ended 31 December 2021G, 2022G and 2023G were audited by the Company's independent auditor, Ernst & Young Professional Services (Professional LLC) (the "**Auditor**" or "**EY**"). The abovementioned financial statements are included in Section 19 ("**Financial Statements and Auditor's Report**") of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

The financial information relating to the financial year ended 31 December 2021G were obtained from the comparative financial information presented in the Company's audited financial statements for the financial year ended 31 December 2022G, and the financial information relating to the financial year ended 31 December 2022G were obtained from the comparative financial information presented in the Company's audited financial statements for the financial year ended 31 December 2023G.

The financial information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof. Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies estimated at one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" means Gregorian years.

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company's business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance, whereby many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or planned.

Under the OSCOs' requirements, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

a- there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs; or

b- significant additional issues have arisen whose inclusion in this Prospectus is necessary.

With the exception of these two cases, the Company does not intend to update or change any sector or market information otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

DEFINITIONS AND ABBREVIATIONS

For further details on some of the terms used in this Prospectus, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus.

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CORPORATE DIRECTORY

Table (1.1): Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1.	Bader bin Hamad bin Abdulrazzaq AlAujan	Chairman	Saudi	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)				
2.	Tariq Bin Abdullah Bin Sulaiman AlJammaz	Vice Chairman	Saudi	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
3.	Prashant Vitkar	Board Member	Indian	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
4.	Rizwan Ahmed	Board Member	Pakistani	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
5.	Kamel Muneef AlKhatib	Board Member	Lebanese	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
6.	Marwan Ahmed Mohammed Ibrahim	Board Member	Jordanian	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
7.	Yasser Ali Saleh AlZeghaibi	Board Member	Saudi	Non-Executive / Independent	07/09/1445H (corresponding to 17/03/2024G)	-	-	-	-
8.	Fahad Abdullah Hussain Mousa	Board Member	Saudi	Non-Executive / Independent	07/09/1445H (corresponding to 17/03/2024G)	-	-	-	-
9.	Abdulaziz Mohammed Abdulaziz AlShaikh	Board Member	Saudi	Non-Executive / Independent	07/09/1445H (corresponding to 17/03/2024G)	-	-	-	-

Source: the Company

The current Secretary of the Board of Directors is Abdullah bin Abdulrahman bin Saud AlDossary, who does not hold any Shares in the Company.

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Company Address and Representatives and the Board Secretary	
Fourth Milling Company 7210 Dammam - 12868 Dammam - Kingdom of Saudi Arabia Zip Code: 32211 P.O. Box: 0065846 Tel: +966 138299010 Fax:+966 138299011 Website: www.mc4.com.sa Email: info@mc4.com	
Company's Representatives	
Khalid Abdulaziz Yassin Al-Maktary CEO Musa Bin Nusair Street, Qurtaba District Al Khobar– Kingdom of Saudi Arabia Zip Code: 34235 Tel: +966 8299011 Website: www.mc4.com.sa Email: k.almaktary@mc4.com.sa	**Marwan Ahmed Mohammed Ibrahim** Board Member Khurais Branch Road, Al Andalus District Riyadh - Kingdom of Saudi Arabia Zip Code: 11531 - P.O. Box: 41700 Tel: +966 14933264 Website: www.mc4.com.sa Email: mqassem@othaimmarkets.com
Secretary of the Board	
Abdullah AbdulRahman AlDossary 7210 King Abdulaziz Street 2868, King Abdulaziz Port Dammam - Kingdom of Saudi Arabia Zip Code: 32211 Tel: +966 558989580 Website: www.mc4.com.sa Email: a.aldossary@mc4.com.sa	
Stock Exchange	
Saudi Exchange Company King Fahad Road - Olaya 6897 Unit No. 15 P.O. Box 3388 Riyadh 12211 Kingdom of Saudi Arabia Tel: +966 92 000 1919 Fax: +966 11 218 9133 Website: www.saudiexchange.sa Email: csc@saudiexchange.sa	
Securities Depository Center Company (Edaa) King Fahad Road - Olaya 6897 Unit No. 11 P.O. Box 3388 Riyadh 12211 Kingdom of Saudi Arabia Tel: +966 920026000 Fax: +966 11 218 9133 Website: www.edaa.com.sa Email: cc@edaa.com.sa	من مجموعة تداول السعودية From Saudi Tadawul Group

Financial Advisor, Lead Manager, Bookrunner and Underwriter
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Market Study Consultant

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Website: www.euromonitor.com
Email: info@Euromonitor.com

Auditor for the Financial Years Ending 31 December 2021G, 31 December 2022G and 31 December 2023G

Ernst & Young Professional Services (Professional LLC) (Formerly known as Ernst & Young & Partners (Chartered Accountants))
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Website: ey.com/mena
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Receiving Agents

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Kingdom of Saudi Arabia
Zip Code: 11614
P.O. Box: 22622
Tel: +966 114013030
Fax: +966 114030016
Website: www.riyadbank.com
Email: customercare@riyadbank.com

Arab National Bank
King Faisal Road, Al Muraba, Unit 1
P.O. Box 56921, Riyadh 11564
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SUMMARY OF THE OFFERING

This summary is intended to provide a brief overview of the information related to Offering and contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Therefore, this summary should be read as an introduction to this Prospectus, and prospective investors should carefully consider the Important Notice on page (i), Section 2 ("**Risk Factors**"), as well as all information set forth herein prior to making any investment decision in the Offer Shares and said decision should not be solely based on this summary. In particular, it is important that prospective investors review and carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), prior to making any investment decision in the Offer Shares.

Company Name, Description and Incorporation	Fourth Milling Company is a Saudi single-person closed joint-stock company established under commercial registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), issued in Dammam, Kingdom of Saudi Arabia, and having its address at 7210, Dammam 32211-12868. The Company was established pursuant to ministerial resolution No. G/14 dated 11/01/1438H (corresponding to 12/10/2016G). The current share capital of the Company is five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share. The Company commenced its operations in 1972G as a group of wheat mills under the General Food Security Authority (formerly known as Saudi Grains Organization) established by Royal Decree No. M/14 dated 25/03/1392H (corresponding to 09/05/1972G). On 11/01/1438H (corresponding to 12/10/2016G), Ministerial Resolution No. G/14 was issued, declaring the incorporation of Fourth Milling Company. The Company was established in Dammam under Commercial Registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), under the name "**Fourth Milling Company**" as a single-person closed joint-stock company wholly-owned by the Public Investment Fund, pursuant to Ministerial Resolution No. G/229 dated 23/09/1437H (corresponding to 28/06/2016G), approving the incorporation of the Company, with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares valued at ten Saudi Riyals (SAR 10) per share, with a paid-up par value of one hundred and twenty-five thousand Saudi Riyals (SAR 125,000) (with the balance share value paid in cash on the dates later set by the Company's Board of Directors). On 03/02/1441H (corresponding to 02/10/2019G), the General Assembly approved the increase of the Company's capital from five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares, to four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Cash Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, through transferring funds from the statutory reserve and retained earnings. The amended bylaws issued by the Ministry of Commerce were approved on 03/02/1441H (corresponding to 02/10/2019G). On 17/10/1441H (corresponding to 09/06/2020G), pursuant to the Council of Ministers' Resolution No. 631, PIF transferred all of its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to the National Center for Privatization (NCP). On 25/04/1443H (corresponding to 30/11/2021G), NCP transferred all its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to Gulf Flour Milling Industrial Company, under a share purchase agreement entered into by and between NCP and Gulf Flour Milling Industrial Company executed on 03/12/1442H (corresponding to 13/07/2021G). The Shareholders of Gulf Flour Milling Industrial Company established said company on 05/11/1442H (corresponding to 15/06/2021G) as a special-purpose entity with the aim of meeting one of the privatization requirements, where each qualified bidder pledges to establish a legal entity in the Kingdom to acquire Fourth Milling Company. Gulf Industrial Flour Milling Company acquired the Company for a purchase price of approximately SAR 912.4 million. This acquisition was financed using debt amounting to SAR 790.9 million, i.e. approximately 86.67% of the sum due as per SAIBOR, in addition to the applicable margin, as well as under certain guarantees, which include, but are not limited to, the mortgage of all Shares of Gulf Industrial Flour Milling Company as a guarantee to cover the debt, and a cash sum amounting to SAR 121.5 million, i.e. 13.33% of the sum due (for more information, please see Section 4.6 ("**Overview of the Company and Growth of its Capital**") of this Prospectus. On 14/06/1445H (corresponding to 27/12/2023G), the General Assembly approved the increase of the Company's capital from four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) cash Ordinary Shares, with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, through the transfer of sixty-six million and ninety-six thousand eight hundred and thirty Saudi Riyals (SAR 66,096,830) from the statutory reserve and retained earnings to the "**capital**" account. The amended bylaws issued by the Ministry of Commerce were approved on 27/06/1445H (corresponding to 09/01/2024G). (For further information, please refer to Section 4.6 ("**Overview of the Company and Growth of its Capital**") of this Prospectus).

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Company's Activities

In accordance with its Bylaws, the Company's activities are as follows:

1- Manufacture of products of grain mill.
2- Manufacture of prepared animal fodder.
3- Wholesale of food, beverages, and tobacco.
4- Retail sale in non-specialized stores.
5- Warehousing and storage.
6- Packaging.

In accordance with its Commercial Register, the Company's activities are as follows:

1- Wheat packing and milling.
2- Maize packing and milling.
3- Barley packing and milling.
4- Rice packing, milling and bleaching.
5- Production of flour from rice
6- Manufacture of flour and dough for bakeries.
7- Manufacture of concentrated animal fodder.
8- Manufacture of cattle fodder.
9- Preparation, milling and pressing of animal feed.
10- Animal food and feed stores.
11- Storage in warehouses of grain silos, flour and agricultural products.
12- Wholesale of bakery products.
13- Trade of special and healthy food.
14- Storage in ports, customs, or free zones.

The Company's current activity consists of the production, packaging and sale of flour products and byproducts, animal feed and bran.

Substantial Shareholder and Number of Shares held thereby Pre- and Post-Offering

The following table sets out the name as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholder.

Table (1.2): Substantial Shareholder and Number of Shares held thereby Pre- and Post-Offering

Shareholder Name	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Direct Ownership	No. of Shares	Par Value (SAR)	Direct Ownership
Gulf Flour Milling Industrial Company	540,000,000	540,000,000	100%	378,000,000	378,000,000	70%
Public	-	-	-	162,000,000	162,000,000	30%
Total	**540,000,000**	**540,000,000**	**100%**	**540,000,000**	**540,000,000**	**100%**

Source: the Company

Table (1.3): Substantial Shareholders of Gulf Flour Milling Industrial Company and Number of Shares held thereby

Shareholder Name	No. of Shares	Par Value (SAR)	Direct Ownership
Allana International Ltd	50,000	50,000,000	33.33%
Abdullah AlOthaim Markets Company	50,000	50,000,000	33.33%
United Feed Manufacturing Company	50,000	50,000,000	33.33%
Total	**150,000**	**150,000,000**	**100%**

Source: the Company

*Allana International Ltd, Abdullah AlOthaim Markets Company and United Feed Manufacturing Company collectively and indirectly own 100% of the Company's Shares through their ownership in Gulf Flour Milling Industrial Company, which directly owns 100% of the Company's Shares.

Company's Capital	Five hundred and forty million Saudi Riyals (SAR 540,000,000).
Total Number of Issued Shares	Five hundred and forty million (540,000,000) Ordinary Shares paid in full.
Offering	Initial public offering of one hundred and sixty-two million (162,000,000) Ordinary Shares, with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, at an Offer Price of five Saudi Riyals & thirty halalah (SAR 5.30) per share, representing 30% of the share capital of the Company.
Total Number of Offer Shares	One hundred and sixty-two million (162,000,000) Ordinary Shares.
Nominal value per Share	One Saudi Riyal (SAR 1) per Share.
Percentage of Offer Shares to the total number of issued Shares	The Offer Shares represent 30% of the Company's total Share Capital.
Offer Price	5.30 Saudi Riyals per Share.
Total value of Offer Shares	858,600,000 Saudi Riyals
Use of Proceeds	The Net Proceeds from the Offering amounting to approximately 835,600,000 Saudi Riyals (after deducting the Offering expenses estimated at SAR 23 million will be distributed to the Selling Shareholder. The Company will not receive any part of the Net Proceeds from the Offering (for further details, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus).
Number of Shares Underwritten	One hundred and sixty-two million (162,000,000) Ordinary Shares.
Total Underwritten Offering Amount	858,600,000 Saudi Riyals
Categories of Targeted Investors	Subscription for the Offer Shares is restricted to the following groups of investors: **Tranche (A): Participating Parties:** This tranche comprises investors eligible to participate in the book-building process in accordance with the Instructions for Book Building Process. The number of Offer Shares to be allocated to Participating Parties effectively participating in the book-building process is one hundred and sixty-two million (162,000,000) Ordinary Offer Shares, representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers (as defined under Tranche (B) below), the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of one hundred and twenty-nine million and six hundred thousand (129,600,000) Ordinary Shares, representing 80% of the total Offer Shares. **Tranche (B): Individual Subscribers:** This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any non-Saudi Arabian national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council, in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a capital market institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of thirty-two million four hundred thousand (32,400,000) Ordinary Shares, representing 20% of the Offer Shares, shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.
Total Offer Shares Available for each Targeted Investor Category	
Number of Shares offered to Participating Parties	One hundred and sixty-two million (162,000,000) Ordinary Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers, the Financial Advisor, in coordination with the Company, may decide to reduce the number of Shares allocated to Participating Parties to a minimum of one hundred and twenty-nine million and six hundred thousand (129,600,000) Ordinary Shares, representing 80% of the total Offer Shares.
Number of Shares offered to Individual Subscribers	A maximum of thirty-two million four hundred thousand (32,400,000) Offer Shares, representing 20% of the total Offer Shares. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated thereto in proportion to the number of Offer Shares subscribed for thereby.

Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties are entitled to apply for subscription, and the Lead Manager will provide Bid Forms to the Participating Party investors during the Book-Building Period. After the initial allocation, the Lead Manager will provide Participating Parties with Bid Forms, which they must fill out in accordance with the instructions described in Section 17 ("**Shares and Offering Terms and Conditions**") of this Prospectus.
Subscription method for Individual Subscribers	Subscription Application Forms will be provided to Individual Subscribers during the Offering Period by one of the Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions described in Section 17 ("**Shares and Offering Terms and Conditions**") of this Prospectus. Individual Subscribers who have participated in recent initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or automated teller machines ("**ATMs**") of any of the Receiving Agents that offer any such services to their customers, provided that the following requirements are satisfied: (i) the Individual Subscriber must have a bank account at a Receiving Agent which offers such services, and (ii) there have been no changes in the personal information or data of the Individual Subscriber since such person's subscription to the last initial public offering.
Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	Three hundred thousand (300,000) Shares.
Minimum Number of Offer Shares to be Applied for by Individual Subscribers	Ten (10) Shares.
Minimum Subscription Amount by each Category of Targeted Investors	
Minimum Subscription Amount for Participating Parties	1,590,000 Saudi Riyals.
Minimum Subscription Amount for Individual Subscribers	53 Saudi Riyals.
Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	Twenty-six million nine hundred and ninety-nine thousand nine hundred and ninety-nine (26,999,999) Shares, and in relation to public funds only, the maximum number of Offer Shares shall not exceed the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Subscribers	Two hundred and fifty thousand (250,000) Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	143,099,994.7 Saudi Riyals.
Maximum Subscription Amount for Individual Subscribers	1,325,000 Saudi Riyals.

Allocation and Refund Method for each Category of Targeted Investors	
Allocation of Offer Shares to Participating Parties	Final allocation of the Offer Shares to the Participating Parties will be made through the Lead Manager following subscription by Individual Subscribers. The number of Offer Shares to be initially allocated to Participating Parties is one hundred and sixty-two million (162,000,000) Shares, representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers for the Offer Shares, the Financial Advisor may decide to reduce the number of Shares allocated to Participating Parties to one hundred and twenty-nine million and six hundred thousand (129,600,000) Ordinary Shares, representing 80% of the total Offer Shares, following subscription by Individual Subscribers. Initially, forty-eight million and six hundred thousand (48,600,000) Shares (representing 30% of the total Offer Shares) will be allocated to public funds, noting that in the event there is sufficient demand by Individual Subscribers, the Lead Manager shall have the right to reduce the number of Offer Shares allocated to public funds to a minimum of thirty-eight million eight hundred and eighty thousand (38,880,000) Ordinary Shares representing 24% of the total Offer Shares, after completion of the Individual Subscribers Subscription.
Allocation of Offer Shares to Individual Subscribers	The allocation of the Offer Shares for Individual Subscribers is projected to be completed no later than 03/04/1446H (corresponding to 06/10/2024G). A maximum of thirty-two million and four hundred thousand (32,400,000) Ordinary Shares, equivalent to 20% of the total Offer Shares, will be allocated to Individual Subscribers, with the minimum allocation per Individual Subscriber amounting to ten (10) Offer Shares, and the maximum allocation per Individual Subscriber amounting to two hundred and fifty thousand (250,000) Offer Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Subscriber to the total number of subscribed for Shares. In the event that the number of Individual Subscribers exceeds three million two hundred forty thousand (3,240,000), the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and the Financial Advisor.
Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded without any charge or withholding by the Lead Manager or relevant Receiving Agent. Announcement of the refund of subscription monies, if any, will be made at the latest by 06/04/1446H (corresponding to 09/10/2024G) (for further details, please see "**Key Dates and Subscription Procedures**" on page (xiv) and Section 17 ("**Shares and Offering Terms and Conditions**")) of this Prospectus).
Offering Period	The Offering will commence on Wednesday, 29/03/1446H (corresponding to 02/10/2024G) and will remain open for a period of two days up to and including the Offering End Date on Thursday, 30/03/1446H (corresponding to 03/10/2024G).
Distribution of Dividends	The Offer Shares will entitle their holders to receive any dividends declared and paid by the Company from the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).
Voting Rights	The Company has only one class of Ordinary Shares, which do not carry any preferential voting rights. Each Share grants its holder the right to one vote, and each Shareholder has the right to attend and vote in the Company's General Assembly meetings. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors, to attend General Assembly meetings on its behalf (for further details, please refer to Section 12.14 ("**Rights of Shareholders**") of this Prospectus).
Share Restrictions (Lock-Up Period)	Starting from the commencement of trading of the Company's Shares on the Exchange, Substantial Shareholder as listed on page (ix) of this Prospectus is prohibited from disposing of its Shares without obtaining the approval of GFSA and CMA, as (i) in accordance with the provisions of the OSCOs, the Substantial Shareholder shall not dispose of its Shares for a period of six (6) months from the date of commencement of trading of the Shares on the Exchange, and (ii) in accordance with Article 9(f) of the Company's GFSA License, and Article 18(6) of the Implementing Regulations of the Flour Production Mills Law, the Company may not make any direct change to the Company's ownership nor any change in control among the owners or Shareholders of the Company who own (directly or indirectly) more than 5% of the Company's Shares, except after obtaining the approval of GFSA. It should be noted that the approval of the Capital Market Authority should be obtained to lift such restriction, subject to obtaining any required approvals from other concerned Government Authorities. The Offer Shares are also subject to the general restrictions applying on Shares in the Kingdom. As at the date of this Prospectus, 70% of the Company's Current Shareholder's Shares are mortgaged to Riyad Bank throughout the validity period of the financing instrument between the Current Shareholder, the Company, and Riyad Bank. After the Offering, a percentage of the Company's share capital shall be pledged in favor of Riyad Bank, provided that the market value of the pledged Shares covers at least 150% of any outstanding debt (for more information, please refer to Section 12.8 ("**Credit Facilities and Loans**") of this Prospectus). In addition, the Company may not list Shares of the same class of the Offer Shares for a period of six (6) months from the date of commencement of trading the Shares on the Exchange. Shares shall also be subject to the general restrictions applied to listed Shares in the Kingdom.

Listing and Trading of Shares	Prior to the Offering, the Company's Shares have never been listed in any stock market either in the Kingdom of Saudi Arabia or elsewhere. Applications have been submitted by the Company to the Capital Market Authority for the registration and offering of the Shares in accordance with the OSCOs, and the Exchange for the listing of the Shares in accordance with the Listing Rules. All relevant approvals to conduct the Offering have been granted and all CMA and Tadawul required documents submitted, and all requirements have been met, including those pertaining to the listing of the Company on the Exchange. It is expected that trading in the Shares will commence on the Exchange shortly after the allocation of the Offer Shares.
Risk Factors	There are certain risks related to investing in the Offer Shares. Such risks can be classified as follows: (i) risks related to the Company and its operations; (ii) risks related to the market; and (iii) risks related to the Shares. These risks are described in Section 2 ("**Risk Factors**") of this Prospectus and the "**Important Notice**" in the preamble hereof, and should be carefully considered prior to making a decision to invest in the Offer Shares.
Offering Expenses	The Selling Shareholder shall be responsible for all expenses and costs associated with the Offering, estimated at twenty-three million Saudi Riyals (SAR 23,000,000) . Such costs shall be deducted from the Offering proceeds to be distributed to the Selling Shareholder, and include the fees of the Financial Advisor, Underwriter, Issuer's Legal Advisor, the Financial Due Diligence and Working Capital Advisor, Auditor, Market Study Consultant, and other Advisors, in addition to the fees of the Receiving Agents, marketing, printing and distribution expenses, as well as other related expenses.
Underwriter, Financial Advisor, and Lead Manager	**Riyad Capital Company** 2414 - Al Shuhada District, Unit No. 69 Riyadh 7279 - 13241 Kingdom of Saudi Arabia Tel: + 966 920012299 Fax: +966114865908 Website: www.riyadcapital.com Email: ask@riyadcapital.com

Note: Page (i) ("**Important Notice**") and Section 2 ("**Risk Factors**") of this Prospectus must be carefully studied before making any decision regarding investing in Offer Shares under this Prospectus.

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KEY DATES AND SUBSCRIPTION PROCEDURES

Table (1.4): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book-Building Process	A period of five days, starting from Sunday, 12/03/1446H (corresponding to 15/09/2024G) and closing at the end of Thursday, 16/03/1446H (corresponding to 19/09/2024G).
Submission Period for Individual Subscribers	A period of two days, starting from Wednesday, 29/03/1446H (corresponding to 02/10/2024G) and closing at the end of Thursday, 30/03/1446H (corresponding to 03/10/2024G).
Deadline for submission of Subscription Application Forms by Participating Parties based on the initial allocation of Offer Shares	On Tuesday, 28/03/1446H (corresponding to 01/10/2024G).
Deadline for submission of Subscription Application Forms and payment of the subscription monies by Individual Subscribers	On Thursday, 30/03/1446H (corresponding to 03/10/2024G).
Deadline for payment of subscription money by Participating Parties based on their initially allocated Offer Shares	On Tuesday, 28/03/1446H (corresponding to 01/10/2024G).
Announcement of final Offer Shares allotment	On Sunday, 03/04/1446H (corresponding to 06/10/2024G).
Refund of excess subscription monies (if any)	On Wednesday, 06/04/1446H (corresponding to 09/10/2024G).
Expected trading commencement date for the Shares	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Saudi Exchange website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated on the Tadawul website (www.saudiexchange.sa), the Company's website (www.mc4.com.sa) and the website of the Financial Advisor (www.riyadcapital.com).

How to Apply for Offer Shares

The Offering shall be restricted to the following two groups of investors:

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions (for further information, please refer to Section 1 ("**Definitions and Abbreviations**") and Section 17 ("**Shares and Offering Terms and Conditions**") of this Prospectus).

Tranche (B): Individual Subscribers: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi Arabian national who is resident in the Kingdom and any national of countries of the Cooperation Council for the Arab States of the Gulf (GCC), in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Set out below is an overview of how the Participating Parties and Individual Subscribers can subscribe to the Offer Shares:

Participating Parties:

Participating Parties can obtain the Bid Forms from the Lead Manager during the Book-Building Period, and obtain the Subscription Application Form from the Lead Manager following the initial allocation. The Lead Manager shall, after the approval of CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by Participating Parties shall commence during the Offering Period, which shall also include the Individual Subscribers, according to the terms and conditions detailed in the Subscription Application Forms. A signed and stamped Subscription Application Form shall be submitted to the Lead Manager, with such Subscription Application Form representing a binding agreement between the Selling Shareholder and the applicant Participating Party.

Individual Subsribers:

Subscriptions shall take place through the internet, telephone banking or ATMs of any of the Receiving Agents offering any or all such services to Individual Subscribers who have participated in recent offerings, provided that the following requirements are satisfied:

- The Individual Subscriber must have a bank account at the Receiving Agent which offers such services; and
- There have been no changes in the personal information or data of the Individual Subscriber (by way of exclusion or addition of any member of his family) since such person last participated in an offering.

Each applicant is required to fill out the Subscription Application Form according to the instructions described in Section 17 ("**Shares and Offering Terms and Conditions**") of this Prospectus. Each applicant must complete all the relevant sections in the Subscription Application Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions are not met. The Subscription Application Form cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application Form shall, upon submission, be considered to be a legally binding agreement between the relevant investor and the Selling Shareholder (for further information, please refer to Section 17 ("**Shares and Offering Terms and Conditions**") of this Prospectus).

Excess subscription monies, if any, will be refunded to the primary Individual Subscriber's account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the Lead Manager or relevant Receiving Agent. Excess subscription monies shall not be refunded in cash or to third-party accounts.

SUMMARY OF KEY INFORMATION

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in relation to the Offer Shares and not to place any undue reliance on this summary.

OVERVIEW OF THE COMPANY

Company's Establishment and Capital Changes

Fourth Milling Company is a Saudi single-person closed joint-stock company established under commercial registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), issued in Dammam, Kingdom of Saudi Arabia, and having its address at 7210, Dammam 32211-12868. The Company was established pursuant to ministerial resolution No. G/14 dated 11/01/1438H (corresponding to 12/10/2016G). The current share capital of the Company is five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share.

The Company commenced its operations in 1972G as a group of wheat mills under the General Food Security Authority (formerly known as the Saudi Grains Organization) established by Royal Decree No. M/14 dated 25/03/1392H (corresponding to 09/05/1972G).

On 11/01/1438H (corresponding to 12/10/2016G), Ministerial Resolution No. G/14 was issued, declaring the incorporation of Fourth Milling Company. The Company was established in Dammam under Commercial Registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), under the name "Fourth Milling Company" as a single-person closed joint-stock company wholly-owned by the Public Investment Fund, pursuant to Ministerial Resolution No. G/229 dated 23/09/1437H (corresponding to 28/06/2016G), approving the incorporation of the Company, with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares valued at ten Saudi Riyals (SAR 10) per share, with a paid-up par value of one hundred and twenty-five thousand Saudi Riyals (SAR 125,000) (with the balance share value paid in cash on the dates later set by the Company's Board of Directors).

On 03/02/1441H (corresponding to 02/10/2019G), the General Assembly approved the increase of the Company's capital from five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares, to four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Cash Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, through transferring funds from the statutory reserve and retained earnings. The amended bylaws issued by the Ministry of Commerce were approved on 03/02/1441H (corresponding to 02/10/2019G).

On 17/10/1441H (corresponding to 09/06/2020G), pursuant to the Council of Ministers' Resolution No. 631, PIF transferred all of its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to the National Center for Privatization (NCP).

On 25/04/1443H (corresponding to 30/11/2021G), NCP transferred all its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to Gulf Flour Milling Industrial Company, under a share purchase agreement entered into by and between NCP and Gulf Flour Milling Industrial Company executed on 03/12/1442H (corresponding to 13/07/2021G). The Shareholders of Gulf Flour Milling Industrial Company established said company on 05/11/1442H (corresponding to 15/06/2021G) as a special-purpose entity with the aim of meeting one of the privatization requirements, where each qualified bidder pledges to establish a legal entity in the Kingdom to acquire Fourth Milling Company. Gulf Industrial Flour Milling Company acquired the Company for a purchase price of approximately SAR 912.4 million. This acquisition was financed using debt amounting to SAR 790.9 million, i.e. approximately 86.67% of the sum due as per SAIBOR, in addition to the applicable margin, as well as under certain guarantees, which include, but are not limited to, the mortgage of all Shares of Gulf Industrial Flour Milling Company as a guarantee to cover the debt, and a cash sum amounting to SAR 121.5 million, i.e. 13.33% of the sum due (for more information, please see Section 4.6 ("**Overview of the Company and Growth of its Capital**" of this Prospectus).

On 14/06/1445H (corresponding to 27/12/2023G), the General Assembly approved the increase of the Company's capital from four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) cash Ordinary Shares, with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, through the transfer of sixty-six million and ninety-six thousand eight hundred and thirty Saudi Riyals (SAR 66,096,830) from the statutory reserve and retained earnings to the "capital" account. The amended bylaws issued by the Ministry of Commerce were approved on 27/06/1445H (corresponding to 09/01/2024G).

(For further information, please refer to Section 4.6 ("**Overview of the Company and Growth of its Capital**") of this Prospectus).

Vision of the Company

The Company's vision is to be the first and trusted choice for human and animal food staple products.

Mission of the Company

The Company's mission is to provide the local community with a higher quality of living by continuing to offer the finest quality flour and derivatives rich in vitamins and minerals, proudly made by Saudi hands.

Strengths and Competitive Advantages of the Company

The Company believes that it has developed strengths and competitive advantages, which allow it to pursue available market opportunities that are in line with its vision and mission. The Company's main strengths and competitive advantages include the following:

- Attractive industry fundamentals with resilience and confidence in the Company's ability
- Leading local market position
- Well-diversified operations at all levels
- Best-in-class operations and infrastructure
- Strong financial performance with an ability to increase revenues
- Growth drivers and clear opportunities for expansion
- Experienced and highly efficient management team and robust corporate governance

Key Developments of the Company since Establishment

The following table details the main developments of the Company since its establishment until the date of this Prospectus.

Table (1.5): Key Developments of the Company since Establishment

Year	Event/Development
1972G	GFSA was established by Royal Decree number M/14 dated 25/03/1392H (corresponding to 09/05/1972).
1977G	GFSA established its commercial operations by establishing a factory in Dammam with an operating capacity of 1,350 tons per day, a storage capacity of 80 thousand tons, and a feed production capacity of 450 tons per day.
1990G	GFSA established storage silos in Al-Kharj.
2008G	GFSA established a factory in Madinah with an operating capacity of 1,200 tons per day and a storage capacity of 60,000 tons.
2009G	GFSA launched the privatization program with an aim to raise the level of operational competency, improve monetary performance, support economic growth, and improve operational competency. GFSA launched the brand FOOM.
2011G	The Saudi Council of Economic and Development Affairs approved the strategy of privatizing the milling companies, which stipulates merging all operations of the mills in four companies, and for the Company it consisted of grouping of the branches of Dammam, Madinah and Al-Kharj.
2016G	GFSA inaugurated the operations of Al-Kharj production facility with a production capacity of 600 tons per day. The Council of Ministers issued its Resolution No. 229/Q dated 23/09/1437H (corresponding to 28/06/2016G) approving the Saudi Grains Organization's privatization program and establishing the Company as a closed joint stock company owned by the Public Investment Fund.
2017G	The establishment of Fourth Milling Company, that was owned by the Public Investment Fund and commenced its operations as a separate entity.
2019G	The Company established silos at its Al-Kharj facility.
2020G	Ownership of the Fourth Milling Company was transferred from the Public Investment Fund to the National Privatization Center in preparation for offering it for sale to the private sector.
2021G	Acquisition of the Company by a consortium of Abdullah AlOthaim Markets Company, United Feed Manufacturing Company, and Allana International Limited, 33.3% for each partner.
2022G	Fourth Milling Company acquired the FOOM brand.
2023G	Fourth Milling Company became the first milling company in the Kingdom to obtain the Saudi accreditation certificate through the ISO/IEC 17025 certificate.

Source: the Company

Company Strategy

The Company was founded in 2017G in connection with the privatization of the Saudi milling industry and was formerly a part of GFSA's wheat mills group. The Company has experience of over four decades in the production of flour, other wheat derivatives and animal feed products, and today produces a variety of products of the highest levels of quality and excellence that meet the needs of the Saudi market through various sales channels in a sustainable manner. The Company has made several dedicated efforts to enhance its market leadership, grow its customer base and continue to provide high quality products. Based on its extensive experience of operating in the market, the Company has identified a strategic roadmap to drive the future growth and realize its vision, based around focusing on strengthening and growing its core business. This includes the following:

- **Increase Market Share by Adopting a Customer / Sales Centric Model:** By adopting a 'customer-centric' approach as one of its key pillars, the Company seeks to raise its level of services and customer satisfaction in its markets. This will be achieved by focusing on providing the best services and product quality in order to strengthen relationships with key customers including retailers, bakeries and food service providers. The Company makes an active effort through its sales teams to engage on a continuous basis with its main customers to understand their product and quality needs;
- **Be at the Forefront of Quality and Innovation:** The Company is committed to provide top-tier products and focuses on rigorous quality assurance, ensuring strict compliance with all local and international regulatory requirements. Quality assurance processes include quality monitoring systems such as laboratory control play crucial roles in the Company's ability to ensure customer satisfaction, as they enable the Company to maintain consistent product quality and performance. In order to achieve this, laboratory equipment is maintained in line with global standards for food hygiene and safety. The Company also conducts annual extensive tests for flour, feed and raw materials, packaging and additives to ensure quality and adherence to applicable standards;
- **Enable Best-in-Class Efficiency:** The Company prioritizes process improvement, technological advancements, supply chain optimization, and sustainability initiatives to drive efficiency and ensure long-term competitiveness. Through investments in process improvement and targeted programs to enhance efficiency and minimize waste, the Company has identified opportunities to boost milling capacity. Embracing automation for predictive maintenance and optimized operations will further streamline processes, maximizing output while minimizing downtime. Additionally, the Company is committed to strengthening relationships with suppliers and exploring integration opportunities. Furthermore, by adopting sustainable practices such as water conservation, energy efficiency, and waste reduction, the Company not only minimizes its environmental footprint but also realizes cost savings and bolsters its reputation as an environmentally responsible industry leader;
- **Enhance Production Capacity Targeting the Fastest Growing Regions:** The Company's market research indicates that the Riyadh region is expected to witness the strongest demand growth driven by population, increase in visitors and growth in the food service sector due to development of the HORECA segment. The Company serves Riyadh through its Al-Kharj production facility, which operated at full utilisation in FY23G. As a result, the Company intends to evaluate the feasibility of expanding its manufacturing capacity for this facility. The Company expects that such expansion, if feasible and subject to internal approvals, would commence in FY 2025 with a target to commence operations in FY 2027G.
- **Invest in Human Capital Development:** At the core of the Company's strategy is a steadfast commitment to fostering a skilled, innovative, and motivated workforce through comprehensive employee training and development programs. Recognizing the critical role that its employees play in driving operational excellence and innovation, the Company is dedicated to enhancing their skills and knowledge across all levels. This includes investments in leadership development initiatives that empower employees to lead effectively, encourage creative problem-solving, and foster a culture of continuous improvement. Alongside professional development, the Company is equally focused on becoming an employer of choice through the development of a strong employer brand that highlights its commitment to employee welfare, career growth, and a collaborative work environment.

MARKET OVERVIEW

The Kingdom's Vision 2030 strengthens economic growth through privatization efforts, investment incentives, infrastructure programs, and social and economic reforms, promoting economic diversification away from the oil sector. Saudi Arabia has witnessed remarkable economic growth between 2018G and 2022G, with a compound annual growth rate of 7.0%, amounting to a Gross Domestic Product (GDP) of SAR 4,157.1 billion, which led to the creation of new job opportunities, particularly for Saudi youth and women, with the overall employment rate increasing by 3.9% to reach 57.6% in 2022G, with the employment rate of women increasing by 0.5% to reach 7.5%. All these developments lead towards a lifestyle characterized by a feeling of being constantly busy, concurrently raising disposable income levels, leading to a growing preference for higher-priced options in ready-to-eat foods and food service choices, resulting in increased consumer spending on food (with a compound annual growth rate of 5.5% from 2018G to 2022G, reaching SAR 285.1 billion). In contrast, the rise in the number of tourists (expected to reach 100 million annually by 2030G), along with the Kingdom's population growth, contributes to expanding the customer base.

The government has retained a key role in wheat purchases in the Kingdom, as it supplies wheat to the four milling companies at subsidized prices (that do not include prices of smaller packages of 10 kgs or less) through GFSA. Consequently, the milling companies, which were formerly owned by SAGO pre-privatization in 2020G-2021G, adhere to a fixed pricing schedule for their bulk wheat sales (bags of 45 kg or more) to approved facilities, primarily consisting of bakeries. However, these schemes do not cover the prices of smaller packages usually available in retail outlets, sold to food manufacturing companies, restaurants, bakeries, and confectionery stores, which has created an expanding competitive space, offering opportunities to achieve larger profit margins and introduce new high-quality products, such as specialty flour products (often targeting health-conscious consumers).

Wheat flour has witnessed significant growth at a compound annual rate of 6.7% from 2018G to 2022G, reaching a market size of 3.4 million tons in 2022G. With population growth and increasing tourist numbers, the sector is expected to expand further, registering an expected compound annual growth rate of 3.3% from 2018G to 2022G. The market size is likely to reach 4.1 million tons by 2028G. Market value changes during previous periods have been closely linked to sales volume growth, due to the importance of subsidy to bakeries and food manufacturing companies. Several key factors contribute to such variation, including modern retail landscape, the expansion of the consumer food services sector and health-conscious consumers willing to pay more for higher-quality products, such as gluten-free flour, as well as the growing sector of baked goods, pastries and sweets. These trends naturally support the smaller-sized packaging category (1-10 kg) in the open market, expected to increase its share from 6.5% in 2022G to 7.8% in 2028G, while the regulated flour market (45 kg bags or more) experiences a slow decline in market share.

Despite the wheat flour market shifting from government regulation to the Saudi Grains Organization (SAGO), which became the General Food Security Authority (GFSA), in 2023G, this market is still dominated by a few producers. The four milling companies constitute 91.0% of the value of all types of flour consumed in 2022G. The leading player in the market was the First Milling Company, with a market share of 25.8% in terms of value in 2022G, while the Arabian Mills for Food Products Company and Modern Mills for Food Products Company maintained, collectively, a market share of 46.9% in terms of value in 2022G. The Fourth Milling Company achieved a sales growth rate of 51.7% in 2022G, capturing an 18.3% market share, thanks to its efficiency, reliability, targeting of GFSA-accredited customers, and strategic focus on major population centers in the Kingdom namely Al-Kharj, Madinah, neighboring cities, and Dammam. Additionally, in 2022G, the Fourth Milling Company further strengthened its position by acquiring the popular "FOOM" brand. Imported wheat flour represents 9.0% of the total market value, with Kuwait Flour Mills & Bakeries Company and the UAE-company, IFFCO, at the forefront.

Furthermore, milling companies produce wheat bran from the flour milling process, primarily used as animal feed. The compound feed market for livestock is expected to witness moderate growth with a CAGR of 2.0% from 2023G to 2028G, reaching 1.9 million tons, with such growth attributed to competitive prices offered by milling companies using wheat bran and direct financial assistance from the government to encourage small farmers to use complete balanced compound feeds and focus on cost effectiveness.

The Arabian Agricultural Services Company (ARASCO) and the Arabian Integral Ministration Company (AIMCO) collectively control about 45.0% of the value of compound feed sales for livestock in the Kingdom. The First Milling Company is the only milling company listed among the top 5 companies in terms of animal feed sales, followed by the United Feed Manufacturing Company and Bukme. The five companies have built strong and long-term partnerships with farmers, relying on robust and tested facilities and machinery for feed production and distribution. However, the four milling companies have succeeded in expanding and consolidating their position in the sector.

The Fourth Milling Company is committed to improving manufacturing efficiency, and adhering to international standards in the flour, flour derivatives and feed production sectors. Since 2021G, the Company has been part of a consortium of Abdullah AlOthaim Markets Company, the United Feed Manufacturing Company, and Allana International Company, and manages three (3) production facilities in strategic locations in Dammam, Madinah, and Al-Kharj, with a significant daily production capacity covering all regions. In 2022G, the Fourth Milling Company achieved an operating rate of 91% of its production capacity, with total sales volume of approximately 876,004 tons, and thus meeting most of the market demands. Previously, the Company used to sell its products in two categories (packs of 45 kg and in bulk) but shifted its focus towards consumer categories (such as 1 kg to 10 kg categories), which are not subject to regulation and rely more on branding. The Fourth Milling Company owns the "FOOM" and "Miller" brands, and plans to introduce new products such as functional flour and ready mixes, leveraging its brand in such categories.

SUMMARY OF FINANCIAL INFORMATION

The selected financial information set out below should be read in conjunction with the Company's audited financial statements for the financial years ended 31 December 2021G, 2022G, and 2023G, in each case prepared in accordance with the International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia (IFRS-KSA) and other standards approved by the Saudi Organization for Certified Public Accountants (SOCPA). The audited financial statements for the fiscal years ended 31 December 2021G, 2022G and 2023G were audited by the Company's independent auditor, Ernst & Young Professional Services. These audited financial statements and the notes attached thereto are included in this Prospectus.

The financial information relating to the financial year ended 31 December 2021G were obtained from the comparative financial information presented in the Company's audited financial statements for the financial year ended 31 December 2022G, and the financial information relating to the financial year ended 31 December 2022G were obtained from the comparative financial information presented in the Company's audited financial statements for the financial year ended 31 December 2023G.

The tables below set out the Group's summary statement of profit and loss and other comprehensive income, summary statement of financial position, summary statement of cash flows and selected key performance indicators for the financial years ending 31 December 2021G, 31 December 2022G, and 31 December 2023G.

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SAR in 000s	FY2021G	FY2022G	FY2023G	Variance 2021G-2022G	Variance 2022G-2023G	Variance 2021G-2023G
Revenue	336,297,891	578,319,339	565,636,888	72.0%	(2.2%)	29.7%
Direct costs	(230,542,162)	(318,204,654)	(306,187,624)	38.0%	(3.8%)	15.2%
Gross Profit	**105,755,729**	**260,114,685**	**259,449,264**	**146.0%**	**(0.3%)**	**56.6%**
Selling and Distribution Expenses	(10,338,135)	(32,023,454)	(52,494,166)	209.8%	63.9%	125.3%
General and Administrative Expenses	(31,557,857)	(38,534,142)	(43,123,896)	22.1%	11.9%	16.9%
Total Expenses	**(41,895,992)**	**(70,557,596)**	**(95,618,062)**	**68.4%**	**35.5%**	**51.1%**
Operating Profit	**63,859,737**	**189,557,089**	**163,831,202**	**196.8%**	**(13.6%)**	**60.2%**
Financing Costs	(15,288,330)	(14,927,896)	(7,882,296)	(2.4%)	(47.2%)	(28.2%)
Financing Income	-	340,126	5,530,145	-	1,525.9%	-
Other Costs	-	-	(4,079,205)	-	-	-
Other Income	1,696,982	1,918,571	283,992	13.1%	(85.2%)	(59.1%)
Profit Before Zakat	**50,268,389**	**176,887,890**	**157,683,838**	**251.9%**	**(10.9%)**	**77.1%**
Zakat Expense	(205,751)	(2,991,120)	(2,745,766)	3,503.6%	(8.2%)	475.0%
Deferred income tax	-	-	(5,805,761)	-	-	-
Income Tax	-	(10,855,342)	(6,315,324)	8,725.2%	(41.8%)	616.5%
Year Profit	**50,062,638**	**163,041,428**	**142,816,987**	**225.7%**	**(12.4%)**	**68.9%**
Loss of remeasurement of defined benefit obligations	**-**	**(238,078)**	**(187,237)**	**-**	**(21.4%)**	**-**
Total comprehensive income	**50,062,638**	**162,803,350**	**142,629,750**	**229.4%**	**(12.4%)**	**69%**
As a % of revenue			**Percentage Points**			
Gross Profit Margin	31.4%	45.0%	45.9%	13.5	0.9	14.4
Operating Profit Margin	19.0%	32.8%	29.0%	13.8	(3.8)	10
Income Margin Before Zakat	14.9%	30.6%	27.9%	15.6	(2.7)	12.9
Net Income Margin	14.9%	28.2%	25.2%	13.3	(2.9)	10.4

Source: Audited financial statements for the financial years ending 31 December 2022G and 2023G, and the Management's Information.

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Total Non-current Assets	961,043,104	986,987,873	951,178,650
Total Current Assets	171,633,403	259,393,351	205,864,004
Total Assets	1,132,676,507	1,246,372,224	1,157,042,654
Total Equity	637,258,936	738,730,286	683,013,354
Total Non-current Liabilities	407,021,646	399,526,214	388,994,081
Total Current Liabilities	88,395,925	108,115,724	85,035,219
Total Liabilities	495,417,571	507,641,938	474,029,300
Total Equity and Liabilities	1,132,676,507	1,246,372,224	1,157,042,654

Source: Audited financial statements for the financial years ending 31 December 2022G and 2023G.

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Profit Before Zakat and Income Tax	50,268,389	176,887,890	157,683,838
Net Cash from Operating Activities	57,639,320	254,572,388	167,216,505
Net Cash from Investing Activities	(20,773,299)	(73,601,604)	(4,421,407)
Net Cash from Financing Activities	(19,740,765)	(83,565,169)	(221,113,255)

Source: Audited financial statements for the financial years ending 31 December 2022G and 2023G.

SUMMARY OF RISK FACTORS

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 ("**Risk Factors**").

a- Risks Related to the Company's Operations

1- Risks related to Government Subsidies and the Company's Reliance on GFSA for the Supply of Wheat.
2- Risks Related to Litigation Involving the Company.
3- Risks Related to the Availability and High Prices of Raw Materials and the Company's Supply Chains.
4- Risks Related to the Company's Revenue Growth Rates
5- Risks Related to the Company's Breach of its Obligations under the Wheat Supply Agreement.
6- Risks Relating to Leases and not Owning the Lands on which the Company's Production Facilities are Located.
7- Risks Related to the Nature of the Company's transactions with Key Suppliers.
8- Risks Related to the Company's Transactions Concentration and Reliance on its Key Suppliers.
9- Risks Related to the Concentration of Revenue in Key Customers.
10- Risks Related to Capacity Constraints and Production Inefficiency.
11- Risks Related to the Development of Production Lines and Replacement of Assets.
12- Risks Related to the Impact of Increasing Costs and Operating Expenses of the Company's Business.
13- Risks Related to Safety Accidents at the Company's Production Facilities and Employees' Occupational Errors.
14- Risks Related to the Company's Operations and Unexpected Interruptions to the Company's Business.
15- Risks Related to Production Defects.
16- Risks Related to the Company's Ability to Maintain its Brand Reputation.
17- Risks Related to the Company's Acquisition of the Foom Brand.
18- Risks Related to Product Sales in Retail and Wholesale Markets.
19- Risks Related to Interruptions in the Company's IT Systems.
20- Risks Related to the Company's Strategy.
21- Risks Related to the Seasonality of Revenues.
22- Risks Related to the Company's Related Party Transactions.
23- Risks Relating to Protecting Certain Trademarks on which the Company Relies.
24- Risks Relating to the Outbreak of Infectious Diseases or Other Serious Public Health Concerns, including the Continuing Global Spread of COVID-19.
25- Risks Related to the Company's Reliance on its Senior Management and Key Personnel.
26- Risks Related to the Distribution of Cash Dividends.
27- Risks Related to the Company's Implementation of a Newly Adopted Corporate Governance Manual.
28- Risks Related to Management's Lack of Experience in Managing a Publicly Listed Company.
29- Risks Related to the Adequacy of Insurance Coverage.
30- Risks Related to the Potential Misconduct of the Company's Employees and Third-Party Agents.
31- Risks Related to Storage Maintenance and Mismanagement.
32- Risks Related to the Transportation of the Company's Raw Materials and Products.
33- Risks Related to the Concentration of Revenue in Specific Geographic Areas.
34- Risks Related to the Companies Law.

b- Risks Relating to the Market, Industry and Regulatory Environment

c- Risks Related to the Offer Shares

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1. DEFINITIONS AND ABBREVIATIONS

1.1 Glossary

Term	Definition
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholder and the Underwriter in connection with the Offering.
SWAP Agreements	Type of agreement through which non-Saudi Individual Subscribers residing outside the Kingdom or institutions registered outside the Kingdom, agree with a Capital Market Institution licensed by CMA to invest indirectly to acquire the economic benefits of Shares by acquiring the economic benefits of Shares.
Bid Form	Bid form used by the Participating Parties to apply for the Offer Shares during the book-building period. This term includes (as the case may be) the supplementary application form when the price range is changed.
Offer Shares	One hundred and sixty-two million (162,000,000) Ordinary Shares, representing 30% of the Company's capital.
Secretary	The secretary of the Board of Directors.
Management	Executive board members and senior executives of the Company.
Listing	Acceptance of the listing of all the Company's Shares on the Exchange and official commencement of dealings, in accordance with the Listing Rules.
Shares	Any Ordinary Share of the Company with a nominal value of SAR (1) per share in the Company's capital.
Relatives	A "relative" includes the husband, wife and minor children. For purposes of the Corporate Governance Regulations, a "**Relative**" includes any of the following: • fathers, mothers, grandfathers, grandmothers and ancestors thereof; • children, grandchildren and descendants thereof; • brothers, sisters and half-siblings; and • husbands and wives.
Government	Government of Saudi Arabia, and "**Governmental**" shall be interpreted accordingly.
Acting in Concert	Actively cooperating, pursuant to an agreement or an understanding (whether formal or informal) between persons, to be controllers (whether directly or indirectly, excluding indirect ownership of Shares through swap agreements or through an investment fund whose unit owner have no discretion in its investment decisions) of a company, through the acquisition by any of them (through direct or indirect ownership) of voting Shares in that company. Moreover, "**concert parties**" shall be construed accordingly.
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly.
Ordinary General Assembly	An ordinary General Assembly of the Shareholders convened in accordance with the Company's Bylaws.
Extraordinary General Assembly	An extraordinary General Assembly of the Shareholders convened in accordance with the Company's Bylaws.
Public	Persons other than the following: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors and Senior Executives of the Affiliates of the Issuer; 5- Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6- any relative of persons described at (1), (2), (3), (4) or (5) above; 7- any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above; and 8- persons acting in concert and, collectively, holding 5% or more of the class of Shares to be listed.
Receiving Agents	The Receiving Agents whose names are stated on page (vii).
USD	American Dollar, which is the lawful currency of the USA.

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Term	Definition
CEO	The Company's Chief Executive Officer.
Zakat	Zakat imposed on Muslims under the relevant laws.
Saudization	Saudization requirements applicable to the labor market in Saudi Arabia.
Financial Year or Fiscal Year (FY)	The Company's fiscal year commencing from January 1 to December 31 of each Gregorian year.
FY2021G or FY21G	The period commencing 01 January 2021G and ending 31 December 2021G.
FY2022G or FY22G	The period commencing 01 January 2022G and ending 31 December 2022G.
FY2023G or FY23G	The period commencing 01 January 2023G and ending 31 December 2023G.
Exchange	The exchange in which the Shares will be registered and offered pursuant to Part 4 of the OSCOs.
Control	Pursuant to the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority, "**Control**" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% or more of the members of the governing body, and a "**controller**" shall be construed accordingly.
Company or Fourth Milling Company	Fourth Milling Company.
Offering	The initial public offering of one hundred and sixty-two million (162,000,000) Ordinary Shares, representing 30% of the Company's capital in accordance with the terms set forth in this Prospectus.
Participating Parties	Parties eligible to participate in the book-building process pursuant to the Book-Building Instructions, namely: • public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in accordance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; • Capital Market Institutions licensed to deal as principal, in accordance with the Prudential Rules when submitting the Subscription Application Form; • customers of a Capital Market Institution authorized by CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; • legal persons allowed to open an investment account in the Kingdom and an account with the Securities Depository Center (Edaa), including foreign legal persons who are allowed to invest in the Exchange in which the Shares of the Issuer are to be listed, subject to the investment requirements of companies listed on the security market, as stipulated in CMA's Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G) based on the Capital Market Authority's board resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G); • Government entities and any supranational authority recognized by CMA, the Exchange or any other exchange recognized by CMA or the Securities Depository Center (Edaa); • companies owned by the Government, directly or through a portfolio manager; and • GCC companies and GCC funds if the terms and conditions of the fund so permit.
Board of Directors or Board	The Company's Board of Directors.
Independent Auditor	Ernst & Young Professional Services (Professional Limited Liability Company) (formerly Ernst & Young & Co. (Certified Public Accountants)) for the Financial Years ended 31 December 2021G, 31 December 2022G, and 31 December 2023G.
Directors or Board Members	Members of the Company's Board of Directors appointed by the General Assembly whose names appear in Section 5.1 ("**Board Members and Secretary**") of this Prospectus.
Shareholder(s)	Any holder of Shares in the Company.
Current Shareholder	The Current Shareholder in the Company whose name and shareholding percentages are shown in Table 4.8 (the "**Company's Ownership Structure as at the date of this Prospectus**"), namely: • Gulf Flour Milling Industrial Company
Substantial Shareholder	Any Shareholder owning 5% or more of the Issuer's total Shares, namely Gulf Flour Milling Industrial Company.
Selling Shareholder	Gulf Flour Milling Industrial Company.

Term	Definition
QFI or Qualified Foreign Investor	A foreign investor that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities. Qualification Application shall be submitted to a Capital Market Institution to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Financial Advisor	Riyad Capital Company.
International Financial Reporting Standards applicable in the KSA (IFRS-KSA)	The International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
Head Office	The Company's head office in Dammam.
Subscriber(s)	Any Participating Party and Individual Subscriber.
Individual Subscriber	Saudi Arabian nationals, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children on the condition that she proves that she is the mother of her minor children, any non-Saudi Arabian national who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Receiving Agent and is entitled to open investment accounts with a Capital Market Institution.
KSA, the Kingdom, or Saudi Arabia	The Kingdom of Saudi Arabia.
NCP	National Center for Privatization in the Kingdom of Saudi Arabia.
Prospectus	This document prepared by the Company in relation to the Offering.
Bylaws	The Company's Bylaws, approved by the General Assembly.
ZATCA	The Zakat, Tax and Customs Authority in Saudi Arabia (formerly known as the General Authority of Zakat and Tax).
CMA	The Capital Market Authority in Saudi Arabia.
GAC	The General Authority for Competition of Saudi Arabia.
SFDA	The Saudi Food & Drug Authority.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Tadawul or Market	Saudi Exchange Company.
Book-Building Instructions and Allocation Method in Initial Public Offerings	Book-Building Instructions and Allocation Method in Initial Public Offerings (IPOs) issued by the Board of the CMA pursuant to its Board resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA Board resolution number 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G), as amended.
Market Study	Market study prepared by the Market Study Consultant regarding the food and feed sectors on 3 November 2023G.
Chairman	The Chairman of the Company's Board of Directors.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official currency of Saudi Arabia.
Offer Price	Five Saudi Riyals & thirty halalah (SAR 5.30).
Person	Any natural or legal person recognized as such under the laws of the Kingdom.
VAT	Value Added Tax, also known as Goods and Services Tax.

Term	Definition
Related Party(ies)	In this Prospectus and pursuant to the Glossary of Defined terms used in the Regulations and Rules of the CMA, a "**Related Party**" includes any of the following: 1- Affiliates of the Issuer, except for wholly owned companies; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors of an Affiliate of the Issuer; 5- Directors and Senior Executives of Substantial Shareholders of the Issuer; 6- any relatives of persons described at (1), (2), (3), (4) or (5) above; and 7- any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above. For the purposes of the abovementioned paragraph (6), a relative means a father, mother, husband, wife and children.
Branch	Company branch registered in the commercial registry as an independent branch, through which profits are collected.
PIF	Public Investment Fund in the Kingdom of Saudi Arabia.
Lock-Up Period	The six-month period during which the Substantial Shareholder may not dispose of any of its Shares starting from the date of listing the Shares on the Saudi Stock Exchange.
Offering Period	The Offering Period starts on Wednesday, 29/03/1446H (corresponding to 02/10/2024G), and will remain open for a period of two days up to and including the last Offering day on Thursday, 30/03/1446H (corresponding to 03/10/2024G).
Listing Rules	The Listing Rules of Tadawul issued by the board of the CMA pursuant to resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended pursuant to resolution number 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G), as amended.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), amended by resolution number 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G), as amended.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012 dated 17/02/1434H (corresponding to 20/12/2012G), amended by resolution number 1-129-2022 dated 04/06/1444H (corresponding to 28/12/2022G), as amended.
Key Customers	The Company's top 10 customers based on their respective percentage in the Company's revenues as at 31 December 2023G.
Senior Executives	Any natural person tasked with assuming management and supervision roles, alone or jointly with others, upon the request of the Board of Directors or a member of the Board of Directors of the Company. A Senior Executive may report to the Board of Directors directly, a member of the Board of Directors, or the CEO.
Corporate Governance Regulations	The Corporate Governance Regulations in KSA issued by CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), amended by Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), as amended.
Nomination and Remuneration Committee	The Company's Nomination and Remuneration Committee.
Audit Committee	The Company's Audit Committee.
G	Gregorian.
Underwriter	Riyad Capital Company.
Lead Manager	Riyad Capital Company.
Market Study Consultant	Euromonitor International Limited.
Capital Market Institution	A person authorized by CMA to carry out securities business.
Key Suppliers	The Company's top 10 suppliers based on total purchases as at 31 December 2023G.

Term	Definition
Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
Companies Law	The Companies Law, issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Labor Law	The Saudi Labor Law issued under Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G), as amended.
Competition Law	The Competition Law issued under Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G), as amended.
Subscription Application Form	The Subscription Application Form that the Subscriber uses to apply for Offer Shares.
H	Hijri.
MoI	The Ministry of Investment in Saudi Arabia.
MoC	The Ministry of Commerce in Saudi Arabia.
MoMRAH	The Ministry of Municipal, Rural Affairs and Housing in Saudi Arabia.
MIMR	The Ministry of Industry and Mineral Resources in Saudi Arabia.
MHRSD	The Ministry of Human Resources and Social Development in Saudi Arabia.
Business Day	Any business day for Receiving Agents in Saudi Arabia (with the exception of Fridays, Saturdays and official holidays).

1.2 Specific Terms

Term	Definition
Flour Extraction (%)	The extraction rate is a figure representing the percentage of flour produced from wheat grain and resulting from milling wheat and separating the largest amount of animal bran and germ elements from the flour material elements of the wheat kernel, according to the specific extraction percentage for each type. These include premium (70%), bakery (80%), whole wheat (90-95%) and others, including pastry flour (60-65%)
Consumer Food Services	The food supply sector (catering), including coffee shops, full-service restaurants, limited-service restaurants, self-service cafes and kiosks.
Independent Consumer Food Services	Companies operating in the food supply sector that own less than 10 establishments in the same country and do not operate under the same brand.
Flour	Fine powder resulting from grinding grains or other sources of starchy foods. It is usually made from wheat, corn, rye, barley, rice and other grains, some legumes, and nuts. Flour is primarily used in the production of bread and other baked goods and can also be used in sauces and desserts. The definition adopted herein is limited to wheat flour and does not include all types of flour.
Net Production Revenue	The net production revenue is the difference between the costs of producing flour (basically the price of wheat that the Company buys and the price of selling flour by the Company), under the Compensation and Claims Agreement signed between the Company and the MoF on 31 December 2020G.
Silos	A structure for storing wheat, flour and wheat derivatives.
Consumer Food Service Chains	Companies operating within the food supply sector that own more than 10 establishments under the same name in the same country. They do not include global chains owning less than 10 establishments in the same country, but if such chains have a global reach, they remain included in the category of Consumer Food Service Chains.
Semolina	Coarse white flour.

Total compound animal feed (livestock, poultry, fish and others)	This refers to fodder that is blended and compounded from various raw materials mixed in specific proportion based on the target animal. The feed output is typically sold as pellets, crumbles, meals or fine powder and caters to livestock (all ruminant animals such as cattle, lamb, calf, camel and sheep), poultry, fish and others (including pigeon, horse and other small animals). The definition adopted herein is limited to available compound livestock feeds. This market excludes captive compound animal feed production used by vertically integrated farms and the following: • Traditional feeds like alfalfa and barley • Bulk blends which include a mix of compound feed with other fiber content or forages like alfalfa meal and pellets • Pre-mixes (blend of raw materials without processing) sold separately to the market • Ground fish, which is used as feed and as briquettes for feed made from oilseeds. • Activities resulting in by-products useable as animal feed without special treatment, e.g. oil seeds, grain milling residues etc.
Livestock Feed	Feed used to feed ruminant animals that are usually slaughtered for the purpose of consuming their meat, including cows, lambs, calves, camels, and sheep.
Processed Feed	Feed preparations and mixtures of ingredients used in feeding domesticated animals, especially cows, during their rearing period.
Juice/Beverage Shops	Outlets specializing in the sale of juices or fruit refreshments. This category only includes large establishments that sell juices and beverages, and therefore does not include street stalls and other small outlets that still fall under the Kiosk category.
Specialty Coffee and Tea Shops	Establishments offering a wide range of coffee and related products and in which coffee or tea is the main item on the menu. This category is based on the Starbucks' concept of an American modern coffee shop featuring modern designs, elegant and relaxed atmosphere, and focused on coffee and/or tea. Specialty Coffee and Tea Shops do not usually provide table service, and the customer takes their order without stopping at the facility, or eats it within the facility, unlike traditional cafes that do not provide takeaway orders. Takeaway orders represent an important percentage of total sales, although this percentage varies greatly according to the market. This category is considered as being part of Food Service Chains in general, but also includes independent chains and outlets.
Coffee Shops	They include all beverage-focused establishments, in which the customer may only order a drink, although they may also provide a variety of snacks and full meals. As a general rule, this category includes all establishments that generate 50% or more of their income from the sale of beverages.
GFSA	The General Food Security Authority (GFSA) is a Saudi government institution, previously known as the Saudi Grains Organization (SAGO). GFSA's work is based on achieving economic development and providing the citizens with the most important food commodities in the Kingdom. More specifically, GFSA manages the activity, operation, and development of silos, in addition to organizing, monitoring and supervising the activity of flour mills.
Retail	A distribution channel through which a company sells its products to retail customers, including hypermarkets, supermarkets, minimarkets, and grocery stores.
Wholesaler	An outlet is considered a wholesaler if its contribution to sales of a particular product amounts to more than 50% of sales in the specified sales activity (this assumption may be different for other companies).
Flour Mill Operation License	License No. 04 pursuant to Resolution No. 7294 dated 12/04/1442H (27/11/2020G) issued by GFSA Governor; Resolution No. 189 dated 09/03/1442H (corresponding to 26/10/2020G) issued by GFSA Board, and Council of Ministers' Resolution No. 632 dated 17/10/1441H (corresponding to 09/06/2020G).
Distribution Channels	The path that the Company's products take until they reach the Company's customers, including the Wholesale, Retail and Food Service, and other sectors.
Retail Sector	One of the distribution channels through which the Company sells products to retail customers, including hypermarkets, supermarkets, minimarkets and grocery stores.
Wholesale Sector	A distribution channel through which the Company sells its products to wholesale customers, who sell these products to restaurants, small retailers, or individual consumers.
Food Service Sector	A distribution channel through which the Company sells its products to food service customers, including catering companies, airlines, hotels, fast food restaurants, traditional restaurants, fine dining restaurants, coffee shops, and juice shops.
Wheat (Wheat Grain)	An agricultural product used by mills as a raw material to produce food products such as flour.
Subsidized Wheat	GFSA-subsidized Wheat.

Kiosk	Small food service delivery platforms, which are sometimes mobile, and are characterized by a limited offer of products and low prices. This category includes street kiosks, street vendors, and food service kiosks, where food is prepared indoors and served through a window or display stand for receiving orders only. This category also includes kiosks and carts that are located inside or outside shopping centers. As a general rule, street kiosks are smaller than takeaway or home delivery outlets, and the menu is more limited and focuses on snacks rather than full meals (although there may be exceptions sometimes).
Processed Animal Feeds	Animal food preparations and mixtures of ingredients given to domestic animals, especially cattle, during the rearing period.
Other Related-Products	Semolina: produced by coarse or fine grinding of wheat grains. Cake mixes: A type of flour ideal for baking cakes, pastries, desserts, etc. Ready mixes: A type of flour ideal for preparing donuts, cakes, pizza base, etc.
Bran	The hard protective layer of the wheat kernel, which is a byproduct of the wheat milling process. Because of their nutritional value, they are used in a variety of foods that people eat such as breakfast cereals and are also used as poultry and livestock feed.
Yeast	A eukaryotic, single-celled microorganism classified as member of the fungus kingdom. Yeast typically appears spherical and round in shape, usually produced through a process called budding, and used to ferment dough.
Alfalfa	A perennial flowering plant in the Fabaceae legume family, with trifoliate leaves serrated at the tips. The alfalfa's flowers are white and its seeds are yellow to reddish in color. It is mainly used as animal fodder, in dry and wet form.
Barely	A member of the grass family that is a major cereal grain, regarded as less nutritious than wheat, and often used as feed for livestock. It could be used to make bread.
Bakery	An entity producing and selling baked goods.
Hotels, Restaurants and Catering	Includes establishments including coffee shops, full-service restaurants, limited-service restaurants, self-service cafes and kiosks.
Milling Companies	Companies with mills that engage in grinding, sifting, and blending a variety of wheat to produce wheat flour and other wheat derivatives
Food Manufacturers	This term includes large industrial enterprises and industrial bakeries that use flour and its derivatives to produce flour-based products including, but not limited to, bread, pasta, noodles, and baked goods.
Bulk	Unpackaged products.
Wholesales	Wholesalers buy goods directly from manufacturers and sell them to retailers who in turn sell them to the end-user.
Retail Sales	Retail sale of goods by the retailer to the end-user.
Premium	High quality flour (70% extraction).
Goods	The products.
Confections	Starchy food items that are rich in sugar, ghee, honey, etc.
Pasta	A type of food made from wheat flour, formed into different shapes, dried, and then cooked in different ways.
Noodles	A type of pasta.

2. RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes may affect it and any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors currently are not aware of or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially or adversely affect the Company's business, results of operations, financial position, and prospects. As a result of such risks, the Share price may decline, the Company's ability to pay dividends may be impaired, and investors may lose all, or part of, their investment.

The Company's business, results of operations, financial position, and prospects may be materially or adversely affected, and the Company may not be able to pay dividends, the Share price may decline, and investors may lose all, or part of, their investment, if any of the risks referred to below or any other risks not identified by the Directors, or that are not material at the present time, are realized or become material. As a result of these risks and other factors that may affect the Company's business, the expected events and circumstances in the future that have been presented in this Prospectus may not happen in the way expected by the Company or the Directors, or they may not happen at all. Consequently, investors should consider all future statements contained in this Prospectus in light of this interpretation and not rely on these statements without verifying them (for more information, please refer to Section ("**Important Notice**") on page (i) of this Prospectus).

Moreover, the Directors confirm that, to the best of their knowledge and belief, there are no other material risks as at the date of this Prospectus - other than as disclosed in this Section - that may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks related to the Company's Offer Shares and the Offering in general and the economic and regulatory environment in which the Company operates.

Investment in the Offer Shares is only suitable for investors who are capable of evaluating the investment risks and merits, and who have sufficient resources to bear any loss which might result from such investment. Prospective investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by CMA regarding investing in the Offer Shares.

The risks stated below are not arranged in order of importance or expected impact on the Company.

2.1 Risks Related to the Company's Operations

2.1.1 Risks related to Government Subsidies and the Company's Reliance on GFSA for the Supply of Wheat

The Company purchases its main raw material (wheat) from its key supplier, the GFSA, which is the competent regulator in KSA that sells wheat to milling companies at a government subsidized price in accordance with the Subsidized and Unsubsidized Wheat Supply Agreement concluded with the Company on 15/04/1442H (corresponding to 30/11/2020G), and in accordance with the Wheat Pricing Policy issued by GFSA Board of Directors' Resolution No. 46 dated 15/10/1441H (corresponding to 07/06/2020G). The subsidy will end on 12/07/2025G. Following the Company's privatization in FY20G, the GFSA committed to maintaining a SAR 320 difference between the unified sale price of wheat (amounting to SAR 180 per ton) and the Company's selling price of flour products to end-users in bulk weighing 1,000 kg or in packages of 45 kg (amounting to SAR 500 per ton) ("**Price Differential Commitment**") for a period ending on 12 July 2025G ("**Price Differential Commitment Period**") in accordance with the Wheat Supply Agreement concluded between GFSA and the Company on 15/04/1442H (corresponding to 30/11/2020G) (for more information, please refer to Section 12.5.1 ("**Material Supply Contracts with Key Suppliers**") of this Prospectus). Thereafter, there might be three possibilities:

1- No change occurring in the current subsidy scheme: The current situation regarding the sale price of flour to end-users and commitment to price differential by the GFSA remains the same;

2- Gradual lifting of the subsidy: The GFSA's commitment to maintaining the price differential between the unified purchase cost of wheat from all companies operating in the field of flour milling and the selling price of flour to end-users applies only to flour used in the production of bread; or

3- Complete lifting of the subsidy: The Government completely lifts the subsidy on all types of wheat and flour products available in the market.

Wheat purchases from GFSA accounted for 93.8%, 82.6% and 50.3% of the Company's total raw material costs for FY21G, FY22G and FY23G, respectively. The Company's operations and profitability therefore depend, mainly, on the Wheat Supply Agreement ("**WSA**") with its regulator and Key Supplier of raw materials, GFSA, to ensure timely delivery of raw materials to meet market demand. In 2020G, the Company entered into an agreement with GFSA for the supply of wheat over a period of 25 years, which has been implemented since the date of its signature until the expiry date of the Company's Main License (and any renewal thereof), in accordance with the terms of the license to operate flour mills. The GFSA reserves the right to change its prices at any time, which may materially affect the Company's margins and profitability. In addition, if the GFSA terminates the WSA concluded with the Company, the latter may incur additional capital and operational costs, and may also be unable to maintain the expected levels of production and sales, which would have a material adverse effect on the Company's business, results of operations, financial position, cash flows and prospects (for more details about the Wheat Supply Agreement with GFSA, please refer to Section 12.5.1 ("**Material Supply Contracts with Key Suppliers**") of this Prospectus).

The Company is also entitled to seek alternative suppliers to supply unsubsidized wheat after obtaining the GFSA approval, in which case the Company will incur additional expenses, which may materially affect the Company's margins and profitability. In addition, any potential failure by the GFSA to provide the Company and its branches with sufficient quantities of wheat within the specified time and in accordance with the agreed standards, as a result of a shortage or interruption in their supplies or due to any other factors, may lead to the disruption of the Company's operations and profitability. Moreover, the termination of the WSA concluded with GFSA due to the Company's breach of its obligations set forth therein, or for any other reasons, may expose the Company to difficulties related to its inability to obtain sufficient quantities of wheat at competitive prices, which may have a material effect on the Company's margins and profitability (for more details about the Company's breaches of its obligations under the Wheat Supply Agreement that would result in the termination of said agreement, please refer to Section 2.1.5 ("**Risks Related to the Company's Breach of its Obligations under the Wheat Supply Agreement**") of this Prospectus).

On 25/04/1443H (corresponding to 30/11/2021G), the Company entered into a Compensation and Claims Agreement (the "**CCA**") with the Ministry of Finance ("**MoF**"), which will be valid for a period of twelve (12) years from the date of its conclusion, with the exception of claims notified to the Ministry of Finance prior to such date. Given the subsidization of the prices of wheat purchased by the Company and the price of flour sold by the Company, net revenues (being flour sales less wheat costs) from each ton of Regulated Flour sold by the Company are effectively fixed based on a price differential between wheat purchased and flour sold of SAR 320 per ton (given that the unified price for buying wheat for all companies operating in the field of flour milling is SAR 180 per ton, while the unified price for selling regulated flour is approximately SAR 520 per ton for 45 kg packs and SAR 490 per ton for bulk packaging). It should be noted that such price differential between the price of wheat purchased, and that of flour sold is fixed until 12 July 2025G. The MoF undertakes to compensate the Company for "**Minimum Revenue Shortfalls**" (each as defined in the CCA), including any amendment, modification, termination or repeal of any of: (i) the Flour Mills Law, (ii) the Implementing Regulations, (iii) the Pricing Policy, or (iv) the License Period. It should also be noted that if subsidies are completely lifted from 12 July 2025G, the Company will not be entitled to compensation for the price change under the Compensation and Claims Agreement with the Ministry of Finance, as the lifting of Government subsidy in accordance with the Wheat Pricing Policy at the end of the Price Differential Commitment Period is not considered one of the cases that give the Company the right to be compensated (which are specific and exceptional cases). For more details about the Compensation and Claims Agreement, please refer to Section 12 ("**Legal Information**") of this Prospectus.

Since the Company did not file any claim under the Compensation and Claims Agreement, it is difficult to assess whether said CCA is sufficient to cover all its future losses or to anticipate whether the Company's position would enable it to file a successful claim under such Compensation and Claims Agreement, since some of the CCA provisions are complex and the Company's interpretation thereof may differ from the MoF's interpretation.

The Company cannot predict whether any future restrictions or reforms related to these subsidies would be introduced that could reduce the Company's margins or adversely affect its ability to introduce new products profitably. After the Price Differential Commitment Period for wheat purchased and flour sold ends on 12 July 2025G, the subsidy may be reduced or lifted in the future on the subsidized wheat that the Company relies on in its operations, which may occur gradually or all at once, in addition to the possibility of decreasing or lifting the subsidy on specific categories of flour used in the production of bread. Changes in the market could also force the Company to alter its approach to selling, marketing, distributing and servicing the Company's customer base. Any of the factors above would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.2 Risks Related to Litigation Involving the Company

The Company, its Directors, or officers may become involved in lawsuits and regulatory actions with parties including suppliers, employees, competitors, regulatory authorities, consumers or owners of lands leased to the Company for its operations. Any unfavorable outcome in such litigation and regulatory proceedings would have a material adverse effect on the Company's business, financial position, results of operations, and prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

On 22/10/1444H (corresponding to 12/05/2023G), GFSA filed a lawsuit against the Company before the Committee for the Adjudication of Violations of the Provisions and Regulations of the Flour Milling Law. As per the statement of claim submitted by GFSA, to impose fines on the Company for violating the provisions and regulations of the Flour Milling Law as a result of updating 20 customers without submitting a request to GFSA with the Company (earning SAR 4.4 million, exceeding the allowable limits for a customer acting as a distributor, where a quota was not set based on volume and number of customers, (resulting in revenue of SAR 1.0 million), and exceeding the sales quantity over the amount allocated by GFSA for 45 kg products (which resulted in generating revenues in excess of SAR 18.8 million).

As a result of these violations, the Public Prosecutor at GFSA submitted a request to the Committee for the Adjudication of Violations of the Provisions and Regulations of the Flour Milling Law to impose fines in the amount of SAR 21,100,000 against the Company and oblige it to forfeit the financial returns obtained as a result of these violations, where the total value amounted to SAR 45.3 million (the value of violations equal to SAR 21,100,000, and the value of financial returns equal to SAR 24,229,102.10). The total initial fine imposed amounted to SAR 45.3 million. On 18/04/1445H (corresponding to 02/11/2023G), the Company submitted a Reply Memorandum in response to the lawsuit, stating that the actions taken in the course of the lawsuit were invalid, and requested the dismissal of the lawsuit. On 23/05/1445H (corresponding to 07/12/2023G), the Committee for the Adjudication of Violations of the Provisions and Regulations of the Flour Milling Law issued a decision obliging the Company to pay SAR 4,079,205 to recover the financial return resulting from the two violations of selling to customers not registered with GFSA and the Company's sales exceeding the quantity allocated by GFSA. The Company's Board of Directors decided not to appeal the decision, and on 11/06/1445H (corresponding to 24/12/2023G), the Company paid SAR 4,079,205 (for more information please refer to Section 12.11 ("**Litigation**") of this Prospectus), which negatively affected the Company's revenues for the period ended 31 December 2023G. Therefore, the Company's sales which were indirectly affected by this fine amounted to SAR 24,000,000 in the fiscal year ended 2022G, representing 4.15% of the net sales for the same year. In this regard, the Company must ensure that appropriate compliance procedures are in place to avoid future violations that may adversely impact the Company's business, results of operations, financial position and prospects.

2.1.3 Risks Related to the Availability and High Prices of Raw Materials and the Company's Supply Chains

The Company has three production facilities, each with major production lines. The production process of these facilities is mainly affected by the availability and prices of raw materials, in addition to the supply chain, the purchase of raw materials and the inventory that the Company maintains. For the continuation of its operations, the Company relies on supplies of raw and primary materials used in the production process from suppliers, such as wheat and yellow corn. The Company's top 10 suppliers of raw materials accounted for 96.6%, 95.8%, and 86.6% of the Company's total purchases for the fiscal years ended 31 December 2021G, 2022G, and 2023G, respectively. Wheat procured through GFSA accounted for 80.6%, 80.8% and 69.6% of the Company's total raw material costs for FY21G, FY22G and FY23G, respectively. The Company purchases yellow corn from local sources inside KSA, which is used in the production of animal feed, accounting for 7.1%, 5.9% and 4.4% of the Company's total raw material costs for FY21G, FY22G and FY23G, respectively. The Company also purchases other materials used in the production of animal feed (such as plants, palm oil and vitamins) from local sources inside the Kingdom.

The main raw materials used by the Company (which include wheat, corn, and soybeans) are agricultural products and are subject to price fluctuations due to external conditions such as weather, scarcity, limited supply sources, market fluctuations, currency exchange rates, and changes in agricultural policies and regulations issued by government authorities in the Kingdom. Generally, the Company purchases wheat from GFSA at fixed prices and sells the flour it produces at fixed prices as well, which protects it from wheat price fluctuations. However, the Company remains vulnerable to fluctuations in the prices of corn, soybeans, and other products and commodities it uses in its products. The costs of these materials increase significantly when production is limited for any reason, including, by way of example, a change in the laws of the countries from which the suppliers import raw materials, any change in the Saudi laws and regulations regarding such imports, the rise in the costs and fees as a result of factors related to demand or supply, or any other influences. The prices of raw materials have recently increased for several reasons, including global inflation, one of the causes of which is the Ukraine-Russia war. In this regard, it is worth noting that the Company does not have any hedging instruments to mitigate such impact in the future. Any unexpected increase of the prices of these goods will negatively affect the Company's profit margins. If the Company is unable to obtain sufficient supplies of raw materials in a timely manner or on acceptable terms, if the cost of such raw materials increases significantly, or if the Company is unable to increase its productivity or prices to cover the increasing expenses, this could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.4 Risks Related to the Company's Revenue Growth Rates

The Company's revenues consist of revenues from the sale of flour, feed and bran, which in turn are affected by various factors (for further information on the financial and operating performance of the business segments and the factors affecting the same, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus). In addition, the business segments are subject to many of the risks described in this section of the Prospectus which, if they were to occur, may affect the business segments' operations and, consequently, the Company's revenue growth rates. Accordingly, the Company may not be successful in its efforts to increase its revenues or grow its business. The Company's revenue growth slowed down during FY2023G, mostly due to the stricter restrictions imposed by GFSA.

Revenue growth rates in prior periods should not be viewed as indicative of future growth rates, and the Company may not be able to overcome the risks and difficulties it may face in the milling and food sector, as demand for products in Saudi Arabia may decline or the Company may be forced to reduce its flour production, which may result in a decrease in the Company's revenues as a whole, and would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.5 Risks Related to the Company's Breach of its Obligations under the Wheat Supply Agreement

Under the Wheat Supply Agreement concluded with the GFSA, any breach of the Company's obligations set forth in the Wheat Supply Agreement could lead to the termination of said agreement, which could subject the Company to challenges related to its inability to obtain sufficient quantities of wheat at competitive prices and could have a material impact on the Company's margins and profitability (for more details regarding this Agreement, please refer to Section 12.5.1 ("**Material Supply Agreements with Key Suppliers**") of this Prospectus). Particularly, cases leading to the termination of the Wheat Supply Agreement include the following:

Either Party may terminate the Agreement:

- In the event of a material breach by one party that is not remedied within 30 days from a notice by the non-breaching party. If the material breach was caused by reasons beyond the control of the breaching party despite reasonable efforts to remedy such breach, then the breaching party will be given an additional 30-day period to remedy the breach;
- if a final decision by a competent court or a governmental authority is issued, determining that the Company bribed any person associated with the agreement or gave bribes in order to secure the agreement;
- if the other Party becomes bankrupt, insolvent, is wound-up or liquidated;
- if the force majeure event continued for a period exceeding the grace period (6 months); or
- in case of the expiration, termination, or cancelation of the Main Milling License.
- In addition, the Company's obligations under the Wheat Supply Agreement are as follows:
- Payment of purchase price and applicable VAT.
- Weighing the delivered wheat upon receipt thereof and recording the weight thereof in the delivery certificate.

- Maintaining a list of GFSA-approved subsidized flour customers, referring to GFSA requests from non-listed customers who want to purchase subsidized flour, and inspecting such customers' sites to ensure compliance with applicable flour production regulations.
- Notifying GFSA if the Company was unable to fulfil any quantities of subsidized flour and return the subsidized wheat or flour (as applicable) to GFSA or a third party designated by GFSA. The Company shall be paid for returned wheat or flour within thirty (30) days of delivery.

As long as the Government flour subsidies remain ongoing, the Company shall:

within the first five (5) days of each Gregorian month, provide a monthly report to the Financial Regulatory Authority about its subsidized wheat and flour sales; and

within the first fifteen (15) days of each Gregorian year, provide a yearly report to the Financial Regulatory Authority about its subsidized wheat and flour sales.

If the Company fails to carry out any of its obligations under the Wheat Supply Agreement, leading to the termination of said Agreement, the Company will not be able to procure the critical raw materials for its products, which would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.6 Risks Relating to Leases and not Owning the Lands on which the Company's Production Facilities are Located

As at the date of this Prospectus, the Company does not own any lands or properties through which the Company conducts its business. The lands and properties on which the Company's production facilities and storage silos are located are leased from GFSA (for more information, please refer to Section 12.6 ("**Lease Agreements**") of this Prospectus).

These lease agreements may be terminated in various circumstances, including in the case of a default or force majeure event. If these lease agreements are terminated, or if the agreements are not renewed upon their expiry, the Company would have no rights to access or use the relevant asset, property or facility which may result in the Company surrendering the assets without compensation. The Company's inability to renew these lease agreements may lead to an increase in rent upon renewal, which may cause the Company to incur unexpected additional obligations. This means that the Company would need to cease its use or operations in the relevant facility, which could cause business interruptions or suspension, and the Company might need to procure an alternative to these facilities which could be costly and timely, as not all machinery and equipment can be relocated; all of this would have a material adverse effect on the Company's business, operations, financial position, cash flows and prospects and lead to rent increases.

The Company uses lands and operational silos owned by GFSA at all of its branches through lease agreements with GFSA. These agreements include a 5% escalation clause every 3 years (except for one contract every 10 years) until the end of the contract (between FY2035G and FY2046G). After FY2035G, the increase in rental fees will impact future profitability and the Company's ability to renew lease agreements with GFSA upon the expiration of the milling license in FY2046G. Since the Company's leases have fixed terms and are renewed upon expiration, any increase in rent imposed by lessors at renewal will result in additional obligations on the company, which will have a material adverse effect on the Company's and its branches' business, operations, financial position, cash flows and prospects.

It should be noted that most of the Company's and its branches' lease agreements pertaining to its production facilities and silos are concluded with GFSA and expire upon expiration of the Company's main license, which is 25 years from 16/04/1443H (corresponding to 21/11/2021G) in addition to any renewal or extension. The Company also has other leases expiring on 03/09/2024G, 29/02/2024G and 31/12/2024G for an office unit in Jeddah, four residential units in Dammam and eight residential units in Al-Kharj, respectively. If these agreements are not renewed, the Company would not be able to continue its business, which would have a material adverse effect on the Company's and its branches' business, operations, financial position, cash flows and prospects.

2.1.7 Risks Related to the nature of the Company's transactions with Key Suppliers

The nature of the Company's dealings with its Key Suppliers varies, as the Company deals with them under purchase orders, short-term contracts, or long-term contracts. The Company relies on local and international sources for other raw materials such as, but not limited to, flour and maize additives, which are used in the production of animal feed. The Company sources primary packaging materials such as food-grade plastic bags and straight bags primarily from suppliers in the Kingdom.

The value of the Company's transactions with its Key Suppliers based on purchase orders amounted to SAR 37.2 million, SAR 40.6 million and SAR 25.8 million, and accounted for 14%, 12.5% and 11.6% of the Company's total purchases for FY2021G, FY2022G and FY2023G, respectively.

The value of the Company's transactions with its Key Suppliers based on short-term contracts amounted to SAR 5.4 million, SAR 8.2 million and SAR 11.8 million, and accounted for 2.0%, 2.5% and 5.3% of the Company's total purchases for FY2021G, FY2022G and FY2023G, respectively.

The Company's transactions with its Key Supplier, the GFSA, based on the long-term Wheat Supply Agreement, amounted to SAR 216.3 million, SAR 262.8 million and SAR 154.0 million, and accounted for 80.6%, 80.8% and 69.6% of the Company's total purchases for FY2021G, FY2022G and FY2023G, respectively.

It is worth noting that the Company's short-term supply agreements lack clauses that provide the Company with key protections. These include product quality and inspections, liability provisions for product defects, and indemnification by the supplier to the Company. In addition to being suboptimal in protecting the Company's interests, the absence of such provisions may also be a source of uncertainty and disputes between the parties in the future.

Moreover, it may be difficult for the Company to ensure the continuity of supply and that its business will not be affected as a result of the absence of a contract or agreement with some Key Suppliers with whom the Company transacts on a purchase order basis. Accordingly, the Company may not be able to meet the requirements of its customers and continue to sell them the products and brands they are accustomed to. This will negatively affect the Company's business and relationship with its customers and will have a material negative impact on its business, results of operations, financial position and prospects.

2.1.8 Risks Related to the Company's Transactions Concentration and Reliance on its Key Suppliers

The Company's transactions with its suppliers form an integral part of the Company's operations. The Company mainly purchases the following products from a number of its Key Suppliers: flour additives, packaging materials and packaging machines. The Company relies on the GFSA for the purchase of wheat, which is the main raw material used in the production of the Company's products, in subsidized prices and in accordance with the provisions of the Wheat Supply Agreement. Purchases from the GFSA accounted for 80.6%, 80.8% and 69.6% of the Company's total purchases for FY2021G, FY2022G and FY2023G, respectively. (For further information, please refer to Table 12.16 ("**Wheat Supply Agreement Between the Company and GFSA dated 15/04/1442H (corresponding to 30/11/2020G**") of Section 12.5.1 ("**Material Supply Contracts with Key Suppliers**") of this Prospectus).

Accordingly, it may be difficult for the Company to ensure the continuity of supply at all times and that its business will not be affected if it fails to maintain its relationships with its Key Supplier, the GFSA, whom it has entered with into a long-term agreement, or its current privileges provided by such supplier, this would have a material and adverse impact on the Company's business, results of operations, financial position and prospects. As such, the Company may not be able to meet the requirements of its customers and continue to sell them the products and brands they are accustomed to. The Company's business and relationship with its customers would be negatively affected, if the GFSA ceases its businesses with the Company in the future, or switches to other companies in the local market (especially given the low shift cost), or in cases any changes are made in strategy, etc.; all of which could have a material and adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.9 Risks Related to the Concentration of Revenue in Key Customers

The value of transactions with 10 key customers accounted for approximately 41.4%, 42.3% and 54.3% of the Company's total sales volume of supplied products, which includes feed, bran and flour, for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively.

The value of transactions with 10 key customers accounted for approximately 50.3%, 52.2% and 56.9% of the Company's total sales volume of flour products for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively.

The value of transactions with 10 key customers accounted for approximately 69.3%, 97.7% and 98.6% of the Company's total sales volume of feed products for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively. Feed revenue was highly concentrated with one customer in FY2023G, representing 63% of total revenue compared to 4% FY2021G and 24% in FY2022G.

The value of transactions with 10 key customers accounted for approximately 55.9%, 60.7% and 78.3% of the Company's total sales volume of animal bran products for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively.

The total value of transactions with key customers was approximately SAR 181.6 million, SAR 394.4 million and SAR 389.0 million for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively.

The nature of the Company's dealings with its key customers varies, as the Company deals with its customers under purchase orders, or short-term contracts that specify pre-agreed terms.

Transactions with Key Customers based on purchase orders accounted for 41.38% and 20.51% of the Company's total sales for the financial years ended 31 December 2021G and 31 December 2022G, respectively. However, the Company did not conduct any transaction with its Key Customers based on purchase orders in the financial year ended 31 December 2023G. On another hand, the value of the transactions conducted by virtue of short-term contracts represented 23.74% and 54.29% of the Company's total sales for the financial years ended 31 December 2022G and 31 December 2023G, respectively. The Company did not conduct any transaction with its Key Customers based on short-term contracts in the financial year ended 31 December 2021G.

If any of these key customers terminate their business with the Company in the future or switch to other companies (especially if the cost of switching is low) in the local market or if there are changes in strategy or otherwise, the Company's business, results of operations, financial position, and prospects would be materially and adversely affected.

2.1.10 Risks Related to Capacity Constraints and Production Inefficiency

The Company's future success and earnings growth depend on its ability to increase sales volumes in competitive markets and to find additional efficiencies in the production of flour and feed.

The Company's ability to increase sales of its products is limited by the production capacity of its mills, which, as at 31 December 2021G, 31 December 2022G and 31 December 2023G had an aggregate daily milling capacity of 3,150 tons of wheat and a daily feed production capacity of 450 tons of feed. Such capacity was stable during the historical period. The Company's production capacity of wheat milling is also limited under the terms of its Milling License to 405,000 metric tons per annum for the Dammam production facility, 360,000 metric tons per annum for the Madinah production facility and 180,000 metric tons for the Al-Kharj production facility. The increase of production capacity beyond the stated volumes in the Milling License would require GFSA approval. While the Company is currently investigating the feasibility of increasing production capacity at its facilities and has obtained a conditional secondary license for the purpose of allowing increased production capacity (for more information, please see Section 12.4 ("**Material Governmental Approvals, Licenses and Certificates**") of this Prospectus), there is no guarantee that it will be able to achieve this plan by the expected completion dates, or even that its production capacity after laying the new lines will be sufficient to meet the increased demand. Failure to properly anticipate demand for the Company's products in the future, or inability to add production capacity in a timely manner to meet demand as it arises, may limit the Company's growth and lead to a loss of business opportunities. In case of increased market demand, Management may be obliged either to invest in additional facilities or to extend its operating hours, which could affect the Company's financial performance.

Furthermore, as at 31 December 2021G, 31 December 2022G and 31 December 2023G, the full production capacity of the Company's mills was 945,000 tons of wheat per year. Such capacity was stable in the historical period. Milling production efficiency reached 59%, 91% and 88% in financial years ended 31 December 2021G, 2022G, and 2023G, respectively. The increase in production efficiency in 2022G was due to the increase in production as a result of the new strategies implemented by the new management after privatization in November 2021G and in line with the increase in flour and bran sales during this period. The Company's strategy focuses on increasing its market share through a customer/sale-centric approach; achieving leadership in quality and innovation; achieving best-in-class efficiency; enhancing productive capacity in accelerated growth regions; and investing in human capital. However, there is no guarantee that the Company's growth strategy will be profitable or will achieve the expected return on investment.

The production efficiency decreased in 2023G in line with the decrease in flour and bran production quantity during the same period, as a result of the fines imposed by GFSA on the Company for failing to implement the regulatory requirements and to regularly update the customers. For more information about the fines imposed by GFSA, please refer to Section 2.1.2 ("**Risks Related to Litigation Involving the Company**") of this Prospectus.

It is worth noting that the wheat mill use level in Al-Kharj exceeded 100% in 2022G and 2023G as a result of operating mills for extra hours to meet the high market demand. However, the total use of the Company remained below 100%.

If the Company's operations are not sufficiently efficient, its profitability would suffer as a result of the competitive environment in which it operates, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.11 Risks Related to the Development of Production Lines and Replacement of Assets

For any new milling facility that the Company builds, its ability to complete construction on a timely basis and within budget is subject to certain risks and challenges. In particular, when establishing a new production facility or production lines, it is necessary to make an accurate assessment of the market size and the economic feasibility of such establishment and to obtain the necessary permits and approvals from the relevant governmental entities, none of which is guaranteed. The establishment of a new production facility also depends on the Company's ability to secure the necessary financing to complete the construction process. If the Company fails to assess the economic feasibility of establishing new facilities or to obtain the necessary permits and approvals to operate these new facilities, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Moreover, the competitiveness, success and growth of the Company depends on its ability to replace or refurbish assets needed for the operation of its production facilities, which could result in a substantial increase in its capital expenditures.

The levels of capital expenditures will also be affected by the requirements with respect to the Company's storage, distribution and transportation networks of its products, or the Company's supporting infrastructure including information technology means, as these systems may not be sufficient to support the growth and the strategy that the Company is seeking to achieve. In order for the Company to be able to manage its growth effectively, it must constantly invest in corporate infrastructure which may require an increase in the Company's future capital expenditures, and accordingly reduce its profit margin, impact the funds available for operation and increase the Company's operating expenses, which could have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

If the Company fails to complete construction on schedule, find sites to expand its range of operations, find customers for the additional products generated by the new facilities, run the mills efficiently or otherwise achieve the expected benefits of the new facilities, while also replacing or refurbishing obsolete assets, the available capacity may prove to be a bottleneck in meeting customer orders in a timely manner. This would adversely affect the Company's ability to increase its revenues and operating income and have a material adverse effect on its business, results of operations, financial position and prospects.

2.1.12 Risks Related to the Impact of Increasing Costs and Operating Expenses of the Company's Business

The Company's operating expenses could increase as a result of a number of factors (for more information about the Company's financial and operational performance, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus), including, without limitation, the increases in the costs of wheat purchase from the supplier; labor costs; fuel, water and electricity consumption costs; repair and maintenance costs; insurance premiums; financing costs; and the costs of increasing rental of properties rented by the Company.

In particular, the Company's labor costs increased significantly from SAR 69.1 million for the financial year ended 31 December 2021G, to SAR 88.1 million for the financial year ended 31 December 2022G, as a result of hiring more staff for sales & marketing department. Labor costs subsequently reduced to SAR 74.7 million in the financial year ended 31 December 2023G, due to the exceptional bonus paid in FY2022G. In fact, the Company distributed exceptional bonuses in light of the high profitability achieved in FY2022G. However, the paid bonus decreased from SAR 17.2 million to SAR 6.5 million during the same period, coupled with the decrease of number of employees following the expiry of contracts with the GFSA seconded employees which were not renewed in November 2022G.

Fuel and power expenses increased from SAR 15.1 million for the financial year ended 31 December 2021G to SAR 32.5 million for the financial year ended 31 December 2022G due to higher transportation costs incurred for the Company on transporting 45kg flour to customers directly. Fuel and power expenses increased to SAR 37.5 million for the financial year ended 31 December 2023G due to higher transportation costs incurred for the Company on transporting 10kg and consumer pack flour to customers directly.

Prolonged periods of cost inflation may also have a negative impact on the Company's profit margins and earnings to the extent such cost increases are not translated into increase in prices. Saudi Arabia, in common with many other jurisdictions and economic regions, is experiencing an acceleration and increase in inflation, which has resulted in increases in costs of certain raw materials and transportation costs for the Company. In addition, the price of fuel and utilities and labor cost have increased in recent years. Furthermore, any further increase in Saudization requirements of the Company's workforce may lead to an increase in the Company's operational expenditure (for more information, please refer to Section 2.2.7 ("**Risks Related to Saudization, Non-Saudi Employees, and Other Labor Law Requirements**") of this Prospectus). The Company's operating expenses and costs amounted to 81.0%, 66.2%, and 68.0% of the Company's total revenues for the financial years ended 31 December 2021G, 2022G and 2023G, respectively. Any increases in the Company's operating expenses and costs will also reduce its cash flow, profit margin and funds available to operate the Company's business and for future expansion. This would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.13 Risks Related to Safety Accidents at the Company's Production Facilities and Employees' Occupational Errors

The Company is subject to safety and health laws in force in the Kingdom (which includes the Labor Law, and more specifically the Occupational Safety and Health Manual, and the Occupational Safety and Health Management Regulations issued by the Ministry of Human Resources and Social Development), that set out various standards for regulating aspects of health, safety and security quality, and impose civil and criminal penalties and other liabilities for violations or breaches. The use of high-voltage machinery and equipment inherent in the Company's business may involve significant health and safety risks.

Occupational errors and potential health, safety and security events, such as fires, light vehicle incidents, falls from height, personal injuries and fatalities, electrocutions, and incidents involving equipment, may have a material impact on the Company's business. Fatalities or serious injuries to employees may occur due to these or other factors.

The Company is committed to hiring highly qualified and experienced workers in the production sector; however, its employees may make occupational errors while performing their jobs and professional duties that may result in material technical malfunctions in the Company's industrial facilities, which would adversely and materially affect the Company's business, results of operations, financial position or prospects, and therefore the Company's share price.

Although the Company complies with the relevant health and safety requirements, this does not necessarily mean that the Company will not incur legal liability in the future, which may expose the Company to risks related to compensation claims filed by the heirs of the deceased persons, in addition to the risks associated with the revocation of any of the Company's licenses in case of any health and safety standard compliance violations.

In addition, the relevant authorities could impose the current regulations, including health, safety and security regulations, more stringently than in the past, and may impose stricter standards or higher fines and penalties for violations in the future than those currently in place. The Company cannot estimate the future financial impact of the Company's compliance with these regulations.

None of the Company's employees have had any serious occupational accidents in the past three years, and the Company cannot guarantee that no other accidents will take place and affect its industrial facilities, employees or other persons, and should such accident happen, it would adversely and materially affect the Company's business, results of operations, financial position or prospects, and therefore the Company's share price.

2.1.14 Risks Related to the Company's Operations and Unexpected Interruptions to the Company's Business

The Company's success greatly depends on the continuous and smooth operation of its production facilities. The Company's operations involve the coordination of raw materials procurement, internal production processes and managing its distribution network. For the continuation of its operations, the Company depends on the functioning and effectiveness of its production lines and work systems. The operation of the Company's production facilities is prone to a number of risks, including physical damage to buildings, failure to carry out periodic maintenance, obsolescence of spare parts, power failures, failure of information systems, mechanical failures, the possibility of work stoppages, criminal incidents, civil unrest, natural disasters, fires, operational errors, changes in governmental planning for the land underlying these production facilities, or any disruption or delay in the ports or various shipping services in general. The occurrence of any of these or similar incidents would cause a significant disruption to the Company's business, which will affect adversely and materially the Company's business, results of operation, financial position, and prospects.

The equipment and machinery used in the manufacturing process are extremely important to the success of the Company's operations. Therefore, the Company relies on the reliable and consistent operating equipment in order to achieve its financial goals and forecasts. Any unexpected malfunction that occurs to machines or equipment, or any prolonged maintenance thereto, would disrupt the Company's production and weaken its ability to produce sufficient quantities of products on an ongoing basis or secure the quality of its products in a way that meets the demands of its customers or adheres to its contractual requirements. In the event of any failure, this will negatively and fundamentally affect the Company's business, prospects and the results of operations.

If there were significant interruptions of operations at one or more production facilities, the Company's revenues and profitability will be affected, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.15 Risks Related to Production Defects

The Company's business revolves around the production and sale of food products, and these operations are exposed to risks related to the quality of the product delivered to customers. The quality of products may be impacted during production, packaging or transportation, or from errors as a result of misconduct or behavior of employees. The sale of food products for human consumption involves the risk to the health of consumers from tampering by third parties, bioterrorism, product contamination, decay, or spoilage, including the presence of bacteria, pathogens, foreign objects, substances, chemicals, other agents, or residues introduced during the storage, production, handling or transportation phases. In addition, the Company's operational controls and employee training may not be effective in product tampering and other product-related safety and shelf-life issues that may affect its operations. Concerns regarding the safety of products and quality of the Company's supply chain could cause the Company's customers to avoid purchasing certain products from the Company, or to seek alternative sources, even if the basis for the concern is outside of the Company's control. Adverse publicity about these concerns, whether or not ultimately based on factual assertions, and whether or not involving products sold by the Company, would discourage customers from buying the Company's products, which will harm the Company's reputation and have a material and adverse effect on the Company's business, results of operations, financial position, and prospects.

In addition, the products that the Company distributes may be subject to product recalls, including voluntary recalls or withdrawals, if they are alleged to cause injury or illness or if they are alleged to have been mislabeled, misbranded, or adulterated or to otherwise be in violation of governmental regulations. Similarly, the Company cannot be sure that consumption of its products will not cause a health-related illness in the future or will not be subject to product liability claims or lawsuits relating to such matters. In such an event, the Company could also suffer losses from a significant product liability judgment against it. The Company may also voluntarily recall or withdraw products that it considers do not meet its quality standards, whether for taste, appearance, or otherwise, in order to protect its brand and reputation. If there is any future product withdrawal that could result in substantial and unexpected expenditures, destruction of product inventory, damage to the Company's reputation, and lost sales due to the unavailability of the product for a period of time, it will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.16 Risks Related to the Company's Ability to Maintain its Brand Reputation

In 2022G, the Company acquired its Foom brand from GFSA. Approximately 94% of the Company's total flour sales primarily in the 1kg, 2 kg 10 kg and 45kg categories are under the Foom brand in FY23G. Maintaining and continually enhancing the value of Foom and any other brands that the Company may develop or acquire will be critical to the success of the Company's business and growth strategy. The value of a brand is based, in large part, on the degree to which consumers react and respond positively to the brand. Brand value could diminish significantly due to a number of factors, including consumer perception that the Company has acted in an irresponsible manner, adverse publicity about its products, its failure to maintain the quality of its products, the failure of its products to deliver consistently positive consumer experiences, concerns about food safety or the unavailability of its products to consumers. Consumer demand for the Company's products may also be impacted by changes in the level of advertising or promotional support. The growing use of social and digital media by consumers, and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about the Company, its brands, or products on social or digital media could seriously damage the brand and reputation of the Company. Any damage to the Company's brand name or reputation as a result of these or other factors may cause its products to be perceived unfavorably by customers, third-party merchants, regulators and other business partners, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.17 Risks Related to the Company's Acquisition of the Foom Brand

Pursuant to its acquisition of the "**Foom**" brand from GFSA in 2022G, the Company was granted exclusive rights to sell flour products under said brand throughout the Kingdom. The Company acquired the brand through a closed bidding process among milling companies, with the Fourth Milling Company submitting the winning bid of SAR 50.1 million. The valuation of the Foom brand was based on an assessment of its historical and projected earnings. As the brand has an indefinite useful life, it is expected to provide perpetual benefits to the Company and is therefore subject to periodic impairment testing. Annual impairment tests for the brand were performed by expert accountants and no impairment was identified as of 31 December 2022G and 31 December 2023G. The impairment test was based on assumptions and projections in terms of revenues, costs, and working capital for the period between 2024G and 2028G, which were provided by management and not validated by accounting experts and are consistent with typical market practices. The book value of intangible assets, specifically the brand value, is based on estimated assumptions, which may decline in the event of any adverse circumstances that may affect the viability of the brand. Market fluctuations or unforeseen events could affect the value of the brand and cause it to decline, which would materially and adversely affect the Company's business, results of operations, financial position and prospects.

2.1.18 Risks Related to Product Sales in Retail and Wholesale Markets

The Company's retail sales represented 0.4%, 3.5% and 6.9% of total flour sales as at 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively. The Company's sales from wholesale represented 89.6%, 82.6% and 79.9% of total flour sales as at 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively.

Any significant deterioration in the business performance of the Company's retail or wholesale customers could adversely affect the sales of its products. Retailers and wholesalers also carry products of the Company's competitors. There is also a risk that retailers or distributors may give greater priority to products of, or form alliances with, the Company's competitors or their own private labels instead of the Company's products. If retailers or distributors fail to purchase the Company's products, or fail to offer its products with promotional support, it will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.19 Risks Related to Interruptions in the Company's IT Systems

The Company's operations, including storage, production, packing delivery and collection, are highly dependent on its information technology systems. The Company depends on these systems, especially on its ERP (enterprise resource planning) system, to facilitate the production and distribution of products to and from the Company's production facilities and to manage the accurate accounting and payment to and from suppliers and customers.

The Company implemented a new ERP system provided by SAP which replaced the SMART system which was in place at the time of the Company's privatization. The new SAP system was fully implemented in February of FY2024G. The transition period from SMART to SAP remains ongoing and is expected to be finalized by June of FY2024G. During this transition there may be some errors, which could in turn affect the effectiveness of such system or lead to the loss of the Company's information, and therefore have an adverse effect on the Company's business and results of operations.

External and internal risks, such as malware, code anomalies, attempts to penetrate the Company's networks, unavailability of required updates or modifications, data leakage and human error all pose a direct threat to the Company's services and data. The Company's networks may also be subject to interruption due to unforeseen "force majeure" events or power outages. These types of adverse events could also occur in the event the confidentiality, integrity or availability of Company and customer information is compromised due to a data loss by the Company or a trusted third-party. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems and networks, and data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, could be significant. In addition, the Company's IT systems need regular upgrading to accommodate expansion of the Company's business and maintain the efficiency of its operations. If the Company faces a breakdown in its systems, it could experience significant business and operational delays across its businesses. In particular, any breakdown in the Company's IT systems could result in disruptions of the Company's research, development, production, accounting and billing processes.

The Company's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to a breach of consumers, employees' and customers' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Company. In addition, this could adversely affect the Company's performance due to judicial proceedings or claims initiated against the Company in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on disclosing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential customer behavior in a way that would impact the Company's ability to retain current customers or attract new customers, which will materially and adversely affect the Company's business, financial position, internal operations (e.g. logistics, inventory and management), results of operation, and prospects.

Any disruption to the internet or the Company's IT systems or technology infrastructure, including those impacting the Company's computer systems, or the occurrence of any of the aforementioned risks, would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.20 Risks Related to the Company's Strategy

The Company's future performance and profitability depend on its ability to implement its strategy as highlighted in page (xix) ("**Company Strategy**") of this Prospectus.

However, there can be no assurance the Company will be successful in this regard. The successful implementation of the Company's plans will depend on several factors including, most importantly, the following:

- the Company's ability to obtain the required approvals for its products and customers, or to meet the requirements to obtain such approvals from GFSA as needed;
- the Company's ability to manage and if required expand its sales and distribution network;

- the Company's ability to acquire new customers across different product categories;
- the Company's ability to successfully expand its existing product portfolio to successfully meet local consumer preferences while enhancing revenue and profitability;
- the competition that the Company faces from incumbent and new players in its product segments;
- the Company's ability to seamlessly adapt and cater to changes in consumer behaviors, new marketing strategies, and new business models;
- the Company's ability to maintain its relationships with GFSA and other Key Suppliers and Key Customers and its ability to negotiate and reach acceptable terms;
- the Company's ability to hire, train and retain skilled personnel and employees;
- the effectiveness of the Company's marketing campaigns;
- the Company's ability to monitor new operations, control costs and maintain effective quality and service control;
- the Company's ability to develop, operate and maintain its online platforms and applications;
- unfavorable economic, regulatory (including potential regulatory restrictions on products relevant to the Company), and market conditions, which are outside of the Company's control.

As a result of the above factors, the Company's revenues may not grow at the same rate as in the past, or the Company may incur costs without benefiting from the expected revenues of expansion plans. Accordingly, the Company's results of operations may be negatively affected if any of these factors significantly delay, prevent or hinder the Company from achieving its strategy. There can be no assurance that the Company's growth strategy will be profitable or will achieve its projected investment returns.

Furthermore, any future expansion of the Company's business may increase the complexity of its operations and place a significant strain on its managerial, operational, financial and human resources. The Company's current and planned personnel, systems, procedures and controls may not be adequate to support its future operations. There can be no assurance that the Company will be able to effectively manage its growth or to implement all these systems, procedures and control measures successfully. Any of these factors would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.1.21 Risks Related to the Seasonality of Revenues

The Company's revenues are subject to seasonal variations. In general, flour sales are highest in the period leading up to the month of Ramadan and lowest during the summer period due to school summer vacations, reduction in number of visitors and overall vacation period in Saudi Arabia.

For example, the Company recorded revenues of SAR 31.7 million in March 2021G (representing 9.4% of the total revenues for FY2021G), compared to revenues of SAR 25.9 million in April 2021G (representing 7.7% of total revenues for such period). During FY2022G, the Company recorded revenues of SAR 51.8 million in March 2022G (representing 8.9% of the Company's total revenues for FY2022G) compared to revenues of SAR 37.9 million in February 2022G and SAR 39.9 million in April 2022G (representing 6.6% and 6.9% of the Company's total revenues during FY2022G). The increase in March 2022G was attributed to the holy month of Ramadan, where sales increased in anticipation of the holy month of Ramadan.

Revenues increased in October 2022G and November 2022G, to reach SAR 62.4 million and SAR 62.7 million, respectively (each representing 10.8% of the Company's total revenues for FY2022G), in line with the start of the school year. During FY2023G, the Company recorded revenues of SAR 58.8 million in March 2023G (representing 10.1% of the Company's total revenues during the period), compared to revenues of SAR 35.7 million in April 2023G (representing 6.1% of the Company's total revenues during the period).The Company will not be able to anticipate such seasonal variations in sales, and such seasonal variations will affect the consistency of the Company's revenues. Additionally, sales decreased in April 2023G due to the fines imposed by the GFSA for failing to implement the regulatory requirements and the unlawful update of its customers.

Moreover, the ingredients of feed products produced by the Company may also be affected by seasonal variations. For example, bad weather conditions (such as natural disasters, floods, torrential rains, droughts, etc.) may affect the production process and costs. Accordingly, the Company may have difficulty planning its business, which in turn could limit the Company's ability to accurately forecast its future revenues or set an accurate budget for its operational costs, which would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.1.22 Risks Related to the Company's Related Party Transactions

The Company entered into certain agreements with Related Parties in connection with the sale of its finished products and other inventory items. As at the date of this Prospectus, the Company has six (6) agreements in force with Related Parties. (For more information, please refer to Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus). During the General Assembly meeting dated 14/09/1445H (corresponding to 24/03/2024G), the General Assembly approved all of the Company's valid transactions and contracts with Related Parties.

The total value of the Company's transactions with Related Parties amounted to SAR 190,052, SAR 96.6 million, and SAR 159.4 million for the financial years ended 31 December 2021, 31 December 2022G and 31 December 2023G, respectively, representing 0.06%, 16.8% and 28.2% of the Company's total sales for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively.

There were no amounts due for the Company from Related Parties as at 31 December 2021G. Dues from Related Parties amounted to SAR 969 thousand as at 31 December 2022G and mainly related to the balance due from Abdullah AlOthaim Markets Company (SAR 577 thousand), Zod Factory for Pastries and Bakeries - Abdullah AlOthaim Markets Company branch (SAR 318 thousand), and Riyadh Food Industries Company (SAR 74 thousand). Moreover, dues from Related Parties amounted to SAR 22.8 million as at 31 December 2023G and mainly related to the balance due from Gulf Flour Milling Industrial Company in exchange for the sale of spare parts (SAR 21.2 million), Abdullah AlOthaim Markets Company (SAR 1.3 million), Pure Food Company (SAR 172 thousand), Zod Factory for Pastries and Bakeries - Abdullah AlOthaim Markets Company branch (SAR 72 thousand), and Riyadh Food Industries Company (SAR 47 thousand). Amounts due to Related Parties relate to the outstanding balances to United Feed Manufacturing Company in exchange for the supply of bran and amounted to SAR 190 thousand as at 31 December 2021G, SAR 2.6 million as at 31 December 2022G and SAR 1.5 million as at 31 December 2023G.

All of the Company's transactions with Related Parties are operational in nature, except for the transaction with Gulf Flour Milling Industrial Company concerning the sale of spare parts. This transaction was conducted based on the market conditions, is subject to the Board of Directors decision dated 28 December 2023G and was approved by the General Assembly. This transaction is expected to be settled during the first half of FY2024G. It is worth noting that there is no official agreement setting the commercial terms with any of the Related Parties.

As at the date of this Prospectus, all Related Party transactions are based on purchase orders (except for the Company's transactions with Abdullah AlOthaim Markets Company and United Feed Manufacturing Company). Since these transactions are not officially documented, there is no guarantee that the Company will be able to continue these transactions on a purely arm's length basis, which could lead to undue benefits for the Company's Related Parties. Should the Company enter into Related Party transactions not concluded on an arm's length basis or if such transactions unjustly transfer benefits to the Company's Related Parties, that would adversely affect the costs incurred by the Company's and its revenues, which in turn could adversely and materially affect the Company's business, results of operations, financial position, and prospects. Under Article 42 of the Corporate Governance Regulations, a member of the Board of Directors is prohibited from exploiting or benefiting - directly or indirectly - from any of the Company's assets, information, or investment opportunities presented thereto in their capacity as a Board member or presented to the Company. This includes investment opportunities that fall within the Company's activities or that the Company wishes to benefit from. The prohibition also applies to a Board member who resigns in order to exploit investment opportunities - directly or indirectly - that the Company wishes to benefit from and which they became aware of during their membership on the Board.

There can be no guarantee that the Company will be able to renew its contracts with such Related Parties when expired. Accordingly, if any such Related Parties do not renew the agreements entered into with the Company, or renew these agreements but under conditions that are not in line with the Company's objectives, this would adversely affect the Company's business. Under Article 27 and Article 71 of the Companies Law, those related party agreements, in which any Director is deemed to have an interest, will need to be approved by the General Assembly. It is also required that any Director and / or Shareholder of the Company, who is deemed to have an interest, cannot participate in the approval process for such Related Party Transaction(s).

If the contracts with Related Parties are not renewed when expired because the Board or General Assembly do not agree to renew these contracts, or otherwise the Related Parties do not agree to renew them under the current terms or under terms that are commercially viable to the Company, then the Company would not be able to enter into other contracts on the same terms or on terms favorable thereto, which would have an adverse and material effect on the Company's business, results of operation, financial position, and prospects.

2.1.23 Risks Relating to Protecting Certain Trademarks on which the Company Relies

The Company has registered eight (8) trademarks in Saudi Arabia for its logo and its Foom and Miller brands on which it relies, details of which are set out in Section 12.10.1 ("**Trademarks**") of this Prospectus. In the event the Company is unable to register or renew its trademarks, or in the event a third-party objected to the registration of a trademark, this would affect the Company's operations, financial position, and results of operation. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

In the event the intellectual property rights related to the Company's trademarks are infringed, including as a result of unauthorized use or a failure to protect such rights by the competent authorities in accordance with the regulations of the relevant countries, it may face costly litigation and the diversion of technical and management personnel. Furthermore, the outcome of a dispute may require the Company to enter into royalty or licensing agreements, which may not be available on terms favorable to the Company, or at all. Any of the above would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.24 Risks Relating to the Outbreak of Infectious Diseases or Other Serious Public Health Concerns, including the Continuing Global Spread of COVID-19

The outbreak of an infectious disease, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and, most recently, the Coronavirus (COVID-19) in the Middle East will have a materially negative impact on the Kingdom's economy and business operations of the Company.

Following the outbreak of COVID-19, the Saudi Government implemented a range of precautionary containment measures in response to the outbreak, including travel restrictions or mandatory quarantine measures on international travelers and on residents within cities, regions or provinces of certain countries; the temporary suspension of visas to foreign religious tourists intending to visit Makkah and Madinah for Hajj and Umrah; the temporary restriction on all Saudi residents Hajj and Umrah pilgrims from visiting Makkah and Madinah; and the temporary suspension of all flights (international and domestic) and inter-urban bus, taxi, and train service.

Although COVID-19 and the Saudi Government's response thereto did not affect the Company in any material adverse way, it is difficult to estimate the potential impact a further increase in the spread of COVID-19 or another infectious disease might have on the Kingdom's economy and the business operations of the Company, and could make the Company vulnerable to risks of business interruption. Furthermore, there can be no assurance that any containment measures (such as those outlined above) would be effective in stopping or curtailing future outbreaks in the Kingdom. Moreover, it is likely that any containment measures will have a material and adverse effect on the Saudi economy and investor and business confidence to an extent difficult to predict. This would, in turn, materially and adversely affect the Company's business, results of operation, financial position, and prospects.

2.1.25 Risks Related to the Company's Reliance on its Senior Management and Key Personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company relies on a number of key individuals in its senior management team, who have valuable experience within the food and feed sectors and who have made substantial contributions to the development of the Company's operations and expansion. Competition for senior management and key employees in the food and feed sectors is intense, and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel.

The Company may need to invest significant financial and human resources to attract and retain new senior management members or senior employees. The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Each member of senior management, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key senior management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial position, and prospects.

2.1.26 Risks Related to the Distribution of Cash Dividends

The distribution of dividends depends on several factors including the Company's ability to make profits, its financial position, available credit limits, general economic conditions, cash flows, working capital requirements, capital expenditures, and according to other factors subject to the recommendation of the Board of Directors in announcing the distribution of dividends, as deemed appropriate thereby.

The Shareholders may not obtain any return on their investment in the Shares except through selling the Shares at a price higher than the purchase price thereof. Accordingly, the Company does not in any way guarantee that it will have sufficient funds to distribute dividends or that it will make any dividend announcements in the near future. (For more details about the Company's dividend policy and the restrictions imposed by the financing entities on the distribution of cash dividends, please refer to Section 7 ("**Dividend Distribution Policy**") and Section 12 ("**Legal Information**") of this Prospectus).

2.1.27 Risks Related to the Company's Implementation of a Newly Adopted Corporate Governance Manual

The Ordinary General Assembly approved the implementation of a Corporate Governance Manual on 14/09/1445H (corresponding to 24/03/2024G), which includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by CMA. The Company's success in properly implementing the corporate governance rules and procedures will depend on the extent of the comprehension and understanding of these rules as well as the proper execution of such rules and procedures by the Board, its committees and Senior Executives, especially with regards to the formation of the Board and its committees, independence requirements, as well as rules related to conflict of interests and Related Party Transactions.

Article 22 of the Corporate Governance Regulations also requires the adoption of a written and detailed policy, defining the powers delegated to the executive management, and a table clarifying such powers. Executive Management drafted the authority matrices governing the specialization and delegation of powers and authorities between the Board and executive management[1]. Failure to comply with the governance rules, especially the mandatory rules derived from the Corporate Governance Regulations issued by CMA, would subject the Company to regulatory penalties and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

On 07/09/1445H (corresponding to 17/03/2024G), the Company's Board of Directors approved the composition of the Audit Committee; and on 14/09/1445H (corresponding to 24/03/2024G), the Company's General Assembly approved the amended Charter of the Audit Committee. The Board of Directors formed the Nomination and Remuneration Committee 07/09/1445H (corresponding to 17/03/2024G), and on 14/09/1445H (corresponding to 24/03/2024G) the Company's General Assembly approved the amended Charter of the Nomination and Remuneration Committee (for further details, please refer to Section 5.2 ("**Company and Board Committees**") of this Prospectus). Failure by members of these committees to perform their duties and adopt a work approach that protects the interest of the Company, and its Shareholders will affect corporate governance compliance, the continuous disclosure requirements, and the Board's ability to monitor the Company's business through these committees. That would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Any future inability of such committee members and independent members to carry out the tasks assigned thereto and follow a work methodology that ensures the protection of the interests of the Company and the Shareholders may affect the implementation of Governance Regulations and the efficiency of the Company's Board of Directors control over the management of its business through such committees. This may expose the Company to potential non-compliance with continuous disclosures after listing requirements on the one hand, and to operational, administrative and financial risks on the other hand. Consequently, this would have a negative and material impact on the Company's business, results of operations, financial position, and prospects.

1 These matrices will receive Board approval during the week of 14 April 2023G, and we will update this paragraph.

2.1.28 Risks Related to Management's Lack of Experience in Managing a Publicly Listed Company

The Senior Executives have limited or no experience in managing a public listed joint-stock company in the Kingdom and complying with the laws and regulations pertaining to such companies. In particular, the internal and / or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Company. Non-compliance in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.29 Risks Related to the Adequacy of Insurance Coverage

The Company maintains insurance policies covering its business and operations (for more information, please refer to Section 12.9 ("**Insurance**") of this Prospectus). There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claim with regard to a certain liability or loss according to the insurance policies in effect because of the exclusions or conditions of insurance coverage, or if the Company has not met certain insurance criteria in respect of a particular claim. This would cause the Company to be liable for paying for accident-related losses, which would also have a material adverse effect on the Company's business, its operations, financial position and prospects.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from acts of aggression, political risks, war and sabotage. In addition, the Company's present insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.30 Risks Related to the Potential Misconduct of the Company's Employees and Third-Party Agents

The Company's senior management or key personnel could behave in a manner which negatively impacts the Company's business, including through misuse of information or systems, disclosure of confidential information, or disseminating misleading information. Additionally, the Company may not always be able to prevent its employees from committing any gross misconduct or ensure compliance with internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

The Company greatly relies on third-party distributors and other agents for the distribution of its products to retail and wholesale customers. Many of these third parties are small and do not have internal compliance resources. If the Company fails in its efforts to screen third-party agents and detect cases of potential misconduct, the Company could be held responsible for the non-compliance by these third parties with applicable laws and regulations, which would adversely affect the Company's reputation and / or have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.31 Risks Related to Storage Maintenance and Mismanagement

The storage of wheat, flour, feed and the Company's other products entails significant risks associated with the storage environment, including moisture, temperature and humidity levels, deviations in which may result in damage to stored wheat or finished flour products in stock. Any significant damage to the products in storage could materially and adversely affect the Company's business operations, financial position, results of operations and prospects.

The Company also relies on its expertise in the food and feed sectors and its knowledge of demand forecasts for its products to manage its inventory of flour, wheat and its derivatives. The Company calculates the inventory of flour and wheat in a number of operational silos in its reports using the size up instead of the digital scale approach, which may lead to inaccurate calculations of the wheat and flour inventory. Whereas the current stock available inside certain wheat silos is calculated by way of a manual measuring tool (metric tape measure) that is inserted into the silo to calculate the empty distance, and the quantities of wheat available inside the silo are calculated accordingly, which may result in differences in the actual stock of raw wheat. As a result, the cost of wheat recorded in the financial statements may not be accurate as the difference in inventory is written off at the end of the period.

The use of digital scale for inventory management results in increased accuracy, efficiency and transparency and cost saving, making it a valuable investment for the companies which seek to improve their operations.

Therefore, material changes may occur in the demand for the Company's products that differ from what was expected and stated in its reports. Demand may be affected by the launch of new products in the market, changes in product cycles, pricing, changes in customer spending patterns, the entry of new competitors into the market, etc. As a result, customer demands for the Company's products may decrease. Therefore, if the Company is unable to accurately estimate the volume of products that its customers require or if it is unable to manage its inventory in an appropriate manner, this will lead to the overproduction of flour and feed products and thus, a surplus of inventory levels.

Table (2.1): Inventory as at 31 December 2021G, 2022G, and 2023G

SAR '000	31 December 2021G	31 December 2022G	31 December 2023G
Spare parts and other materials	80,968	71,893	36,789
Raw materials	24,579	22,001	28,151
Finished goods	7,356	6,175	7,637
Other goods	2,962	153	5
Less: Provision for slow-moving inventory	(19,898)	(19,898)	(12,753)
Less: Provision for scrap	-	-	(3,861)
Total inventory	**95,967**	**80,324**	**55,968**

Source: Audited financial statements for financial years ended 31 December 2022G and 2023G.

Table (2.2): Movement of the Provision for Slow-Moving Inventory as at 31 December 2021G, 2022G, and 2023G

SAR '000	31 December 2021G	31 December 2022G	31 December 2023G
As at the beginning of the year	19,329	19,898	19,898
Provision during the year	570	-	-
Transferred to property, plant, and equipment	-	-	(3,285)
Reclassified to scrap provision	-	-	(3,861)
As at the end of the year	19,898	19,898	12,753

Source: Audited financial statements for financial years ended 31 December 2022G and 2023G.

Table (2.3): Inventory aging as at December 31, 2023G

SAR '000	Fast-moving inventory(1)	Slow-moving inventory(2)	Stagnant inventory(3)	Scrap inventory(4)	Total
Spare parts and others	18,702	44	14,183	3,861	36,789
Raw materials	27,638	435	78	N/A	28,151
Finished goods	7,637	N/A	N/A	N/A	7,637
Other merchandise	5	N/A	N/A	N/A	5
Total	**53,982**	**479**	**14,261**	**3,861**	**72,582**

Source: Management information.

(1) The Company classifies the inventory as fast-moving when it is stored for less than one year and the inventory turnover is equal to 15% or more.

(2) The Company classifies the inventory as slow-moving when it is stored for less than one year and the inventory turnover is below 15%.

(3) The Company classifies the inventory as stagnant when it is stored for more than one year. The slow-moving inventory provision shall be applied to the stagnant inventory, with different percentages allocated based on lifespan category as follows: 20% for two-year inventory, 40% for three-year inventory, 60% for four-year inventory and 80% for five-year inventory. The slow-moving inventory amounted to SAR 12.8 million (i.e. 89.5% of the value of stagnant inventory).

(4) The Company classifies the inventory as scrap when an administrative decision is taken to destroy or sell it. The scrap inventory amounted to SAR 3.9 million (representing 100% of the scrap inventory).

The total inventory (including spare parts) for the financial years ended 31 December 2021G, 2022G and 2023G, amounted to SAR 96.0 million, SAR 80.3 million, and SAR 56.0 million, respectively, representing 8.5%, 6.4%, and 4.8% of the Company's total assets for said periods, respectively. The Company allocated SAR 19.9 million, SAR 19.9 million, and SAR 12.7 million as provisions for inventory for the said periods, respectively. As of 31 December 2023G, the Company's inventory included raw materials worth SAR 28.2 million (representing 38.8% of the total inventory), ready-made products worth SAR 7.6 million (representing 10.5% of the total inventory), and spare parts worth SAR 36.8 million (representing 65.7% of total inventory).

The Company does not have any wastage of inventory for the financial years ending 31 December 2021G and 2022G. The total waste of inventory for the financial years ending 31 December 2023G amounted to SAR 3.9 million, representing 6.9% of the total inventory for the said period. Moreover, the average days in inventory for raw materials were 70 days, 41 days, and 53 days for the financial years ended 31 December 2021G, 2022G, and 2023G, respectively. The slow-moving goods inventory amounted to SAR 12.7 million and the scrap inventory provision amounted to SAR 3.9 million, as at 31 December 2023G.

2.1.32 Risks Related to the Transportation of the Company's Raw Materials and Products

The Company relies on ground transportation for the delivery of wheat by GFSA to the mills and the delivery of some of its products to customers. The Company relies on specialized companies for the transportation of its products. Any disruptions in this infrastructure network, whether caused by earthquakes, other natural disasters, the changing laws and regulations of transport, human error or malfeasance, could materially impact the Company's business. Therefore, any unexpected delay in transportation of wheat to the mills or in the delivery of the Company's products to its customers could result in significant disruption to its operations, including the closure of its facilities. The Company also relies upon others to maintain roads from its production facilities to road networks, and any failure on their part to maintain such transportation systems could impede the delivery of wheat to the Company and its products to customers, impose additional costs on the Company or otherwise have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.33 Risks Related to the Concentration of Revenue in Specific Geographic Areas

The majority of the Company's revenues are generated from sales in three regions of the Kingdom, namely Madinah Region, Eastern Region, and Riyadh Region, which are the regions where the Company's production facilities are located. The revenues generated from Madinah Region, Eastern, and Riyadh regions accounted for 27%, 44% and 29% of the Company's total revenues, respectively as at 31 December 2021G. Similarly, as at 31 December 2022G, revenues from the Madinah Region, Eastern, and Riyadh regions accounted for 31%, 42%, and 27% of the Company's total revenues, respectively. Moreover, the revenues generated from Madinah Region, Eastern Region and Riyadh Region represented 31.6% 44.3% and 24.0% of the Company's total revenues as at 31 December 2023G. There is no guarantee that the Company will be able to maintain the growth of its revenues from sales in these three regions. If the revenues generated from any of these regions decreased substantially, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.34 Risks Related to the Companies Law

The Companies Law issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), which entered into effect on 19 January 2023G (the "**Companies Law**") imposes certain regulatory requirements that the Company must abide by. To comply with such requirements, the Company must adopt specific procedures such as amending its Bylaws to comply with the Companies Law and adhere to the periods stipulated for holding General Assembly meetings.

Article 71 of the Companies Law provides that no member of the Board of Directors shall have any interest, directly or indirectly, in the transactions or contracts made for the Company, except with the authorization of the Ordinary General Assembly and according to the controls imposed by the competent authority. Board members shall inform the Board of Directors of any interest, direct or indirect, in the transactions or contracts made for the Company and such disclosure shall be recorded in the minutes of the Board meeting. Such board member may not participate in voting on the resolution to be issued in this regard by the Board of Directors and Shareholders' assemblies.

The Companies Law imposes stricter penalties for violation of its mandatory provisions and rules. Fines for violating some of the provisions may reach SAR 500,000. Therefore, if the Company is subjected to a penalty due to non-compliance with these provisions, or if it does not comply with the provisions of its Bylaws, this will have a material adverse effect on the Company's business, financial position, results of operations, and prospects. It should be noted that the Company has not been subjected to any fines or penalties as a result of non-compliance with the Companies Law.

2.1.35 Risks Related to Exchange Rate Fluctuations

The Company engages in some transactions that are not denominated in Saudi Riyals, therefore the Company is subject to some degree of foreign exchange risks with respect to its obligations and expenses denominated in a currency other than the currency of the Kingdom. As part of the Kingdom's policy, the Saudi Riyal is, as at the date of this Prospectus, pegged to the US dollar at an exchange rate of SAR 3.75 / USD 1.00. However, there is no guarantee that the Saudi Riyal will remain stable against the US Dollar. Therefore, any deflation of the Saudi Riyal against foreign currencies (especially the US dollar) could adversely and materially affect the Company's results of operations, financial position, and prospects.

2.1.36 Risks Related to Zakat

ZATCA issued a letter dated 14/09/1439H (corresponding to 29/05/2018G) exempting the Company from Zakat, given that its capital is derived from public funds to which Zakat is not applicable for the financial years up to FY2020G. The exemption remained in place until 30 November 2021G, when the Company was 100% owned by the Public Investment Fund (PIF), before its ownership was transferred to the National Center for Privatization (NCP), as detailed below.

On 17/10/1441H (corresponding to 09/06/2020G), the Council of Ministers issued a decision to transfer the Company's ownership to the National Center for Privatization, after which all Company Shares were sold to Gulf Flour Milling Industrial Company on 25/04/1443H (corresponding to 30/11/2021G).

On 25/04/1443H (corresponding to 30/11/2021G), the National Center for Privatization transferred all of its Shares in the Company to Gulf Flour Milling Industrial Company. As at 1 December 2021G, following the transfer of its Shares to Gulf Flour Milling Industrial Company, the Company became subject to Zakat imposed on the share of Saudi and GCC ultimate Shareholders (i.e. 71.94%) and Income Tax for the share of foreign ultimate Shareholders (i.e. 28.05%). The Company has filed its Zakat and Income Tax returns for the financial years ended 31 December 2021G and 31 December 2022G, but ZATCA has yet to issue the related assessments for these periods.

The Company submitted Zakat and income tax returns for the years ended 31 December 2021G, 2022G and 2023G. An income tax provision of SAR 122.7 thousand, SAR 10.9 million and SAR 6.32 million along with the usual annual Zakat provision of SAR 80 thousand, SAR 2.99 million and SAR 2.75 million were set aside for the financial years ended 31 December 2021G, 2022G and 2023G, respectively and were paid subsequently.

The Selling Shareholder undertakes to bear any additional claims in case they exceed the amount of the provision recorded in the Company's books that may arise from Zakat levies ZATCA for the period from 30 November 2021G until the listing of the Company's Shares on Tadawul. Any material Zakat claims will adversely affect the Company's results of operations, financial position and prospects.

There is a risk that Zakat or tax obligations and penalties would be imposed on the Company in case of non-compliance with the applicable rules and regulations, including incorrect tax assessments which are not in line with tax rules and regulations, the current relevant ZATCA practice, or relevant guidance. The Company may not have allocated sufficient tax provisions to cover such potential liabilities, which could have a material adverse impact on the Company's business, results of operations, financial position or prospects.

Pursuant to the Tax / Zakat regulations currently in force in the Kingdom, if Tax / Zakat returns are filed within the statuary deadlines, the statutory time limit is five (5) years from the submission of returns. Such statutory time limit may be extended to ten (10) years in the following cases:

- Filing of Tax / Zakat returns after the statutory time limit;
- Filing of incomplete returns;
- Filing of returns with material errors contained therein; or
- Failure to pay the Tax / Zakat during the statutory time limit.

For reasons of clarity, while the typical statutory time limit for Tax/Zakat purposes is five (5) years in the Kingdom, ZATCA considers that such statutory time limit does not apply to non-resident taxes (such as withholding tax).

It should be noted that the statutory time limit for VAT is five (5) years from the end of the calendar year in which the VAT return is submitted. If ZATCA does not issue any inquiries or assessments five (5) years after the end of the calendar year in which the VAT return was submitted, the VAT returns shall be considered closed for the relevant period (i.e. it falls within the statutory time limit).

2.1.37 Risks Related to Adjusting Financial Statements for Prior Periods

During the year ended 31 December 2023G, the Company adjusted certain amounts and balances included in the financial statements of prior periods to reflect the appropriate accounting treatment and classification. The details of each of these adjustments are summarized below:

Adjustment 1

During the year ended 31 December 2023G, the Company's management realized that it did not reassess the value of lease liabilities after obtaining the flour mills license in 2021G, and as a result, the right-of-use assets and lease liabilities were understated. This error was corrected by adjusting each financial statement line item relative to the prior period opening balance where the value of right of use assets and lease liabilities was increased by SAR 111.8 million as at 31 December 2021G and 31 December 2022G.

Adjustment 2

During the year ended 31 December 2023G, management determined that the useful lives of buildings constructed on land leased in prior periods were incorrectly based on the economic life of the buildings rather than the lease term. As a result, the carrying value of the buildings was overstated, and the related accumulated depreciation was understated as the value of property, plant and equipment was reduced by SAR 14.5 million as at 31 December 2021G and SAR 16.4 million as at 31 December 2022G.

The above-mentioned errors have been corrected by adjusting each of the affected financial statement line items for prior periods. The following is a summary of the tables, the effects on the Company's financial statements, where the value of the adjustments amounted to an increase of SAR 1.6 million on direct costs, an increase of SAR 188 thousand on selling expenses, and an increase of SAR 56 thousand on general and administrative expenses, which resulted in a decrease in annual profit by SAR 1.9 million.

In case any additional accounting errors are found that resulted in the submission of incorrect data in previous financial years or if any accounting errors are discovered in future years, the latter will negatively affect the Company's operations, financial position, results of operations, and prospects. Please refer to Section 6.9.3 ("**Adjustment to Prior Period Financial Statements**") for more information.

Impact of Adjustment on the Balance Sheet as at 1 January 2022G:

SAR '000	Pre-adjustment	Adjustment	Post-adjustment
Right-of-use assets	287,373	111,777	399,151
Lease liabilities	316,403	111,777	428,180
Property, machinery and equipment	570,871	(14,537)	556,334
Retained earnings	168,282	(14,537)	153,745

Source: Audited financial statements for the financial year ended 31 December 2023G.

Impact of Adjustment on the Balance Sheet as at 31 December 2022G:

SAR '000	Pre-adjustment	Adjustment	Post-adjustment
Right-of-use assets	273,735	111,777	385,513
Lease liabilities	309,097	111,777	420,875
Property, machinery and equipment	562,012	(16,417)	545,596
Retained earnings	255,402	(16,417)	238,986

Source: The Company's audited financial statements for the fiscal year ended 31 December 2023G.

Impact of Adjustment on the Statement of Profit and Loss and Other Comprehensive Income for 2022G:

SAR '000	Pre-adjustment	Adjustment	Post-adjustment
Direct costs	316,570	1,635	318,205
Sale and distribution expenses	31,836	188	32,023
General and administrative expenses	38,478	56	38,534
Annual profit	164,921	(1,879)	163,041
Share profitability	3.48	(0.04)	3.44

Source: The Company's audited financial statements for the fiscal year ended 31 December 2023G.

Impact of Adjustment on the Statement of Cash Flows

There was no change in the Statement of Cash Flows.

2.1.38 Liquidity Risks

Liquidity risk is the inability of the Company to meet its payment obligations as they fall due. The Company seeks to minimize liquidity risk allowing it to meet its operating cash flow requirements, fund capital expenditures and service its outstanding debt. The Company's approach to liquidity management is to ensure, to the extent possible, that it has sufficient liquidity to meet its obligations as they fall due, under both normal and adverse conditions, without incurring unacceptable losses or damaging the Company's reputation.

The liquidity ratio, being a measure of the Company's capacity to meet its short-term liabilities using its current assets (with the exception of the inventory), amounted to 86%, 166% and 176% as at 31 December 2021G, 31 December 2022G and 31 December 2023G, respectively.

The table below summarizes the maturity dates of the Company's financial liabilities as at 31 December 2021G, 2022G and 2023G based on undiscounted contractual payment dates and current market interest rates as follows:

Table (2.4): Maturity Dates of the Company's Financial Liabilities as at 31 December 2023G

SAR '000	Less than 3 months	3 to 6 months	1 to 5 years	More than 5 years	Total
Creditors	22,402	N/A	N/A	N/A	22,402
Accrued expenses	26,728	N/A	N/A	N/A	26,728
Amounts due to related parties	1,491	N/A	N/A	N/A	1,491
Lease obligations	N/A	22,986	93,170	425,704	531,860
Total	**50,621**	**22,986**	**93,170**	**425,704**	**592,481**

Source: The Company's audited financial statements for the fiscal year ended 31 December 2023G.

Table (2.5): Maturity Dates of the Company's Financial Liabilities as at 31 December 2022G

SAR '000	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Creditors and dues	28,304	N/A	N/A	N/A	28,304
Accrued expenses and other liabilities	31,228	N/A	N/A	N/A	31,228
Amounts due to Related Parties	2,575	N/A	N/A	N/A	2,575
Lease obligations	N/A	22,767	89,011	449,114	568,363
Total	**62,106**	**22,767**	**89,011**	**449,114**	**630,470**

Source: The Company's audited financial statements for the fiscal year ended 31 December 2023G.

Table (2.6): Maturity Dates of the Company's Financial Liabilities as at 31 December 2021G

SAR '000	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Creditors and dues	18,983	27,919	N/A	N/A	46,902
Accrued expenses and other liabilities	13,362	N/A	N/A	N/A	13,362
Amounts due to Related Parties	190	N/A	N/A	N/A	190
Lease obligations	N/A	22,233	92,104	476,259	590,596
Total	**32,536**	**50,152**	**92,104**	**476,259**	**651,050**

Source: Management information.

2.1.39 Credit Risks

Credit risk represents the risk that the failure of one party to fulfill its obligations results in the other party incurring a financial loss. The credit risk to which the Company is exposed is mainly influenced by the individual characteristics of each customer. The Company seeks to manage customer credit risk by establishing credit limits for each customer and monitoring existing receivables. However, management also considers factors that may affect the credit risk related to its customer base, including the default risk associated with the activity and the country in which the customers operate. Due to the nature of the Company's business, a significant portion of revenue is collected in cash, making the Company not significantly exposed to credit risk.

Historically, all the Company's sales transactions were conducted in cash. In 2022G, the Company started to provide some credit terms to customers in the private sector exclusively, including mainly supermarkets and hypermarkets. The expected losses provision amounted to SAR 168 thousand and SAR 884 million as at 31 December 2022G and 31 December 2023G respectively, representing 5.7% and 14.5% of the debtor balance value which amounted to SAR 7.0 million and SAR 6.1 million as at 31 December 2022G and 2023G, respectively.

2.1.39.1 Cash and Cash Equivalents

Credit risk arising from balances with banks and financial institutions is managed by the Company's treasury management according to Company policy. Surplus funds are only invested with approved counterparties, and all such investments are subject to shareholder approval. Management continuously monitors investment limits with various financial institutions to reduce concentration risks and thereby mitigate potential financial loss due to the potential default of the counterparty.

2.1.39.2 Trade Debtors

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

The Company limits its exposure to credit risk on trade receivables by establishing and maintaining a cash-based method of doing business. As the advance payment is received from the customer prior to any supply of goods, the Company is not exposed to any such credit risk on trade receivables.

In accordance with IFRS 9, the simplified method of measuring expected credit losses is used which utilizes an allowance for expected credit losses over the life of all financial assets measured at amortized cost and contract assets.

Expected loss rates are determined based on payment data on receivables over an appropriate period, and the corresponding historical credit losses incurred during that period. Historical loss rates are adjusted to reflect current and future information on macroeconomic factors affecting customers' ability to repay receivables. The Company has identified the gross domestic product of the Kingdom of Saudi Arabia (the country in which it provides services) as the most relevant factor, and accordingly adjusts the historical loss rates in light of expected changes in these factors.

Historically, all the Company's sales transactions were conducted in cash. In 2022G, the Company started to provide some credit terms to customers in the private sector exclusively, including mainly supermarkets and hypermarkets. The expected losses provision amounted to SAR 168 thousand and SAR 884 million as at 31 December 2022G and 31 December 2023G respectively, representing 5.7% and 14.5% of the debtor balance value which amounted to SAR 7.0 million and SAR 6.1 million as at 31 December 2022G and 2023G, respectively.

Table (2.7): Schedule of Aging and Credit Loss as at 31 December 2023G

Aging	Total Book Value as at 31 December 2023G (SAR '000)	Expected Credit Loss Percentage	Expected Credit Loss
0 - 30 days	4,604	0.0%	-
31 - 60 days	195	35.38%	69
61 - 90 days	512	47.17%	241
91 - 120 days	301	56.36%	170
120 - 270 days	383	83.64%	404
Total	**6,095**		**884**

Source: The Company's audited financial statements for the fiscal year ended 31 December 2023G.

Table (2.8): Schedule of Aging and Credit Loss as at 31 December 2022G

Aging	Total Book Value as at 31 December 2023G (SAR '000)	Expected Credit Loss Percentage	Expected Credit Loss
0 - 30 days	1,691	1.24%	21
31 - 60 days	186	19.1%	35
61 - 90 days	560	10.4%	58
91 - 120 days	517	10.4%	54
Total	**2,954**		**168**

Source: The Company's audited financial statements for the fiscal year ended 31 December 2023G.

2.1.40 Risks Related to Future Financing

The Company may need to obtain bank loans and facilities to finance future expansion plans. Access to financing depends on the Company's capital, financial position, cash flows, collateral provided and credit history. The Company does not provide any assurance or guarantee that it will be able to obtain suitable financing if the need arises. Therefore, the Company's inability to obtain necessary financing from funding sources, or financing on acceptable favorable terms to the Company, will have a material negative effect on its performance, operational activities, and future plans.

2.1.41 Risks Related to Potential Liabilities

The Company had, during the audit period, outstanding liabilities which arose during the normal course of business and relate mainly to letters of credit and letters of guarantee issued to guarantee the Company's payments due to suppliers of spare parts and rent payments to GFSA.

The value of letters of credit and letters of guarantee amounted to SAR 6.6 million as at 31 December 2021G for the purchase of spare parts from Ocrim Co. (SAR 3.0 million) and RGM Co. (SAR 1.0 million) and for rent payments due to GFSA (SAR 2.6 million). The value of letters of credit and letters of guarantee amounted to SAR 4.6 million as at 31 December 2022G for the purchase of spare parts from Ocrim Co. (SAR 1.0 million) and Arizone Company (SAR 1.0 million) and for rent payments due to GFSA (SAR 2.6 million). Moreover, the value of letters of credit and letters of guarantee amounted to SAR 2.6 million as at 31 December 2023G for rent payments due to SAGO (SAR 2.6 million). If any potential liabilities were to materialize, this would have an adverse impact on the Company's financial position, results of operations and prospects.

2.2 Risks Relating to the Market, Industry and Regulatory Environment

2.2.1 The Impact of Political and Economic Risks on the Company's Operations

All of the Company's operations are located in Saudi Arabia, and the Company achieves all its revenue from its Saudi Arabian sales. The Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions will have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial position, results of operations, or prospects.

Fluctuations in economic factors, such as the availability of credit for consumers, interest rate levels, unemployment rates, salary levels and tax rates, cost of water and electricity consumption, partial or full removal of subsidies provided by the Saudi government for certain materials, including the Company's purchases of wheat from the GFSA, may also affect consumer spending and demand for products offered by the Company. If the Company is unable to respond to market changes, the Company's business, results of operations, financial position, and prospects would be negatively and materially affected.

In addition, many countries in the Middle East suffer from political or security instability at the present time. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial position, and prospects.

Any unexpected major changes in the political, economic, or legal environment in Saudi Arabia, other countries in the Middle East, and / or the countries from which the Company's suppliers source its products, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments, would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

In addition, significant changes in tax or trade policies, tariffs or trade relations between Saudi Arabia and other countries or any changes in their local policies, such as the imposition of unilateral tariffs on imported products, any negative reactions towards Saudi Arabia in response to increased import tariffs and other changes in Saudi Arabia's trade regulations, could result in significant increases in the Company's costs, restrict the Company's access to suppliers, depress economic activity, and have a material adverse effect on the Company's businesses, operating results, cash flows and prospects.

2.2.2 Risks Related to Increased Competition in the Industry in which the Company Operates

The food and feed industries in Saudi Arabia are highly competitive, and the Company expects such competition to increase and intensify in the future. The Company faces competition from three primary milling companies in Saudi Arabia. These companies may have greater financial, technical, research and development, marketing, distribution, retail, and other resources than the Company. They may also have a larger customer base or broader and deeper market coverage. As a result, the Company's competitors may be able to respond more quickly and effectively to new or evolving opportunities, technologies, standards or user requirements than the Company and may have the ability to initiate or withstand significant regulatory changes and industry evolvement. Furthermore, as the Company expands into other markets in Saudi Arabia, it will face competition from new competitors who may also enter markets where the Company currently operates or will operate.

The Company competes with other milling companies in its key markets. In its retail and feed businesses in particular, the Company competes based on various factors, including: (1) price; (2) the degree of brand recognition for the quality of services and products; (3) efficiency of delivery services; (4) reputation and quality of the brands and products offered; and (5) ability to understand and respond to demands in a timely manner. Some of the Company's competitors may possess financial, managerial, logistical and human resources exceeding those possessed by the Company. Moreover, a number of different competitive factors would also have a material adverse effect on the Company's business, results of operations and financial position, including, among other things:

- Adoption of aggressive pricing strategies, availability of popular product mix and application of innovative sales methods by the Company's existing or new competitors.
- Entry by new competitors into the Company's current and future markets and increased competition from other local players.
- Competitors merging or forming strong alliances so as to offer additional high quality products and services at lower cost.
- Utilizing innovative sales and marketing methods by the Company's competitors.

Any significant increase in competition may have a material adverse effect on the Company's revenue and profitability as well as on its business and prospects. There can be no assurance that the Company will be able to successfully distinguish its products and services from those of its competitors, preserve and improve its relationships with customers, or increase or even maintain its existing market share. The Company may lose market share, and its financial position and results of operations may deteriorate significantly if it fails to compete effectively. The occurrence of any of these events would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.2.3 Risks Related to Natural Disasters

In the event of the occurrence of natural disasters that cannot be controlled by the Company, such as floods, earthquakes, storms, etc., and that may damage the Company's production facilities, the Company will incur heavy costs. Natural disasters may also affect the Company's ability to continue its operations and thus reduce its revenue from those operations. Therefore, if such disasters occur and damage the Company's production facilities, it would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.2.4 Risks Related to the Competition Law

The Competition Law promulgated by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 6 March 2019G) and its implementing regulations issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24 September 2019G) prohibit practices (including agreements or contracts made between entities, irrespective of whether they are written or oral, express or implied) with anti-competitive objectives or effects, including practices such as fixing prices of goods, service fees, or terms of purchase and sale. Should the GAC decide to lead an investigation into the Company, or otherwise conclude that the Company is in breach of the applicable Competition Laws, it may impose on the Company a fine of up to 10% of the total annual sales value which is the subject of the violation or no more than ten million (10,000,000) Saudi Riyals where it proves impossible to estimate such value. Moreover, the GAC may, at its discretion, impose a fine of up to three times the revenues made as a result of the breach and order the (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated breach. The issuance of a final and binding order by the competent authorities against the Company in connection with a material violation of the Competition Law may lead to the suspension or revocation of the flour mill operating license issued to the Company by GFSA. The Company is not currently subject to any financial penalties or fines imposed by the General Authority for Competition.

The occurrence of any of the abovementioned risks would have a material and adverse effect on the Company's relationships with its suppliers, revenues, financial position, results of operations and prospects.

2.2.5 Risks associated with Statutory Regulations, Permits, Licenses and Approvals Necessary for the Company's Business

The Company is required to obtain and maintain the necessary permits, licenses, and approvals from government authorities for its business operations and activities. These permits, licenses and approvals include, but are not limited to, commercial registration certificates for the Company issued by the MoC, GFSA licenses, licenses issued by and registers held at SFDA, civil defense permits, membership certificates with the relevant chambers of commerce, trademark registration certificates, Saudization and GOSI certificates in each case relating to the business operations of the Company. In addition, as a manufacturer of food in Saudi Arabia, the Company is required to obtain various licenses issued by and registrations made with the GFSA. (For further information, please refer to Section 12.4 ("**Material Government Consents, Licenses and Certificates**") of this Prospectus). In addition, the Company is subject to ongoing reviews and assessments by GFSA.

The Company is particularly subjected to the terms of the Milling License issued by GFSA (for more information, please refer to Section 12.4 ("**Material Government Consents, Licenses and Certificates**") of this Prospectus). The Milling License contains a termination provision in the event of material violation of the terms thereof which is not remedied by the Company within thirty (30) days ("**Grace Period**") after receiving a written notice from GFSA. Such violation may lead to suspension (for a maximum period of (3) three months from the end of the Grace Period) or revocation of the main license. For example, a "**material violation**" includes, without limitation, any of the following:

- Failure to pay the financial consideration for obtaining a license to operate mills.
- Bankruptcy of the licensee under the laws and regulations applicable in the Kingdom.
- Company's failure to keep the rented facilities in good repair and condition.

- Failure to pass the wheat or flour quality test conducted in accordance with SFDA regulations or during a scheduled or unscheduled inspection carried out in accordance with the Flour Production Mills Law, if such wheat, when imported, conformed to the quality standards required under the Flour Production Mills Law or to any higher standards.
- If the Company disposes, in any form or manner, of any amount of subsidized wheat provided by GFSA (including in the event of sale of subsidized wheat to non-approved customers or in quantities exceeding the quantities assigned to such customers) without the latter's consent, such consent shall not be unreasonably withheld or delayed.
- The Company's production of subsidized flour falls short of the targeted production capacity of its subsidized flour by more than 10%, where the same is achieved intentionally by the Company or due to circumstances within the Company's control and does not result from temporary technical or labor difficulties adversely affecting the consumption of subsidized flour in the Saudi market for more than one week.
- If any action that requires prior approval from GFSA is undertaken, without obtaining the prior necessary approval therefor.
- Non-compliance with the applicable Environment, Health and Safety (EHS) laws and regulations of the Kingdom.
- Issuance of a final and binding order against the licensee by the competent authorities regarding a material violation of the Competition Law.
- Non-compliance with the applicable laws and regulations of the Kingdom relating to money laundering, bribery, and corruption.

The Company is also subject to the conditions of the secondary license issued by GFSA (for more information, please refer to Section 12.4 ("**Material Governmental Approvals, Licenses and Certificates**") of this Prospectus). Any violation of the provisions of the secondary license, primary license, Flour Mills Law, or implementing regulations thereof that is not rectified by the Company within thirty (30) days of receiving written notice from GFSA ("**Grace Period**"), may lead to the suspension or cancellation of the secondary license.

In order to operate or expand the production capacity of its facilities, the Company must obtain various permits, licenses, certificates and other approvals from the relevant authorities. These include, the MoMRAH and GFSA licenses, Civil Defense permits, SFDA licenses and others. Each approval is dependent on the satisfaction of certain conditions. The Company could encounter problems in obtaining government approvals or in fulfilling the conditions required for obtaining these approvals, or it may not be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the food and feed sectors in general or the particular processes with respect to the granting of necessary approvals.

It should be noted that as of the date of this Prospectus, the Company has not yet renewed the Civil Defense permits for its head office in Dammam and its branch in Dammam Please refer to Section 12.4 ("**Material Government Consents, Licenses and Certificates**") of this Prospectus.

Most of the Company's existing licenses are subject to conditions under which they might be suspended or terminated if the Company fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed which would adversely affect the Company's performance.

If the Company does not obtain or renew a license necessary for its operations, or if any of its licenses expires or is suspended, or renewed under unfavorable conditions to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease carrying on its business totally or partially or will be subject to fines issued by the relevant Saudi governmental authorities, including SAR 30,000 from the civil defense or SAR 5,000 from MoMRAH for each infringing location. Additionally, the Company may be subject to sanctions issued by GFSA and by the National Center for Environmental Compliance, if it does not obtain an environmental license or permit, including fines up to SAR 20,000,000, or the suspension of the license or permit for a period not exceeding six months for each infringing location, or the cancellation of such license or permit. This will interrupt or delay the Company's operations and cause the Company to incur additional costs, and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.2.6 Risks Related to Compliance with the Environmental, Health and Safety Laws and Regulations

The Company's activities are subject to a broad set of laws and regulations relating to the protection of the environment. Such laws include the management of pesticides and associated hazardous waste, the acquisition of permits for water use and effluents disposal and the approval of environmental impact assessments. In addition, the storage and processing of products such as agrochemical and other pesticides, may create hazardous conditions. The Company could be exposed to criminal and administrative penalties in addition to the obligation to remedy the adverse effects of its operations on the environment and to indemnify third parties for damages.

The Company has incurred, and will continue to incur, capital and operating expenditures to comply with these laws and regulations. Because of the possibility of unanticipated regulatory measures or other developments, particularly as environmental laws become more stringent, the amount and timing of future expenditures required to maintain compliance could increase from current levels and could adversely affect the availability of funds for capital expenditures and other purposes. Compliance with existing or new environmental laws and regulations, as well as obligations in agreements with public entities, could result in increased costs and expenses. Compliance with existing or new environmental laws and regulations, as well as obligations in agreements with public entities, could result in increased costs and expenses. As such, environmental compliance and remediation could result in substantially increased capital requirements and operating costs which could adversely affect the Company's business, financial position, results of operations and prospects may be materially adversely affected.

2.2.7 Risks Related to Changes in Laws and Government Policies in Saudi Arabia, or Changes in Their Application to the Company

The Company is subject to a range of laws and regulations in Saudi Arabia, which in many cases are applied by governmental authorities in accordance with government policy or directives. Demand for products sold by the Company and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in Saudi Arabia, including in particular those with application to the flour milling, food and feed sectors in Saudi Arabia.

A number of the laws and regulations applicable to the Company and its operations are relatively new, and the interpretation and enforcement of these laws and regulations may involve uncertainty. There can be no assurance of favorable or unfavorable future changes in laws and regulations and / or governmental policy in Saudi Arabia, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and the Shareholders.

The Company is unable to anticipate changes in the regulatory environment and therefore could be subject to fines and sanctions, which would materially and adversely affect the Company's business, results of operations, financial position, and prospects.

2.2.8 Risks Related to Saudization, Non-Saudi Employees, and Other Labor Law Requirements

The Saudization and Nitaqat programs were adopted pursuant to the Ministerial Resolution No. 4040 dated 12/10/1432H (corresponding to 10 September 2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi nationals. Compliance with Saudization requirements is a local regulatory requirement necessitating that all companies carrying out business in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The ratio of Saudi workers varies on the basis of a Company's activities and the professions specifically targeted with Saudization resolutions. As at 31 December 2023G, the Company and its branches have been classified under the Platinum category, which means that the Company comply with the current Saudization requirements, and will be able to secure work visas and transfer sponsorship. The Company received Saudization certificates from the Ministry of Human Resources and Social Development for observing the Saudization requirements. It should be noted that as at 31 December 2023G, the Saudization rate dropped to 37.6%. The Saudization rate is expected to increase in FY2024, which could result in the Company's category dropping to High Green. And the Company may incur additional costs if it is unable to fulfill the expected requirements of the Platinum Category.

Under the Saudi Labor Law, foreign employees are only permitted to work for the corporate entity which sponsors them in Saudi Arabia or through the Ajeer program. The Company employs a number of non-Saudi employees who are sponsored by third-party recruiting companies. The fees for transferring employees from one company to another are between SAR 2,000 and SAR 6,000 (depending on the number of times an employee has transferred their sponsorship in the past). For further information on the employees, please refer to Section 4.13 ("**Employees**"). The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension of MHRSD recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer notices, secondment, and residency professions, which would adversely affect the Company's business and results of operations. The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer notice include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law, and these fines increase in case of repeated violations.

In addition, under the Saudi Labor Law, each foreign employee must carry out the job function stated on his / her Iqama. Currently, there are several non-Saudi employees who do not perform the job listed on their Iqamas. The penalties for entities hiring employees whose actual job function does not correspond with the job function appearing on their Iqama include, for a first-time violating entity, a fine of SAR 10,000 for each employee working in violation of the law, and these penalties increase in case of repeated violations.

The Company may not be able to fulfil current or amended Saudization or other Labor Law requirements in the future or that the minimum wage required to be paid by the Company will not increase. In case of non-compliance with the requirements pertaining to Saudization or non-Saudi employees, the Company could face sanctions by governmental authorities. In addition, the Company may be unable to provide the required workforce or recruit the required number of Saudi nationals and / or foreign workers without incurring additional costs, if at all, which would adversely affect the Company's business, results of operations, financial position, and prospects. For further details, please refer to Section 4.14 ("**Saudization Strategy**").

2.2.9 Risks Related to the Imposition of Additional Fees or New Taxes

The Company is currently subject to Zakat and VAT. However, the government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this may adversely and materially affect the Company's business, financial position, results of operations and prospects.

For example, any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which would have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.2.10 Risks Related to VAT

The Company has filed all its VAT returns since its registration (since 19/02/2018G until 31/12/2023G), by the statutory deadlines. The Company also paid all liabilities to the Zakat, Tax and Customs Authority by the statutory deadlines.

The Company has been audited with respect to VAT for the periods ended 31 December 2021, 2022G and 2023G, and ZATCA has yet to issue final assessments in this regard.

Given that the VAT has been implemented relatively recently, the Company could make errors when implementing the regulatory requirements, which would lead to facing penalties imposed by the Zakat, Tax and Customs Authority in accordance with the Value-Added Tax Law. Should that occur, it would have an adverse and material impact on the Company's business, results of operations, financial position, and prospects.

Under current VAT regulations in force in the Kingdom (implemented as of 1 January 2018G), the statute of limitations is five (5) years from the end of the calendar year in which the VAT return is submitted. Therefore, if there are no inquiries or assessments imposed by ZATCA within five (5) years from the end of the calendar year in which the VAT return is submitted, the VAT return for the relevant period should be considered final (statute of limitations).

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Actual Control by Substantial Shareholders on the Interests of the Company and Other Shareholders

Following completion of the Offering, the current Shareholder will hold 70% of the issued Shares. The Substantial Shareholder will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Company activities, distribution of dividends and amendments which might be made to the Company's share capital and Bylaws.

The interests of the Substantial Shareholder may differ from those of the Company's other Shareholders, and the Substantial Shareholder may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other Shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.3.2 Risks Related to the Absence of a Prior Market for the Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares, which would adversely and materially affect Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.3 Risks Related to Future Sales and Offers

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, will adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Substantial Shareholder will not be able to dispose of its Shares prior to obtaining the approval of GFSA and CMA, subject to also obtaining any required approvals from other concerned government agencies. The sale of a substantial number of Shares by the Substantial Shareholders will have an adverse effect on the market for the Shares, and may result in a lower market price.

The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may cause the value of the Shares to drop. The occurrence of any of the foregoing factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.4 Risks Related to Fluctuation in the Market Price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the forecasts for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Offer Price may not be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at the Offer Price or above, or may not be able to sell them at all.

In general, the stock market in general experiences, from time to time, extreme price and volume fluctuations. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war or periods of widespread civil unrest, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.5 Risks Relating to the Company's Ability to Distribute Dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial positions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend, and the Shareholders may not approve, the payment of dividends. Additionally, the Company may be restricted by the terms of financing and facilities agreements executed with financing entities (if any) some of which require their written approval prior to making dividend payments to Shareholders. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse effect on Subscribers' anticipated returns. (For further details regarding the dividends policy of the Company, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

2.3.6 Risks Related to not Publishing Research or Publishing Unfavorable Research about the Company

Following the listing of Company Shares, the Company common stocks listed will be influenced by the research and reports that research analysts publish about the Company or the industry. If one or more of the analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the latter could lose visibility on Tadawul, which in turn could cause its stock price or trading volume to decline. Moreover, if Company operating results do not meet the expectations of investors, one or more of the analysts who cover the Issuer may change their recommendations regarding the Company, and its stock price could decline.

2.3.7 Risks Related to Non-Qualified Foreign Investors Not Being Able to Directly Hold Shares

Under applicable laws and regulations, non-Qualified Foreign Investors wishing to participate in the Offering must enter into swap arrangements with Capital Market Institutions, pursuant to which they acquire an economic benefit in the Offer Shares. Non-Qualified Foreign Investors are able to trade these interests through Capital Market Institutions who will hold the legal title to the Shares. Accordingly, non-Qualified Foreign Investors will not hold the legal title to the Shares, nor will they be able to vote the Shares in which they hold an economic benefit.

3. MARKET AND INDUSTRY INFORMATION

Introduction

Fourth Milling Company ("**The Company**") has commissioned Euromonitor International, an independent provider of strategic market research, to prepare a market study on the wheat flour, bran, animal feed and other related products within Saudi Arabia.

The information below is based on an independent market study prepared by Euromonitor, which has given and not withdrawn its written consent for its market report to be published in (the) Prospectus as at the date of its publication. Euromonitor does not itself, nor do any of its employees or relatives, have Shares or interests of any kind in the Company or any of its Subsidiaries.

Estimates and prospects set out in this Industry and Market Data section have been prepared on the basis of a market research study prepared by Euromonitor, which includes research estimates based on various official published sources such as Passport and trade opinion surveys conducted by Euromonitor with a sample of key players across both core and small markets.

Therefore, Euromonitor International believes that it used suitable sources of information and methodologies for this study but due to the nature of the techniques and methodologies used in market research does not guarantee nor pledge as to the accuracy or completeness of such information. References to Euromonitor International Limited should not be considered as the opinion of Euromonitor International Limited as to the value of any security or the advisability of investing in The Company.

The Company's Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor International Limited and set out in this Industry and Market Data section has not been independently verified by The Company or any other party and neither they nor Euromonitor International Limited give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

Research methodology

All data, analysis and research estimates in this section are based on research work conducted between December 2023G and January 2024G including: (i) Desk research to collect publicly available secondary sources of data including statistics on macroeconomic indicators, demographics from entities such as General Food Security Authority (GFSA), General Authority for Statistics (GASTAT), Saudi Arabian Monetary Agency (SAMA), Euromonitor International's internal database (Passport), and trade press on food industry, companies and third party reports; and (ii) Trade survey analysis of the opinions and perspectives of a sample of leading companies across the Saudi Arabian market (iii) Cross-checks and analysis of all sources to build an industry consensus on the market size and historic trends.

It is noted that Milling Company 4 provided their audited sales data for the period, 2018 to 2023 which was used to estimate their Shares. Share for Milling Company 4 across core markets is calculated using the company's audited sales data over the total market size as estimated by Euromonitor International in this MDD section.

Forecasting bases and assumptions

Euromonitor International based the Euromonitor International Report on the following assumptions: (i) the social, economic, and political environment is expected to remain stable in Saudi Arabia during 2023G-2028G; (ii) there will be no external shock, such as financial crisis that affects the demand and supply of the sector across core markets during the same period; (iii) key drivers that tend to influence growth/demand during 2018G-2022G and 2023G-2028G, include growing target population, inflation, GDP growth and government expenditure on the sector.

Definitions

Category	Definition
Wheat Grain	Wheat grain is used by mills as a raw material to produce food products such as flour and bran.
Flour	Fine powder resulting from grinding grains or other sources of starchy foods. It is usually made from wheat, corn, rye, barley, rice and other grains, some legumes, and nuts. Flour is primarily used in the production of bread and other baked goods and can also be used in sauces and desserts. **We are sizing only wheat flour and not all kinds of flour.**
Bran	The hard protective layer of the wheat kernel, which is a by- product of the wheat milling process. Because of their nutritional value, they are used in a variety of foods that people eat such as breakfast cereals and are also used as poultry and livestock feed.
Compound Feed	This refers to fodder that is blended and compounded from various raw materials mixed in specific proportion based on the target animal. The feed output is typically sold as pellets, crumbles, meals, or fine powder and caters to livestock (all ruminant animals such as cattle, lamb, calf, camel, and sheep), poultry, fish, and others (includes pigeons, horse, and other small animals). **We are sizing only Accessible Compound Livestock feed. This market excludes captive compound animal feed production used by vertically integrated farms and the following:** • Traditional feeds like alfalfa and barley • Bulk blends which include a mix of compound feed with other fibre content or forages like alfalfa meal and pellets • Pre-mixes (blend of raw materials without processing) sold separately to the market. • Fishmeal for animal feed and oilseed cake • Activities resulting in by-products useable as animal feed without special treatment, e.g., oil seeds, grain milling residues etc.
Livestock	All ruminant feed fed to animals that are typically slaughtered for meat consumption is captured as the animal feed for livestock. This includes cattle, lamb, calf, camel, and sheep.
Processed Animal Feeds	Animal food preparations and mixtures of ingredients given to domestic animals, especially cattle, during the rearing period.
Other related products	Semolina – is produced by coarsely or finely blending wheat grains. Cake mixes – a flour format ideal for baking cakes, pastries etc. Ready mixes – a flour format ideal for preparing doughnuts, buns, pizza base etc.
Flour Extraction (%)	The extraction rate represents the percentage of flour produced from wheat grain during milling wheat and separating bran and germ elements from the wheat kernel
Consumer Food Service Chains	Companies operating within the food supply sector that own more than 10 establishments under the same name in the same country including global chains
Consumer Food Services	The food supply sector (catering), including coffee shops, full-service restaurants, limited-service restaurants, self-service cafes, and kiosks.
Distribution Channels	The path that the Company's products take until they reach the Company's customers, including the Wholesale Sector, the Retail Sector, and the Food Service Sector.
Bakeries	Includes small and medium-sized bakeries which are consumers of subsidized flour to predominantly produce bread and bread products.
Food manufacturers	Includes industrial organizations and large industrial bakeries that use flour and derivatives to produce flour-based products including but not limited to bread, pasta, noodles, baked goods, etc.
Retail	A distribution channel through which the company sells its products to retail customers, including hypermarkets, supermarkets, minimarkets, and groceries.
HoReCa	Establishments including coffee shops, full-service restaurants, limited-service restaurants, self-service cafes, and kiosks.

Abbreviations

AIMCO	Arabian Integral Ministration Cox
ARASCO	Arabian Agricultural Services Co
CAGR	Compound Annual Growth Rate
F&B	Food and beverages
FDI	Foreign direct investment
GASTAT	Saudi Arabia's General Authority for Statistics
GDP	Gross Domestic Product
GFSA	General Food Security Authority
HoReCa	Hotel, Restaurant and Catering
IMF	International Monetary Fund
MEWA	Saudi Ministry of Environment, Water, and Agriculture
OPEC	Organization of the Petroleum Exporting Countries
PIF	Public Investment Fund
PPP	Public-private partnerships
SAGO	Saudi Grains Organisation
SALIC	Saudi Agricultural and Livestock Investment Co
SAMA	Saudi Central Bank
SAR	Saudi Riyal
SME	Small and medium-sized enterprises
TMR	Total mixed rations
WB	World Bank
UAE	United Arab Emirates
UFMC	United Feed Manufacturing Co
UN	United Nations
US	United States
USD	United States Dollars

3.1 EXECUTIVE SUMMARY

Saudi Vision 2030 is driving economic growth through privatization, investment incentives, infrastructure programs, socioeconomic reforms, and diversification away from the oil sector. Saudi Arabia's economy experienced strong growth of CAGR 7.0% between 2018 and 2022G, reaching a GDP of SAR4,157.1 billion, resulting in increased employment opportunities, particularly among younger Saudis and women: population employed rose by 3.9 percentage points to 57.6% in 2022G, with 0.5 percentage points more women employed to reach 7.5% of the total, leading to busier lives, and raising discretionary earnings. Consequently, consumer foodservice offerings and more expensive, handy ready-made food options are becoming more and more popular, which is driving up consumer food spending (CAGR 2018–2022G: 5.5% to reach SAR 285.1 billion). On the other hand, rising tourism (estimated to reach 100 million annually by 2030G) and high fertility rates are contributing to the Kingdom's population expansion and consequent increase in customers.

The government continues to play a significant role in the purchase of wheat in Saudi Arabia, providing the four milling businesses with subsidized wheat through GFSA and SALIC. In exchange, the milling companies—which were formerly under SAGO ownership before being privatized in 2020–2021, follow a set price schedule when selling bulk flour to approved organizations, primarily conventional bakeries, in sacks weighing 45 kg or more. Smaller packets, which are usually supplied to food makers, restaurants, and pastry shops and are available at retail stores, have unregulated pricing. Due to this, there is now greater room for competition, higher profit margins, and the development of high-quality new products such as specialty flours, which are often aimed at consumers who are more health conscious.

Between 2018G and 2022G, the market for wheat flour grew significantly at a 6.7% CAGR, reaching a size of 3.4 million tons in 2022G. The industry is anticipated to grow at a projected CAGR of 3.2% (2023G–2028G) because of a growing population and rising tourism, most likely reaching a market size of 4.1 million tons by 2028G. Due to the importance of subsidized sales to bakeries and food producers, value movements have historically followed volume growth. The modern retail landscape, the expanding consumer foodservice industry, health-conscious consumers willing to pay a premium for higher-quality products like gluten-free flour, and the growing baked goods and pastry can display different volume versus value growth rates. With price-regulated flour (45 kg and above) gradually losing share, these trends are naturally helping the free market category of smaller pack sizes (1-10 kg), which is expected to grow its share from 6.5% in 2022G to roughly 7.8% in 2028G in volume terms.

The wheat flour market, which was publicly regulated by SAGO before 2020G, is still quite concentrated, with the four milling enterprises accounting for 91.0% of the value of all flour consumed in 2022G. With a value share of 25.8% in 2022G, First Mills became the dominant company while Second Milling Company and Modern Mills hold a combined value market share of 46.9% in 2022G. The Fourth Milling Company's wheat flour sales grew by 51.7% in 2022G leading to 18.3% market share, gained popularity through efficiency and reliability, targeting SAGO-approved customers, and strategically focusing on the main population centres of KSA in Riyadh, Medinah and adjoining cities and Dammam. The Fourth Milling Company further enhanced its position by acquiring the well-received FOOM brand in 2022G. Imported wheat flour, representing 9.0% of the total value market, is led by Kuwait Flour Mills & Bakeries Company and IFFCO from the UAE.

The milling companies also produce wheat bran from the flour milling process which is primarily used for animal feed. With milling firms offering competitive rates due to their use of wheat bran, government's direct financial aid for small farmers to encourage the use of complete and balanced compound feed, and a focus on cost-effectiveness, the compound feed market for livestock is anticipated to experience a moderate 2.0% CAGR growth during 2023G-2028G, reaching 1.9 million tons.

ARASCO and AIMCO together control around 45.0% of the compound livestock feed value sales in Saudi Arabia while First Mills is the only milling company who feature in top 5 companies in livestock feed sales, followed by UFMC and Bukmeah. These five participants have stable and dependable production and delivery systems that have been tried and tested over time, since they have built strong and enduring partnerships with farms. All four of the milling enterprises, however, have successfully expanded and carved out a niche for themselves within the sector.

Fourth Milling Company, is committed to enhancing food security, improving manufacturing efficiency and upholding international standards in flour, wheat derivatives, and fodder production. Part of an Al-Othaim Markets Company, United Feed Manufacturing Company and Allana International Company alliance since 2021, it operates three factories in strategic locations of Dammam, Madinah, and Kharj, with a substantial daily capacity, strategically covering all regions. Fourth Milling ran at 91% capacity in 2022G, with around 876,004 tons in total sales volume, meeting most market demands. The business historically sold its products in the 45kg and bulk wheat flour categories but since its privatisation is strongly focussed on consumer categories such as the 1kg – 10 kg categories where prices are not regulated, and branding plays a key role. The Fourth Milling Company own the Foom and Miller brands. It also plans to introduce new products like functional flours and ready mixes and leverage its brand in these categories.

3.2 Macroeconomic and demographic overview

3.2.1 Macroeconomic overview

Saudi Arabia saw a GDP growth from SAR 3,174.7 billion in 2018G to SAR 4,157.1 billion in 2022G registering a noteworthy CAGR of 7.0% between 2018G to 2022G.[2] In terms of real GDP, the Saudi economy exhibited fluctuations contracting by -4.1% in 2020G due to the COVID-19 pandemic, followed by a rebound to 3.2% in 2021G and 8.7% in 2022G.[3] The significant economic recovery observed in 2022G, was credited to enhancements in both domestic and external demand, ongoing economic and social reforms, and implementation of monetary and stimulus measures.[4,5] The SAR 120.0 billion stimulus package announced in April 2020G[6] by Saudi Central Bank (SAMA) to support the economy during pandemic included infusing SAR50 billion into the banking sector and remaining SAR 70 billion was used to aid the small and medium-sized enterprises (SMEs) and specific sectors hit hard by the pandemic which included tax breaks and payment deferrals.

Vision 2030, announced in 2016G, is being implemented through 11 Vision Realization Programs (VRP) to coordinate their efforts using approved delivery plans that are driven by predetermined goals and KPIs connected to five-year intervals. The Quality-of-Life Program, Public Investment Fund Program, Privatization Program, Pilgrim Experience Program, National Transformation Program, Financial Sector Development Program, are some of the most talked about VRPs.

The Kingdom strategically strengthened its economy with a gradual increase in oil production and prices, aligning with global demand culminating in 52.5% surge in oil activities and a commendable 2.0% growth in the non-oil sector in 2022G.[7] Economic diversification and investment in sectors beyond oil, such as technology, healthcare, tourism, and renewable energy and aiming for 50.0% non-oil exports by 2030 through trade agreements was put in motion through Vision 2030. In 2022G, the economy witnessed a remarkable 31.4% surge in government revenues with non-oil revenues growing a CAGR of 8.7% from 2018G-22G.

The Public Investment Fund allocated SAR 150.0 billion for economic recovery and development of mega infrastructural projects which included the notable Amaala project (in the northwest coast of Red Sea) and five giga-projects, NEOM (to be an entrepreneurial and advanced technology project), ROSHN (one with contemporary lifestyles and societies), Red Sea (tourism centric project), Qiddiya (to be the hub of art, sports and entertainment), and Diriyah (cultural heritage and tourist attractions).[8]

Tourism, including religious tourism, also forms the cornerstone of Vision 2030 and involves extensive development of new cities, entertainment hubs, high-quality accommodation options, historic religious sites, and recreational tourism sites. The ambitious objective of attracting 150 million visitors annually by 2030G[9] has resulted in a substantial SAR 375.0 million (USD 100.0 million) allocation to the Tourism Development Fund with the key target of 30 million religious' visitors by 2030. In all, domestic and international airport arrivals in 2022G increased to more than 93.5 million tourists. Of this the international inbound arrival trips to the Kingdom has risen from 15.3 million in 2018G to 16.6 million in 2022G, growing at a CAGR of 2.1% in the historic period.[10] with international visitors for Hajj and Umrah reached an impressive 8.4 million[11]. This was mainly due to numerous regulatory changes, notably the introduction of the "**Visiting Investor**" visa service aimed at making investor's travel to the Kingdom easier and efficient by making the visa application process simpler and 'Nusuk' platform, streamlining aspects such as visa applications, Umrah permits, hotel reservations, and flight bookings. Furthermore, there are initiatives underway for significant expansions in leisure and entertainment infrastructure, most notably the Al-Fursan islands, the Al Ogair Destination, and the Qiddiya entertainment city located near the capital, Riyadh.

2 Euromonitor International Passport estimates from official statistics and published sources
3 Ibid
4 Ibid
5 Ministry of Finance (2022G). Saudi Arabia Budget
6 SAMA (2021G). Saudi Arabia Islamic Finance Report
7 Ministry of Economy and Planning (2022G): State of the Saudi Economy Annual Report
8 Saudi Arabia: Vision 2030
9 Arab News(2023G) Saudi Tourism Sector revises target to 150m visitors
10 Euromonitor Passport data
11 Arab News(2022G) Saudi Arabia's tourism sector set for golden decade

The development of the retail sector is one of the strategic objectives under the VRP's National Transformation Program, which aims to revolutionize experiences and establish an outdoor retail culture. Many of the contemporary design concerns are already evident in the Kingdom's newest retail developments, such Riyadh Front[12], which creates experiences through well-crafted outdoor retail and leisure areas to progressively entice customers back to physical shops. The boom in tourism and diverse visitor demographics within the Kingdom has also contributed to modernisation of the grocery retail and foodservice landscape. This influx of global influences and interest in Western cuisine was evident in the expansion of well-known international hotel chains such as JW Marriott, St. Regis, and Radisson, arrival of international culinary chains namely, Akiba Dori, a Japanese street-food eatery originating in Dubai, Brunch & Cake, Gaia, a Greek restaurant, and La Serene, renowned for its upscale menu featuring premium French ingredients. This has fostered a vibrant ecosystem encompassing quick-service restaurants, food trucks, and bakeries – often featuring prominently wheat-based offerings like pizza, flat breads, kubuz, mutabbaq and manakish. Furthermore, authorities' strategic initiatives to bolster domestic tourism and attract foreign investment have fuelled a consistent demand for this multifaceted food and beverages (F&B) scene, encompassing both dine-in and ready-to-eat formats.

Under the Private Sector Participation Law, to strengthen the Kingdom's food security on the back of the challenges such as the COVID-19 pandemic, rising food prices, and interruptions in the distribution of crucial staples like wheat and rice, authorities transferred the ownership for the First Mills and Modern Mills in 2020G, while the Arabian Mills and The Fourth Milling Company in 2021G. Later, in 2022G, Saudi Arabia introduced a SAR 37.5 billion (USD 10.0 billion) Food Security Plan[13], complemented by initiatives such as the National Reduce Food Loss and Waste[14] and the Agricultural Development Fund.[15] Demonstrating proactive commitment, the Kingdom unveiled a SAR 3.7 billion (USD 1.0 billion) investment plan in 2023G, concentrating on expanding greenhouse infrastructure and elevating grain storage capacity to 3.5 million tonnes.

Food manufacturing, accounts for approximately 7.0% of total industrial sector investments, translating to over SAR 94.0 billion fuelling the operation of around 11.3% of the Kingdom's 1,294 food factories.[16] Several projects are in the pipeline, such as the SAR 499.0 million (USD 133.0 million) canned tuna venture, the Almarai Company's SAR 4.5 billion (USD 1.2 billion) expansion initiative aimed at boosting its poultry production capacity and Arab Seara Food Industries' SAR 4.5 billion (USD 1.2 billion) poultry products factory. With the goal of attracting SAR 20.0 billion in investments for its food industry by 2035G[17], directed towards bolstering key food segments, including dairy, bakery, confectionery, and beverages, in June 2023G, the Saudi Authority for Industrial Cities and Technology Zones signed investment agreements totalling SAR232.0 million (USD61.8 million).[18]

With more than 50.0% of the Kingdom's wheat imports coming from Russia and Ukraine, the impact of the Russia-Ukraine war significantly strained Saudi Arabia's wheat supply, thus forcing the Kingdom to explore newer options. The launch of the Saudi Agricultural Investment Abroad Program, spearheaded by the Saudi Agricultural and Livestock Investment Company (SALIC) has succeeded in diversifying the Kingdom's food sources through strategic international acquisitions. The program saw acquisition of 35.4% stake in the Singaporean agri-business firm Olam Agri in December 2022G, expansion in Australia's meat processing sector and partnering with Brazilian meatpacker Minerva SA to acquire slaughterhouses. In the domestic side, SALIC has forged strategic partnerships within the Kingdom to strengthen local food production by acquiring a 42.4% stake in National Aquaculture Group (NAQUA), Saudi Arabia's largest aquaculture firm, signalling a commitment to developing the aquaculture sector. By the end of 2022, SALIC had fulfilled over 1 million tons of wheat through various contracts, directly and indirectly, meeting 30.0% of the Kingdom's overall wheat demand. [19]

During economic restructuring, despite the VAT increase from 5.0% to 15.0% in July 2020G, the Kingdom effectively managed inflation, maintaining rates at 3.4% in 2020G, 3.1% in 2021G, and 2.5% in 2022G[20]. Approaches to controlling the prices of essential goods and services involved the oversight of price fluctuations by Saudi Arabia's Consumer Protection Association that protected consumers from unjustified price increases and exploitation. Therefore, the disposable income per capita reached SAR 45,954 in 2022G, after expanding at a CAGR of 3.87% from 2018G[21] which helped maintain and enhance the purchasing capacities of consumers.

12 20:30 Vision – The Future of Retail in KSA - CallisonRTKL
13 Arab News (2022G). Saudi Arabia launches $10bn food security plan: Minister
14 Zawya (2022G). Saudi Grains Organization launches campaign to cut food waste costing over $10bln annually
15 Agricultural Development Fund (2023G) (adf.gov.sa)
16 PR Newswire: Saudi Arabia's strategic plans to safeguard food security for pilgrims
17 Al Arabiya (2023G). Saudi Arabia seeks $20 bln investment in food industry, aims to double exports
18 Arab News (2023G). Saudi Arabia attracts $61.8m investments in the food industry
19 Arab News (2023G). PIF's SALIC supplies 30% of Saudi Arabia's wheat demand
20 Euromonitor International. (2021G). Economy, Finance and Trade: Saudi Arabia
21 Ibid

New policies and reforms in the recent years, such as increasing the minimum wages for its citizens working in the private sector to SAR 4500, a 25.0% increase as compared to SAR 3,200 as well as subsidies on basic goods, housing, education, and healthcare, have helped the market rebound with increased consumption. Social liberalization contributed to reduced unemployment and a surge in job creation, especially with more women entering the workforce. The participation of women in the workforce has almost doubled to 36.0% in 2022 as compared to 19.0% in 2016.[22] Consumer spending demonstrated a CAGR of 5.4%, reaching SAR 1.5 trillion in 2022G and the share of consumer spending on food and beverages as a part of total consumer expenditure stood at 18.7% (SAR 285.1billion).[23] The rise in food and beverage demand is propelled by urban youth as well as retail and foodservice development, and this pattern is anticipated to persist. With a projected CAGR of 3.57%, the disposable income per capita is estimated to reach SAR 66,173 by 2030G on the back of increasing private sector participation boosting the consumer income levels.[24]

In 2023G, Saudi Arabia reduced its oil production as a pre-emptive measure aimed at stabilizing the oil market resulting in a deceleration of real GDP growth, which is expected at 0.5% in 2023G, contrasting with the higher figure of 8.7% recorded in 2022G.[25] New reforms are being implemented to strengthen and diversify its economy, with plans to establish the world's largest sovereign wealth fund, expand into global markets, and ensure the provision of education, employment, and health services for all. With the completion of its giga-projects in the coming years, the Saudi government will sustain substantial investments in infrastructure, tourism, and transportation megaprojects, continuing to generate new employment opportunities. Consequently, the overall GDP is projected to grow at a CAGR of 3.2% per year from 2022G to 2030G, reaching a significant SAR 5.3 trillion.

To secure a sustainable food supply in Saudi Arabia, the government is engaging in long-term contracts with investors and barter trade agreements. By investing in domestic food production, it aims to achieve self-reliance, and involving private players in the food and wheat processing industries. This strategic shift is anticipated to boost domestic consumption of locally made food, particularly wheat products, due to their competitive pricing.

Table (3.1): Key Macroeconomic Indicators in Saudi Arabia, 2018G-2030G

Category	Data Type	2018G	2019G	2020G	2021G	2022G	2030G	CAGR % 2018-22G	CAGR % 2022-30G
Nominal GDP	SAR billion	3,174.7	3,144.6	2,753.5	3,278.1	4,157.1	5,335.3	7.0%	3.2%
Nominal GDP per capita	SAR	105,135	104,598	87,268	106,485	129,203	136,105	5.3%	0.7%
Real GDP*	SAR billion	2,729.1	2,751.8	2,632.4	2,746.2	2,984.6	3,720.0	2.3%	2.8%
Real GDP growth	%	2.8	0.8	(4.3)	4.3	8.7	2.5	-	-
Nominal GDP from Agriculture, Forestry & Fishing	SAR billion	72.8	74.4	73.2	75.1	78.0	-	1.9%	-
Total Government Revenue	SAR billion	906	927	782	965	1,268	-	8.8%	-
Oil revenue	SAR billion	611	594	413	562	857	-	8.8%	-
Non-Oil revenue	SAR billion	294	332	369	403	411	-	8.7%	-
Total Government expenditure	SAR billion	1,079	1,059	1,076	1,039	1,164	-	1.9%	-
Disposable income per capita	SAR	39,709	42,037	38,463	44,718	45,954	66,173	3.7%	4.7%
Inflation	%	2.5	(2.1)	3.4	3.1	2.5	2.1	-	-

22 Ministry of Human Resources and Social Development (2023G); GASTAT (2022G)
23 Euromonitor International Passport estimates from official and published sources
24 Ibid
25 Ibid

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Category	Data Type	2018G	2019G	2020G	2021G	2022G	2030G	CAGR % 2018-22G	CAGR % 2022-30G
Total consumer expenditure	SAR billion	1,248.0	1,317.8	1,267.5	1,436.6	1,540.5	2,290.0	5.4%	5.1%
Consumer expenditure per capita	SAR	41,327.4	43,832.2	40,170.3	46,667.6	47,877.0	58,415.1	3.7%	2.5%
Consumer expenditure on food	SAR billion	230.6	243.2	235.4	267.4	285.1	350.0	5.5%	2.6%
Consumer expenditure on bread and cereals	SAR million	28,097	29,043	28,240	32,396	35,072	53,424	5.7%	5.4%
No. of consumer foodservice outlets	Units	25,872	26,943	26,253	26,408	28,013	-	2.0%	-
Sales from foodservice outlets	SAR million	88,326	91,821	56,449	71,292	84,482	-	(1.1%)	-
Foodservice outlets # of transactions	Million	2,139.4	2,265.3	1,277.6	1,652.8	1,923.6	-	(2.6%)	-

Source: Euromonitor International estimates from United Nations (UN), World Bank (WB), International Monetary Fund (IMF), General Authority for Statistics (GASTAT), SAMA and Euromonitor's Economies and Consumers database (edition 2023).

Note: *Real GDP is calculated with base year as 2010G. 2022G and 2030G data are estimated Euromonitor forecasts

3.2.2 Demographic dynamics

Saudi Arabia's population reached 32.2 million in 2022G, having grown at a CAGR of 1.6% during the review period from 2018G-2022G. Most of this increase came from within the country, with Saudi nationals accounting for 58.4% of the total population. Additionally, the Kingdom's efforts to attract FDI had led to a resurgence in expatriate influx in 2021G-2022G, reversing the trend of expat outflow observed in the aftermath of the COVID-19 pandemic. Notably, the non-Saudi population, which had shrunk by -8.6% from 2020G to 2021G, experienced a significant growth of 7.9% in the period from 2021G to 2022G.28 Social reforms and increased job opportunities are making the country more appealing as a destination for expats. The government is instituting modifications to the exit and re-entry visa system, granting employees increased flexibility to travel outside the Kingdom without needing approval from their employer for each trip. Additionally, temporary work visas have been introduced, enabling short-term employees to stay in the country for a maximum of 90 days. These demographic dynamics will foster both the supply and demand for a varied range of outdoor leisure activities and convenient food options. Consequently, the consumption of ready-to-eat meals and wheat-based products, both within households and at outdoor dining establishments is expected to increase.

The rise in the domestic population, coupled with the expanding number of expatriates attracted by new mega infrastructure projects and employment opportunities, is anticipated to drive population growth which is expected to reach an estimated 39.2 million by 2030G, growing at a CAGR of 2.5% for during the period 2022G-2030G. [26] The Kingdom, however, on the back of Vision 2030 goals, has optimistic vision to increase the population to 50 million by 2030, of which half will be foreign nationals, leading to an exponential increase in consumption and consequently consumers food expenses.

In 2022G, the 15- to 49-year-old cohort constituted 63.4% of the total population of the Kingdom.[27] To foster a skilled local workforce, the country prioritized investments in education and training, utilizing initiatives such as the Quality-of-Life Program and the National Transformation Program under Saudi Vision 2030. These efforts promoted vocational and technical education, aligned curricula with market demands, and encouraged entrepreneurship. Moreover, the Localisation Programme, linking labour force nationalization to privatization, resulted in over 2.2 million Saudis (about 1.3 million men and 0.9 million women) working in the private sector by the end of 2022G, reflecting a 15.0% increase compared to 1.9 million employed in 2021G.[28] Increased participation of Saudi nationals particularly within the private sector has resulted in a significant expansion of the middle class and they accounted for 29.2% of all households in 2022G .

26 Ibid
27 Ibid
28 GASTAT, Labor statistics 2022G

Women's increased participation in the workforce is integral to localization and economic empowerment. Initiatives like the Quality-of-Life Program which aims at delivering enriched and better lives as well as equal opportunities for all has initiated training, and mentorship programs, and has removed restrictions on women's employment. Consequently, female workforce has doubled since Vision 2030 was launched and stood at 37.0% by 2022G.[29]

Saudi Arabia's population is estimated to rise steadily over the coming years, with a significant portion falling between the ages of 18-35. These developments have resulted in increased spending on food and beverage offerings, particularly on convenient ready-to-eat and on-the-go products like bread, cereal, pasta, and baked goods.

Saudi Arabia's urban population reached 27.2 million in 2022G, constituting 84.5% of the total population. The urban population witnessed an annualized CAGR of 1.8% from 2018G to 2022G.[30] Riyadh, serving as the economic capital, is home to 8.6 million people, accounting for 26.7% of the population as of 2022G. Approximately half of Saudi Arabia's non-oil economy is based in Riyadh, and the city hopes to rank among the world's ten richest cities, which also benefits from lower costs than other major cities. Compared to other cities in the Kingdom, the cost of producing jobs in the city is thirty percent lower, while the cost of building infrastructure and real estate is 29% lower. The government is dedicated to its planned SAR 3.0 trillion (USD 800.0 billion) investment under the Riyadh Strategy, aiming to nearly double Riyadh's size to accommodate 20 million residents and transform it into an economic, social, and cultural hub by 2030GD.[31] One of the Kingdom's projects under Vision 2030 is the SAR 75.0 billion (USD 20.0 billion) Diriyah Gate project and by the time of its projected completion in 2027, Riyadh's residential units will have increased additionally by 20,000 units. With its focus on sustainability, the 10 square kilometer ALNAMA Smart metropolis will be the first zero-carbon metropolis in the capital and will house 44,000 people when it is finished.[32]

Regions such as Makkah Al Mukarramah, Al Madinah Al Munawwarah, and the Eastern region are also quickly attracting significant investment and experiencing gains in consumer spending. Infrastructure projects are not only fostering urbanization in remote areas but also expanding cultural tourism. For example, to boost tourism in Asir (comprising 6.3% of the total population in 2022G), the government is investing in road connectivity with Abha, Ahad Rafidah, and Khamis Mushait. This strategic move is anticipated to drive growth in the retail, consumer foodservice, and hospitality sectors, leading to increased employment opportunities and higher consumer spending.

Another key region that has attracted investments worth SAR 12.6 billion[33] across several infrastructure and development projects, including housing, transportation, environment, and agriculture, is the region of Tabuk. Of this, around SAR 1.0 billion will be dedicated towards development of SEVEN's entertainment destination, which promises to house Discovery Adventures center, Mattel's Hot Wheels e-karting zone, a 12-hole indoor adventure golf course, among many. The region will also be home to the ambitious and futuristic giga-project NEOM, which will include a car-free city, The Line, a floating industrial complex, Oxagon, an outdoor skiing destination, Trojena, a luxury resort, Sindalah, among many other such projects.

In a similar vein, the Al-Jouf region, despite constituting only 1.9% of the entire population of Saudi Arabia, has recently attracted noteworthy investments amounting to SAR 194.0 million (USD 51.5 million) spread across 26 projects spanning various sectors, including tourism, entertainment, retail, and dining.[34] These initiatives encompass diverse service categories such as tourist and entertainment resorts, retail outlets, dining establishments, educational institutions, health and sports facilities, and advertising displays. Al-Jouf is particularly known for being the primary wheat producer in Saudi Arabia, holding a crucial role in both the nation's agricultural sector and the Saudi Green Initiative. With an impressive employment rate of 93.7% recorded in Q3 2023[35], the region's ongoing processes of urbanization and infrastructure expansion offer promising prospects in the wheat supply chain, food manufacturing, and production, setting it apart from other regions.

29 Ministry of Human Resources and Social Development (2023), GSTAT (2022)
30 Saudi census till 2022, Euromonitor estimates based on World Bank and secondary research from 2023
31 Arab News (2021G). $800bn plan to turn Riyadh into cultural hub for the Middle East
32 Knight Frank. Saudi Arabia's Vision 2030 real estate and infrastructure projects top US$ 1.1 trillion
33 Alarabiya news (2023G). SEVEN announces entertainment destination in Tabuk
34 Arab News (2022G). Al-Jouf region sees $51.5m investment contracts for varied schemes
35 Al-Jouf | DataSaudi (Beta)

Table (3.2): Key Demographic Indicators in Saudi Arabia, 2018G-2030G

Category	Data Type	2018G	2022G	2023G	2030G	CAGR % 2018–22G	CAGR % 2022-30G
Total Population	'000	30,196	32,175	33,140	39,200	1.6%	2.5%
Male Population	'000	18,581	19,679	20,216	23,598	1.4%	2.3%
Female Population	'000	11,615	12,497	12,925	15,602	1.8%	2.8%
Total Population – Saudi Nationals	'000	17,091	18,790	-	-	2.4%	-
Total Population – Expats	'000	13,105	13,385	-	-	0.5%	-
Population Aged 0-18	'000	9,842	10,084	10,344	12,038	0.6%	2.2%
Population Aged 65 & above	'000	720	862	909	1,290	4.6%	5.2%
Urban Population	'000	25,318	27,262	28,132	33,722	1.9%	2.7%
Rural Population	'000	4,879	4,913	5,008	5,478	0.2%	1.4%
Riyadh region	'000	8,031	8,592	-	-	1.7%	-
Makkah region	'000	7,715	8,021	-	-	1.0%	-
Madinah region	'000	2,010	2,138	-	-	1.6%	-
Qassim region	'000	1,262	1,336	-	-	1.4%	-
Eastern Region	'000	4,747	5,125	-	-	1.9%	-
Asir region	'000	1,864	2,024	-	-	2.1%	-
Jazan region	'000	1,311	1,405	-	-	1.8%	-
Number of Households	'000	6,303	6,573	6,772	8,020	1.1%	2.5%
Average Household Size	Nos.	5.6	5.5	5.5.	5.5	-	-
Total employed population	'000	15,883	18,533	19,094	22,565	3.9%	2.5%
Total employed population – Saudi Nationals	'000	5,318	6,917	-	-	6.8%	-
Unemployment Rate	%	6.0%	5.6%	5.5%	5.8%	-	-

Source: Euromonitor estimates from UN, WB, GASTAT and Euromonitor's Economies and Consumers database. No estimates for 2030 for certain indicators have been considered (e.g., population by region) because there is no data published by GASTAT.

3.3 Overview of the Global Wheat Flour and Animal Feed Industry

Wheat flour, an essential component in a variety of global cuisines, plays a pivotal role in the food processing industry. The global market for wheat flour has consistently expanded, and has widespread use in the F&B sector, in bakery products to pasta, noodles, and snacks. Valued at SAR 830.0 billion in 2022G[36], it is expected to grow at a CAGR of 6.3% from 2022G to 2028G[37]. The most popular wheat flour types across the globe are all-purpose flour, semolina flour, whole wheat flour, fine and bread flour. Some of the world's largest wheat flour manufacturers are ADM milling Ltd. General Mills, C. H. Guenther & Son, Inc., Archer Daniels Midland Company, Ardent Mills LLC, etc.

China, India, and Russia are the top three wheat producers of the world accounting for more than 320 million tons of wheat produced globally. While India, the second-largest producer worldwide, primarily produces for domestic consumption, Russia, the third-largest producer is the largest global exporter of wheat. Thus, the Russia-Ukraine war has spiked the wheat prices by more than 25% globally, leading to countries resorting to look for alternate sources for wheat.

36 Euromonitor International estimates as per primary and secondary research
37 Ibid

Evolving consumer preferences, population growth, technological advancements in milling and distribution and wheat flour's cost-effectiveness led to widespread adoption in various recipes by chefs, home cooks, and experts. The demand for convenience foods and bakery products, coupled with expanding modern retailing globally, spurred market growth over 2018G-2022G. Health-conscious consumers opting for whole grain and gluten-free alternatives further contributed to the market's development. Continuous product innovation and effective marketing strategies are crucial for companies operating in the wheat flour market. Additionally, the consumption of healthy bakery preparations is rising, driven by shifting eating habits and the growing incidence of metabolic disorders. As a result, key firms are producing fiber-rich, cholesterol-free, and low-fat prepared flour mixes, to cater to new demand from consumers.

The global market for wheat bran is concentrated in Asia and North America, with key industry players such as Star of the West Milling Co, Hindustan Animal Feeds, Astra Alliance, Wilmar International Ltd, and Siemer Milling Co, actively expanding their businesses across regions, exemplified by the establishment of new plants to boost production capacity and diversify product lines. Rising awareness of prebiotics and fiber-rich foods that benefit gut health has seen expanded use of bran in livestock feeding.

The global animal feed market size reached USD 504.9 billion in 2022G and is expected to reach USD 602.8 billion by 2028G, exhibiting a CAGR of 2.9% during 2022G-2028G[38]. It is impacted by the rapidly expanding population (7.6 billion in 2018G to 7.9 billion in 2022G[39]), which raises the demand for livestock products and, in turn, drives up the requirement for high-quality animal nutrition. Accordingly, the market is expanding because of strict regulatory frameworks and standards pertaining to the production and distribution of animal feed. In addition, the industry is growing more quickly due to the quickly growing agricultural sector and the simple supply of feed ingredients. Aside from this, the market is growing due to advances in technology, environmental concerns, and growing awareness of sustainability.

3.4 Overview of the wheat flour industry in Saudi Arabia

3.4.1 Production and value chain

In Saudi Arabia, the General Food Security Authority (GFSA) holds a central role in managing wheat flour milling. This government body acts as the sole buyer of wheat, acquiring both domestically produced and imported grains. Nevertheless, MEWA is driving a shift to concentrate on the import of subsidized food-grade wheat under SALIC. As the agricultural arm of the Public Investment Fund (PIF), SALIC is set to assume several key responsibilities within the wheat sector which includes taking over wheat purchasing, managing vast storage silos, and maintaining consistent stock levels. In a bid to bolster food security, Saudi Arabia actively promotes local ventures into foreign agricultural sectors as well. SALIC has made investments in farms in countries such as Australia, Brazil, and Canada ensuring importation of 3.0 to 4.5 million tons of wheat to the Kingdom[40] and in 2022G alone, supplied 30.0% of total wheat consumption[41].

Meanwhile, GFSA has the exclusive responsibility for acquiring domestically cultivated wheat at a predetermined premium price. Since 2020G, MEWA actively encourages local farmer involvement in achieving the 1.5 million tons wheat production target annually[42]. Furthermore, GFSA directly owns and operates silos with an overall storing capacity of 2.7 million tons of wheat, while the remaining 745,000 tons are housed by Saudi's four milling companies, spread across 14 strategically chosen locations throughout the Kingdom.[43] Local wheat production amounted to 538,436 tons in 2022G, after expanding at a CAGR of 38.0% from 2019G to 2022G[44] even after domestic production output recorded a step back in 2022G, declining by 6.5% year-on-year[45].

38 Ibid
39 Euromonitor Passport data
40 Euromonitor estimates from expert interviews, secondary research including GFSA database.
41 Arab News. (2023). PIF's SALIC supplies 30% of Saudi Arabia's wheat demand.
42 SAGO. (2022G). Annual Report.
43 Euromonitor estimates based on primary and secondary research.
44 Ibid
45 Ibid

In Saudi Arabia, wheat flour production rests with First Mills, Arabian Mills, Modern Mills, and The Fourth Milling Company, exhibiting a combined wheat milling capacity of 15,150 tons per day. First Mills, located in Jeddah on the Red Sea, and first to go private, was acquired by the Raha Al-Safi consortium in 2021G, runs four mills and process 4,200 tons of wheat and 900 tons of feed daily. Based in Riyadh, Arabian Mills, has a daily wheat milling capacity of 4,920 tons[46], and a daily feed capacity of 600 metric tons. It is owned by the consortium comprised of Abdulaziz AlAjlan Sons Co. for Commercial and Real Estate Investments, Sulaiman Abdulaziz AlRajhi International Co., NADEC, and Olam International Limited. Owned by a consortium of Saudi giant Al-Rajhi and UAE players Al Ghurair Foods and Masafi, Modern Mills operates flour mills, possessing a daily capacity of 3,451 tons for wheat milling and 1,400 tons animal feed processing[47]. Headquartered in Dammam, Fourth Milling Company, owned by a consortium of Abdullah Al-Othaim Markets Company, United Feed Manufacturing Company, and Allana International Limited, has a daily capacity of 3,150 tons for wheat milling and 450 tons for feed processing through their three production facilities in Dammam, Madinah and Al-Kharj[48].

Including carryover reserves, the four major milling companies obtained over 4.4 million tons of wheat in 2022G from SAGO, an annual 26.6% increase compared to the previous year. Milling companies processed nearly 3.9 million tons of wheat in 2022G, with a significant 86.2% sourced through imports[49]. Around 75-78% of the total wheat milled is converted into wheat flour, 21-24% as bran and roughly 1%, wasted[50]. Locally produced wheat flour commands 97.8% volume share of the market in 2022G. Imports of wheat flour, primarily from Kuwait and the UAE, constituted a mere 2.2% of the total consumption. Notably, import volumes steadily declined from around 93,100 to 74,600 tons in 2022G.[51] reflecting a concerted effort to bolster local wheat production and a growing preference for Saudi-made flour among consumers. A total of 3.4 million tons of wheat flour was produced locally in 2022G, marking a steady rise from around 2.6 million tons in 2018G (CAGR of 7.1%)[52]. As the outlook remains positive, the local wheat flour production is expected to reach approximately 4.1 million tons by 2028G, posting a CAGR of 3.3% over the period 2023G-2028G.[53]

Table (3.3): Wheat flour total production in Saudi Arabia 2018G-2028G

Category	Data Type	2018G	2019G	2020G	2021G	2022G	2023G	2028G	CAGR % 2018-22G	CAGR % 2023-28G
Total local production of wheat flour	‘000 Tons	2,601.6	2,622.6	2,650.1	2,637.8	3,423.9	3,515.8	4,137.5	7.1%	3.3%
Total sales of wheat flour from local production	‘000 Tons	2,550.1	2,588.8	2,608.9	2,621.3	3,349.6	3,464.8	4,077.5	7.1%	3.3%
Imported wheat flour	‘000 Tons	93.1	98.6	101.2	89.3	74.6	72.4	62.9	-5.4	-2.8%
Global wheat prices 2018G-2023G										
Category	**Data Type**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023F**	**2024F**	**2025F**	
Global wheat prices	SAR per ton	787.5	757.5	870.0	1,181.3	1,612.5	1,293.8	1,256.3	1,200.0	

Source: Euromonitor International estimates based on expert interviews, secondary research, official national and international statistics such as GFSA Annual Reports, Trade Map, UN Comtrade, USDA GAIN reports and USDA IPAD Platform. Global wheat prices are obtained from The World Bank – Commodity Market Prices latest publication (October 2023) available from 2018G - 2025G. Note: 2030G forecasts estimated by Euromonitor based on expert interviews

46 USDA Grain and Feed Annual Report, Saudi Arabia (2022)
47 The Modern Mills's Official Website
48 Euromonitor estimates based on expert interviews and secondary research
49 Euromonitor estimates based on expert interviews and secondary research, including SAGO USDA GAIN reports.
50 Euromonitor estimates based on expert interviews and secondary research, including USDA GAIN reports.
51 2018-22 data is from Trade Map; forecasts estimated by Euromonitor based on expert interviews
52 Ibid
53 Euromonitor estimates from expert interviews and secondary research

3.4.2 Consumption

The flour market in Saudi Arabia is predominantly driven by wheat flour, contributing to an estimated 92% of the overall flour market in volume terms.[54] In 2022G, Saudi Arabia had an estimated 3.4 million of wheat flour available for consumption, marking a steady rise from around 2.6 million tons in 2018G (CAGR of 6.7%)[55]. Bakeries and food manufacturers are the primary consumers of wheat flour, accounting for 81.5% of total consumption volumes in 2022G. Overall consumption increased driven by new bakery registrations, an uptick in consumer dining, tourism revival, and an expansion of the network of foodservice establishments across the country.

The baked goods, valued at SAR21.4 billion (USD5.7 billion) in 2022G[56], is poised for significant growth from 2023G to 2027G (CAGR of 5.6%). The category is set to reach an estimated SAR28.0 billion (USD7.9 billion) by 2027G. This promising outlook is fuelled by various factors, including a growing population (projected to increase by 2.5% between 2022G and 2030G), rising consumption (per capita consumer expenditure rose expected to grow at a CAGR of 2.5% between 2022G and 2030G), an expanding consumer foodservice sector (estimated CAGR of 5.2%[57] between 2022G-278G), and a booming tourism industry (inbound arrival trips expected to grow at a CAGR of 13.0% between 2022G and 2028G)[58]. These combined forces ensure an increasing appetite for baked goods in Saudi Arabia, creating new opportunities for producers/millers of wheat flour in the coming years.

As of 2022G, consumption of 45kg packs, making up 80.8% in volume terms[59], bulk purchases constituted 12.7%, and 1-10kg packs accounted for the remaining 6.5%[60]. While prices of 45kg and bulk pack size are subsidised and fixed, smaller pack sizes of 1-10kg are mainly sold to retail, hotels, restaurants, and cafés/pastry shops at unsubsidised / unregulated prices. By 2028G, these pack sizes are projected to command a 23.1% share of the market's value, taking away share from 45kg packs (65.9%) and bulk purchases with an 11.0% share.[61]

Distributors serve as the main suppliers of bulk wheat flour and 45kg bags to bakeries, food manufacturers, and select HORECA establishments. However, some registered bakeries have direct purchasing arrangements with milling companies for larger quantities. In Saudi Arabia, there are more than 525 distributors that serve around 11,700 food establishments, including 6,500 licensed bakeries. Wholesalers, on the other hand, cater to retailers and convenience stores with 1kg, 2kg, 5kg, and 10kg pack sizes, while also supply the HORECA sector with smaller packs.

Bakeries in Saudi Arabia primarily utilise Bakery-80% and a portion of Premium-70%. The steady demand for baked goods from various channels, fuelled by consumer foodservice and tourism, is anticipated to contribute to the volume consumption growth of Bakery-80% and Premium-70%. Both flour types are expected to experience a CAGR of 3.0% and 2.9%, respectively from 2023G to 2028G, reaching 3.3 million tons and 0.4 million tons, respectively, by the end of the period.[62] Due to increasing health consciousness, Whole wheat 90-95% flour continues to experience robust demand in both the retail and bakery sectors. It is projected to achieve a CAGR of 6.1% during the forecast period 2023G to 2028G, exceeding 0.3 million tons by 2028G[63]. Other flours, including pastry flour with a purity (extraction) level of 60-65%, as well as specialty flours and flour mixes, find application in specific dishes such as croissants in bakeries, pastry shops, cafés, and restaurants and its volume is anticipated to grow at CAGR of 3.0%, totalling an estimated 66,015.5 tons by 2028G[64].

The increasing desire for premium and specialty flour in both retail and HORECA is expected to contribute to the value growth of Premium-70%, Whole Wheat-90% and -95% flour, and others (including pastry and specialty flour) by a CAGR of 8.0%, 9.4% and 3.0% during 2023G-2028G to reach Shares of 15.1%, 10.3% and 8.1% by the end of 2028G respectively.[65] In real value terms, the wheat flour consumption is expected to amount to SAR2.6 billion (USD0.7 billion) by 2028G, growing at a CAGR of 4.2% from 2023G.[66] This growth is attributed to the rising population, increase in visitors and increasing disposable incomes leading to higher spending on food essentials including rising prevalence of smaller packaging sizes (1-10kg) in households.

54 Ibid
55 2018-22 data is from Trade Map; forecasts estimated by Euromonitor based on expert interviews.
56 Euromonitor International, Packaged Food, 2022.
57 Euromonitor International, Consumer Foodservice, 2022.
58 Euromonitor International, Packaged Food, 2022.
59 Euromonitor estimates on primary and based secondary research
60 Ibid
61 Ibid
62 Ibid
63 Ibid
64 Ibid
65 Ibid
66 Ibid

Table (3.4): Total wheat flour consumption by pack sizes and channels 2018G-2028G

Category	Unit	2018G	2019G	2020G	2021G	2022G	2023G	2028G	CAGR % 2018-22G	CAGR % 2023-28G
Wheat Flour	SAR Mn.	1,544.3	1,578.3	1,630.2	1,614.3	1,963.8	2,078.5	2,557.3	6.2%	4.2%
By Pack Size										
Bulk/loose	SAR Mn.	219.5	219.5	220.8	222.5	223.5	239.7	282.6	0.5%	3.3%
45 kg	SAR Mn.	1,047.5	1,067.4	1,069.2	1,066.6	1,424.9	1,456.8	1,682.8	8.0%	2.9%
1 - 10 kg	SAR Mn.	277.3	291.3	340.3	325.2	315.3	382.1	592.0	3.3%	9.1%
By Type										
Premium-70%	SAR Mn.	226.4	233.3	244.2	237.2	284.2	263.2	386.5	5.8%	8.0%
Bakery - 80%	SAR Mn.	1,099.0	1,115.5	1,124.0	1,120.7	1,427.5	1,468.9	1,700.5	6.8%	3.0%
Whole Wheat	SAR Mn.	117.8	123.8	134.0	131.8	139.9	168.9	264.1	4.4%	9.4%
Others (Pastry flour)	SAR Mn.	101.1	105.8	128.0	124.6	112.2	177.5	206.1	2.6%	3.0%
By Channel										
Retail	SAR Mn.	227.4	244.0	290.6	267.9	262.8	311.1	457.2	3.7%	8.0%
Bakeries	SAR Mn.	826.3	845.9	863.1	847.9	1,126.7	1,135.6	1,276.9	8.1%	2.4%
Food Manufacturers	SAR Mn.	275.7	275.9	273.2	278.5	309.8	339.3	407.1	3.0%	3.7%
HORECA	SAR Mn.	214.9	212.5	203.4	220.0	264.4	292.5	416.0	5.3%	7.3%
Wheat Flour	000 Tons	2,643.2	2,687.4	2,710.1	2,710.6	3,424.2	3,537.2	4,140.4	6.7%	3.2%
By Pack Size										
Bulk/loose	000 Tons	426.3	426.3	428.7	432.0	434.0	465.4	548.7	0.5%	3.3%
45 kg	000 Tons	2,034.0	2,072.7	2,076.0	2,071.1	2,766.8	2,828.6	3,267.5	8.0%	2.9%
1 - 10 kg	000 Tons	182.9	188.4	205.4	207.6	223.3	243.2	324.2	5.1%	5.9%
By Type										
Premium - 70%	000 Tons	271.3	276.8	279.5	279.5	352.7	363.3	419.9	6.8%	2.9%
Bakery - 80%	000 Tons	2,148.5	2,180.7	2,197.5	2,190.9	2,790.7	2,871.6	3,324.5	6.8%	3.0%
Whole Wheat	000 Tons	177.3	182.6	184.5	191.8	226.0	245.2	329.9	6.3%	6.1%
Others (Pastry flour)	000 Tons	46.1	47.3	48.6	48.4	54.8	57.1	66.0	4.4%	3.0%
By Channel										
Retail	000 Tons	189.8	200.7	226.4	217.9	228.5	247.7	307.5	4.7%	4.4%
Bakeries	000 Tons	1,604.4	1,642.5	1,675.9	1,646.3	2,187.8	2,205.1	2,479.5	8.1%	2.4%
Food Manufacturers	000 Tons	535.4	535.8	530.5	540.8	601.5	658.8	790.6	3.0%	3.7%
HORECA	000 Tons	313.6	308.4	277.3	305.6	406.3	425.5	562.8	6.7%	5.8%

Source: Euromonitor estimates from expert interviews, secondary research, official national and international statistics such as GFSA, Trade Map, USDA GAIN reports, USDA IPAD platform. Note: All value estimates captured above include sales from both local production and imports. All estimates are in variable price terms and equivalent to manufacturer/importer selling prices.

Table (3.5): Retail market size for baked goods and other products by value 2018-2027

Category	Unit	2018G	2019G	2020G	2021G	2022G	2023G	2027G	CAGR % 2018-22G	CAGR % 2023-27G
Baked Goods	SAR Mn.	18,212.1	18,603.2	19,578.2	19,871.8	21,365.4	22,492.6	27,999.2	4.1%	5.6%
Bread	SAR Mn.	7,455.5	7,573.2	7,982.6	8,127.9	8,690.2	9,169.1	11,588.6	3.9%	5.9%
Cakes	SAR Mn.	3,482.4	3,572.0	3,753.9	3,814.5	4,218.5	4,449.9	5,512.5	4.9%	5.5%
Pastries	SAR Mn.	6,800.6	6,980.3	7,324.7	7,409.2	7,907.5	8,299.5	10,208.9	3.8%	5.3%
Others	SAR Mn.	473.6	477.7	517.0	520.2	549.2	574.1	689.2	3.8%	4.6%
Noodles	SAR Mn.	753.8	784.9	901	904	975.4	1032	1318.7	6.7%	6.3%
Pasta	SAR Mn.	530.2	565	668.5	667.3	747.7	792.2	1016.7	9.0%	6.3%
Retail market size for baked goods and other products by volume 2018G-2027G										
Baked Goods	'000	2,779.1	2,784.6	2,854.9	2,822.9	2,882.3	2,958.9	3,405.1	0.9%	3.6%
Bread	'000	2,393.3	2,397.7	2,462.6	2,437.6	2,490.0	2,556.9	2,955.1	1.0%	3.7%
Cakes	'000	102.8	102.3	103.3	101.9	103.6	106.0	117.7	0.2%	2.7%
Pastries	'000	260.7	262.6	266.5	261.5	266.8	273.6	308.0	0.6%	3.0%
Others	'000	22.3	22.1	22.5	21.9	22.1	22.4	24.3	-0.2%	1.9%
Noodles	'000	42.3	43.6	45.8	44.6	46.2	47.4	53.8	2.2%	3.2%
Pasta	'000	67.3	70.2	75.4	73	74.3	76.4	87.2	2.5%	3.4%

Source: Euromonitor International, Packaged Food Database, 2022G

Note: 2030 forecasts are not available for the above categories

3.4.3 Competitive landscape

The leading entities in the Saudi wheat flour market are the four milling companies, with First Mills commanding a significant value share of 25.8% as of 2022G[67]. This achievement stems from a strategic approach involving the optimisation of internal operations, expansion efforts, and the activation of the existing customer base across various regions. Arabian Mills and Modern Mills command a total share of 46.9% of the total wheat flour market value in 2022G[68]. Fourth Milling Company held a value share of 18.3%[69] and benefitted from strategically focussing on the main population centres around Riyadh, Medinah and Dammam and acquiring the well-received consumer wheat brand, FOOM, known for its widespread recognition and acceptance since its establishment in the Kingdom in 2009.

Imported wheat flour, which represents 9.0% of the overall market size in value terms, is led by Kuwait Flour Mills & Bakeries Co, renowned for its extensive distribution network and diverse product portfolio. This is followed closely by IFFCO, a UAE-based manufacturer[70].

Table (3.6): Total wheat flour market, Market Share by value, 2022G

Players	2022 Revenues (SAR Million)	Market Share %
First Mills	507.4	25.8%
Arabian Mills + Modern Mills	920.8	46.9%
Fourth Milling Company	358.6	18.3%
Imports	177.0	9.0%
Total	**1,963.8**	**100%**

Source: Euromonitor International estimates from primary and secondary research

67 Ibid
68 Ibid
69 Ibid
70 Ibid

3.4.4 Other products - semolina

In Saudi Arabia, there are two main types of semolina available in the market: durum wheat semolina and flour semolina. And most of the semolina is imported, with only a small portion coming from the Al Salam International factory. It is primarily used in the production of pasta. The adaptability of semolina in making diverse dishes, combined with its cultural importance and local production efforts, is projected to boost consumption. With an anticipated CAGR of 1.4% from 2023G to 2028G, semolina consumption is expected to reach 64,861.5 tons in the latter here. [71]

Table (3.7): Semolina demand in Saudi Arabia 2018G-2028G

Category	Unit	2018G	2019G	2020G	2021G	2022G	2023G	2028G	CAGR % 2018-22G	CAGR % 2023-28G
Total Semolina	SAR Mn.	125.8	95.5	115.1	120.5	159.0	160.6	198.8	6.0%	4.4%
Total Semolina	000 Tons	80.5	59.9	69.4	59.2	59.7	60.6	64.9	-7.2%	1.4%
Imports	000 Tons	73.3	51.5	59.8	46.6	-	-	-	-	-
Production	000 Tons	7.2	8.4	9.6	12.6	-	-	-	-	-

Source: Euromonitor estimates from expert interviews, secondary research, official national and international statistics such as GFSA / SAGO annual reports, Trade Map, USDA GAIN reports, USDA IPAD platform. Note: All values are calculated at manufacturer / importer selling price.

3.5 Overview of the animal feed industry and Bran in Saudi Arabia

3.5.1 Production and value chain

Saudi Arabia's animal feed landscape comprises three main categories: traditional, total compound feed, and total mixed ration (TMR). While traditional options like Alfalfa and barley have served as staples for years, modern approaches are taking center stage. Compound animal feed is produced through the grinding and compression of a mixture of various ingredients such as pulses, maize, corn, soybean, oil, rice bran and, occasionally, a small amount of barley. Meanwhile, TMR combines corn, maize, soybean, and rice bran to produce animal feed without requiring grinding or compression, thereby eliminating the need for additional processing. For specific needs, TMR further customizes this blend with forages, supplements, and other components, particularly for dairy cattle. Livestock like cattle, camels, and sheep typically rely on Alfalfa, barley, and ruminant compound feed, featuring wheat bran, corn, and soybean meal.

Most of the total compound feed is produced locally, leveraging bran from milling companies and the importation of other ingredients like corn and soybean meal. Strict quality control ensures contamination-free and nutrient-rich batches. Finely ground for improved digestibility, these ingredients are thoroughly mixed and, depending on the animal's needs, pelleted, or powdered for ease of use.

Manufacturers can be classified as "**Captive,**" making feed for their own farms, or "**Accessible,**" selling to other farms. Captives like Almarai and Wataniya, which focus on livestock, poultry, and fish, operate their own farms and feed mills to optimize costs. By contrast, accessible production by external feed companies caters to a broader market, with over 30 feed mills in the country producing compound animal feed to meet general nutritional requirements[72].

3.5.2 Consumption of livestock feed

Saudi Arabia's compound animal feed market is expected to grow due to the government's strong support to improve local agricultural productivity and increase food security. The nation's growing population, flourishing tourism and changing dietary pattern to consume high-protein food, is causing a rise in the demand for meat and dairy products, both of which depend significantly on complex animal feed for their cattle. The year 2020G witnessed a surge in domestic red and poultry meat production fueled by pandemic-induced supply chain disruptions. In the same year, the government implemented changes to agricultural policies, removing subsidies on barley and increasing the VAT rate from 5.0% to 15.0% for animal feed. However, it also introduced a direct financial assistance programme for small-scale livestock and poultry farmers, encouraging the use of complete and nutritious compound animal feed[73]. The need for livestock feed also intensified during the pandemic due to disruptions in the supply chain and the limited availability of Alfalfa and barley.

71 Ibid
72 Ibid
73 USDA Grain and Annal Feed Report (2021G) – Saudi Arabia

The above-mentioned factors, coupled with its inherent benefits – balanced nutrition and convenience – spurred a 6.8% volume growth in compound feed, reaching 1.9 million tons in 2020G. Nevertheless, the impact of the pandemic and subsequent worldwide increases in supply chain and logistics costs during 2021G led to a 9.4% volume decline[74], compelling numerous small farmers to withdraw from the market. Despite this setback, the market for compound livestock feed recorded a steady CAGR of 3.5% between 2018G and 2022G, reaching nearly 1.8 million tons by the end of the period.[75]

The prevailing prices of livestock are chiefly influenced by the composition of ruminant feed, dependent on wheat bran and barley. This feed prices experienced a CAGR of 19.1% in absolute volume terms from 2018G to 2022G. Saudi milling companies provide competitive prices for livestock feed, maintaining a strategic advantage, given that wheat bran makes up 60.0% of the total feed composition.

Due to government initiatives aimed at boosting production of red meat, it is anticipated that the livestock animal feed market will exhibit a CAGR volume growth of 2.0% from 2023G to 2028G, reaching a total of 1.9 million tons in the latter year. During 2018G and 2022G, feed prices doubled due to the introduction of high-grade variants by new feed companies and higher consumption of compound animal feed. However, we estimate that the feed prices will decline as farmers again increase the intake of traditional feed with abundant availability of hay, forage and alfalfa in the Kingdom. In value terms, the market is also projected to remain relatively stable, reaching SAR 2.0 billion by the end of 2028G[76].

Table (3.8): Total compound animal feed (livestock only) consumption in value and volume terms, 2018G-2028G

Category	Unit	2018G	2019G	2020G	2021G	2022G	2023G	2028G	CAGR % 2018-22G	CAGR % 2023-28G
Total Compound Livestock Feed	'000	1,546.7	1,820.4	1,943.6	1,761.0	1,776.9	1,708.8	1,887.7	3.5%	2.0%
Average price per ton	SAR	642.6	762.8	815.9	1,045.9	1,292.5	1,191.7	1,072.7	19.1%	-2.1%
Total Compound Livestock Feed	SAR Mn.	994.0	1,388.6	1,585.8	1,841.8	2,296.6	2,036.3	2,025.0	23.3%	-0.1%

Source: Euromonitor estimates from expert interviews, secondary research, official national and international statistics such as GFSA, Trade Map, USDA GAIN reports, USDA IPAD platform. Note: All volume estimates captured above are based on overall consumption including sales from local production and imports. All value estimates exclude VAT. The impact of welfare subsidies given to small farms that have had an inflationary effect on feed prices has been included. The volume above refers to fodder that is blended and compounded from various raw materials mixed in specific proportion based on the target animal. The feed output is typically sold as pellets, crumbles, meals, or fine powder and caters to livestock (all ruminant animals such as cattle, lamb, calf, and sheep).

3.5.3 Competitive landscape

The top five compound animal livestock feed manufacturers, ARASCO, AIMCO, First Mills, UFMC and Bukmeah, accounted for a total of 74.5% of the total market sales by value in 2022G, totalling SAR 1,710.0 million of the total market of SAR 2,296.6 million.

The Arabian Agricultural Services Co (ARASCO) Feed remained the leader in compound animal feed market in Saudi Arabia, with a significant value share of 33.5% in 2022G[77] and is known to introduce innovative products at competitive rates such as the water-efficient WAFI feeds for livestocks, and, Wafeer of Barley, aiming to enhance livestock feed offerings as an alternative to traditional barley.

The Arabian Integral Ministration Co (AIMCO) held the second-highest market share by value, at 11.4%[78] and manufactures high-quality feeds for various animals, including sheep, cows, and camels. First Mills, with an 11.1% market share in 2022G, has a flour mill in Jeddah, thus, the proximity to the Jeddah port benefits it cost-saving advantages due to reduced transportation expenses. The United Feed Manufacturing Co (UFMC) entered the animal feed sector in 2021G, leveraging its four-decade background in trading and distribution claimed a market share of 9.6%[79] in 2022G.

74 Euromonitor estimates based on primary and secondary research.
75 Ibid
76 Ibid
77 Ibid
78 Ibid
79 Ibid

Table (3.9): Total compound animal feed (livestock), Market Share by value, 2022G

Players	2022 Revenues SAR Million	Market Share %
ARASCO	769.0	33.5%
AIMCO	261.5	11.4%
First Mills	254.3	11.1%
UFMC	221.5	9.6%

Source: Euromonitor International estimates from primary and secondary research

3.6 Bran

Bran is by-product of wheat milling process and around 23.0 to 25.0% of the milled volume generated is bran. It is a main ingredient in animal feed and is used for its nutrient-rich dietary fibre. Total bran consumed in Saudi Arabia stood at 737,634.0 tons as of 2022G, of which local production stood at 716,134.0 tons while approximately 21,500.0 tons were imported.

The four milling companies consumed an estimated 250,650 tons (or 35%) of bran in 2022G, as an ingredient to produce animal feed[80]. At the outset of the pandemic, the decline in the imports of wheat grain in 2021G disrupted bran supply, leading to a hike in bran prices causing a slight volume decline of CAGR 1.5% from 2018G to 2022G[81]. With growing demand for livestock animal feed, the utilisation of bran is estimated to reach about 864,132.2 tons by 2028G (CAGR of 3.3% for the 2023-2028G period).[82]

Table (3.10): Bran demand in Saudi Arabia 2018G-2028G

Category	Unit	2018G	2019G	2020G	2021G	2022G	2023G	2028G	CAGR % 2018-22G	CAGR % 2023-28G
Total Bran	000 tons	784.9	758.8	779.7	668.5	737.6	735.4	864.1	-1.5%	3.3%
Imports	000 tons	212.6	189.8	319.6	169.0	21.5*	-	-	-	-
Local Production	000 tons	572.3	568.9	460.1	499.6	716.1	-	-	5.8%	
Total Bran	SAR Mn.	556.0	539.4	555.0	619.6	669.6	620.0	636.6	4.8%	0.5%

Source: Euromonitor estimates from expert interviews, secondary research, official national and international statistics such as GFSA / SAGO annual reports, Trade Map, USDA GAIN reports, USDA IPAD platform. Note: All values are calculated at manufacturer / importer selling price.

Note: *Imports for 2022 captured as reported by markets exporting wheat bran to Saudi Arabia since trade data is yet to be published for Saudi Arabia as of September 2023.

3.7 Positioning of the company

With an ambitious vision to contribute significantly to the future of food security in Saudi Arabia, Fourth Milling Company is dedicated to delivering products by incorporating cutting-edge technologies and adhering to the highest international standards in the flour, wheat derivatives, and fodder industry. Strategically centred in Dammam, Madinah, and Kharj, the company has expanded its operations to cover all regions across the Kingdom, aiming to fulfil the needs of a large pool of customers through direct sales and indirectly through its wholesale and distributor network.

Established in Dammam as of 1977G, Fourth Milling Company later expanded its footprint by opening new facilities in Al-Kharj in 1989G and Al-Madinah in 2008G. In 2021G, the company became part of the alliance comprising Al-Othaim Markets Co, the United Feed Manufacturing Co, and the Allana International Limited. In the same year, Fourth Milling Company obtained secondary licenses to increase its manufacturing capacities at its Dammam, Madinah and Al-Kharj plants which are valid till 2028.

80 Euromonitor estimates based on SAGO Annual report 2022G
81 Euromonitor estimates based on primary and secondary research.
82 Ibid

Operating three factories with a substantial production capacity of 3,150 tons per day for flour and wheat derivatives, along with 450 tons daily for animal feed products, Fourth Milling Company has the ability to reach out to different market segments. The Dammam branch has a daily capacity of 1,350 tons, the Madinah branch produces 1,200 tons per day, and the Al-Kharj Branch generates around 600 per day. Fourth Milling Company's capacity utilisation in 2022G was 91.0%, with a total sales volume of around 876,004 tons in 2022G, of which 73.2% of the sales comprised of wheat flour, 19.5% of bran while the remaining comprises animal feed.

With more than 20 SKUs, including flour bags in 1kg, 2kg, and 10kg sizes, Fourth Milling Company expanded its portfolio in 2022G by acquiring the renowned 'FOOM' brand. This wheat brand, which commands a staggering 26.0% volume share in the 1-10 kg segment of the market. Fourth Milling Company's second consumer brand 'Miller', which was restarted in FY 2023G and is targeted towards the affordable segment in 1kg and 2 kg packs. There is also a substantial upside potential to grow market share by investing in the brands and streamlining the route to market. The Company has been growing its customer base and since the completion of privatisation in FY 2021G has acquired 8 new industrial customers which contributed 13.0% of sales in FY 2023 and increased its modern trade customer base by 8 new customers. Modern trade now contributes 7.0% of sales in FY 2023.

Exposure to higher margin segments through its brands presents a chance to further broaden the value-added product offering in bakery and industrial segment (functional flours for industrial clients) and consumer / retail segment (selected items to complete the range, such as the launch of a premium flour SKU and ready mixes and other innovative products) markets.

The core of Fourth Milling Company business has historically been both 45kg and bulk wheat flour, altogether constituting 93.9% of its flour volume sales in 2022G. Government subsidies are applicable to these products. Known for on-time delivery and improved logistics through authorised distributors Fourth Milling Company's key customers in the 45kg and bulk categories include food manufacturers and bakeries, particularly in Madinah, Riyadh, and Dammam. The sales mix is evolving post privatisation, the non-regulated 1kg – 10kg category is growing at a much faster rate. Additionally, the company engages in the bran and animal feed business.

Fourth Milling Company's bran sales witnessed a tremendous jump in its volume and value registering 192.3% value growth and 97.0% volume growth in 2022G over 2021G as The Company processed more wheat in 2022G than in 2021G leading to growth in bran production. The Company produce's animal bran which accounts for 99.7% of the total bran production in 2022G along with edible bran, Harees and wheat germ. Around 83.6% of the total bran produced by Fourth Milling Company is used internally to make animal feed while the remaining is sold to private farms. Currently, it only produces livestock feed for camel and sheep, primarily the fattening pellets offered in 40 kg bags. In the animal feed segment, the company's positioning remains focused on catering to the needs of camel and sheep farms only in the forecast period.

In terms of geographical split of sales revenues in 2022, the company's 42.2% of sales goes to Eastern region, 30.6% to Madinah region and 27.2% to Riyadh region.

Fourth Milling Company's mills in Madinah and Al-Kharj, are closely positioned near the Kingdom's fastest-growing population areas, primarily Madinah, Mecca, Riyadh and Tabuk, which sets them apart from other MCs. The areas that Fourth Milling Company targets are in line with Vision 2030 development priorities with Riyadh identified for greater expansion and coverage. The strategically placed location near the port in Dammam may create export potential outside of Saudi Arabia. Because of The Company's advantageous location, especially in Kharj, there is a great chance to capitalize on additional growth in the B2B and B2C markets.

The company holds multiple certifications, including ISO 22000, which guarantees food safety across operations, SAAC accreditation, ISO 17025, which guarantees testing and calibration reliability, and a food safety system certification, all of which attest to its devotion to quality. The Food Safety and Standards Council (FSSC) guarantees adherence to food safety standards and provides safe, high-quality products. Halal certification verifies that Islamic dietary guidelines have been adhered to. As of right now, the fourth milling firm is the only one in Saudi Arabia to hold both FSSC and Halal certifications.

One of the company's main competitive advantages is that it operates debt-free, which highlights its strong financial restraint and strategic vision, setting it apart in the industry. The lack of debt on its balance sheets confers several operational and strategic benefits that fortify the firm's fiscal well-being and bolster its market standing. Thereby, Fourth Milling Company is well-positioned to significantly influence the Saudi food sector and adjust to changing consumer demands by launching new products and streamlining operations to facilitate growth.

4. THE COMPANY

4.1 Overview of the Company and its Business Activities

Fourth Milling Company is a Saudi single-person joint-stock company established under commercial registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G) pursuant to Ministerial Resolution No. Q/14 dated 11/01/1438H (corresponding to 12/10/2016G). The Company operates in accordance with GFSA license No. 4 issued by a Resolution of the Board of Directors of GFSA No. 189 dated 09/03/1442H (corresponding to 26/10/2020G) pursuant to the Council of Ministers' Resolution No. 632 dated 17/10/1441H (corresponding to 09/06/2020G), and Conditional Secondary License No. 4-1 issued by Decision of the Board of Directors of GFSA No. 194 dated 30/11/1443H (corresponding to 29/06/2022G). As listed in the Commercial Register, the Head Office of the Company is located in Dammam. The current share capital of the Company is five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share.

The Company was created to provide and produce flour products in designated areas in Saudi Arabia. Its main business activities include the production, storage and distribution of flour and feed. The Company produces flour products, feed, and other wheat derivatives.

In 1972G, Fourth Milling Company commenced its commercial operations as a group of wheat mills that were operated by the General Food Security Authority (the "**GFSA**") (formerly known as the Saudi Grains Organization), which was established pursuant to Royal Decree number M/14 dated 25/03/1392H (corresponding to 09/05/1972G).

On 11/01/1438H (corresponding to 12/10/2016G), Ministerial Resolution No. G/14 was issued, declaring the incorporation of Fourth Milling Company. The Company was established in Dammam under Commercial Registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), under the name "Fourth Milling Company" as a single-person closed joint-stock company wholly-owned by the Public Investment Fund (the "**PIF**"), pursuant to Ministerial Resolution No. G/229 dated 23/09/1437H (corresponding to 28/06/2016G), approving the incorporation of the Company, with a share capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares valued at ten Saudi Riyals (SAR 10) per share, with a paid-up par value of one hundred and twenty-five thousand Saudi Riyals (SAR 125,000) (with the balance share value paid in cash on the dates later set by the Company's Board of Directors).

On 03/02/1441H (corresponding to 02/10/2019G), the General Assembly approved the increase of the Company's capital from five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares, to four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Cash Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, through transferring funds from the statutory reserve and retained earnings. The amended bylaws issued by the Ministry of Commerce were approved on 03/02/1441H (corresponding to 02/10/2019G).

On 17/10/1441H (corresponding to 09/06/2020G), pursuant to the Council of Ministers' Resolution No. 631, PIF transferred all of its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to the National Center for Privatization (NCP).

On 25/04/1443H (corresponding to 30/11/2021G), NCP transferred all its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to Gulf Flour Milling Industrial Company under a share purchase agreement entered into by and between NCP and Gulf Flour Milling Industrial Company executed on 03/12/1442H (corresponding to 13/07/2021G).

The Shareholders of Gulf Flour Milling Industrial Company established said company on 05/11/1442H (corresponding to 15/06/2021G) as a special-purpose entity with the aim of meeting one of the privatization requirements, where each qualified bidder pledges to establish a legal entity in the Kingdom to acquire Fourth Milling Company. Gulf Industrial Flour Milling Company acquired the Company for a purchase price of approximately SAR 912.4 million. This acquisition was financed using debt amounting to SAR 790.9 million, i.e. approximately 86.67% of the sum due as per SAIBOR, in addition to the applicable margin, as well as under certain guarantees, which include, but are not limited to, the mortgage of all Shares of Gulf Industrial Flour Milling Company as a guarantee to cover the debt, and a cash sum amounting to SAR 121.5 million, i.e. 13.33% of the sum due.

The Company's primary flour brand is FOOM, a well-known leading premium flour brand and one of the oldest national brands, which benefits from significant brand equity and has the largest market share in the Kingdom of any local flour brand. The Company also owns the "Miller" brand which was re-launched in 2023G and targets the competitive market segment.

The Company has a footprint of production facilities spread across the Kingdom that enables it to reach the entire market in a cost-effective manner. The Company is headquartered in Dammam and its production facilities are located in three regions across the Kingdom, in Dammam, Madinah and Al-Kharj, with a current aggregate flour milling capacity of 3,150 tons per day and a feed plant capacity of 450 tons per day.

Table (4.1): Summary of the Company's Production Facilities (as of 31 December 2023G):

	Dammam Facility	Madinah Facility	Al-Kharj Facility	Total
Daily flour production capacity (tons)	1,350/day	1,200/day	600/day	3,150/day
Daily feed production capacity (tons)	450/day	-	-	450/day
Silo capacity (tons)	80,000	66,000	10,000	156,000

Source: the Company

The Company is considered one of the leading companies in the field of flour production in the Kingdom. According to market studies, in FY2022G the Company had an 18.3% market share in the flour market, equivalent to 641,462 tons of flour.

The Company generated net revenues of SAR 566 million for the year ended 31 December 2023G, compared to SAR 578 million and SAR 336 million for the years ended 31 December 2022G and 2021G, respectively. The Company's net income for the year ended 31 December 2023G was SAR 143 million, compared to SAR 163 million and SAR 50 million for the years ended 31 December 2022G and 2021G, respectively.

As at 31 December 2023G, the total number of employees of the Company was 532.

4.2 Vision and Mission of the Company

4.2.1 Vision

The Company's vision is to be the first and trusted choice for human and animal food staple products.

4.2.2 Mission

The Company's mission is to provide the local community with a higher quality of living by continuing to offer the finest quality flour and derivatives rich in vitamins and minerals, proudly made by Saudi hands. The Company is proud to contribute to the Kingdom's food security indicators, ensuring that its products are available throughout the Kingdom and to all segments of society, which aims to build a sustainable, healthier and more prosperous future for all.

4.3 Strengths and Competitive Advantages of the Company

The Company believes that it has unique competitive advantages that position it as a key player within the milling and food production industry in the Kingdom. The Company stands at the forefront of innovation, operational excellence, and sustainability, underpinned by high quality infrastructure and a commitment to quality. Its focus on advanced milling processes, comprehensive employee development programs, and a robust, sustainable supply chain have not only enhanced its operational efficiencies but also ensured the highest levels of product quality and safety. Moreover, the Company believes that its dedication to sustainability and environmental stewardship has distinguished it in the marketplace, resonating with consumers and stakeholders alike. The Company believes that its strategic approach to market expansion, product diversification, and customer engagement further solidifies its competitive edge, promising continued growth and profitability in the dynamic Saudi market. The Company intends to leverage these strengths for long-term success and shareholder value creation. The Company's main strengths and competitive advantages include the following:

4.3.1 Attractive Position in Large and Profitable Flour Market Critical for the Kingdom's Food Security Agenda

The milling industry is crucial for Saudi Arabia's food security agenda as it ensures the availability of flour, a staple ingredient in the Saudi diet, by processing wheat procured and supplied by the GFSA. This is part of a broader strategy to ensure food availability, stability, and access, in line with the country's economic diversification and sustainability goals. One of four companies operating in the flour (and flour by-product) milling industry in the Kingdom, the Company is among the market leaders in the regions in which it currently operates.

Between 2018G and 2022G, Saudi Arabia's wheat market grew significantly at a CAGR of 6.7%, reaching a volume of 3.4 million tons in 2022G. Flour consumption in the Kingdom, estimated at approximately 3.5 million tons in 2023G, is expected to increase at a CAGR of 3.3% to approximately 4.1 million tons by 2028G. Flour sales are also expected to grow over the same period, from an estimated SAR 3.5 billion in 2023G to SAR 4.1 billion in 2028G, a CAGR of approximately 3.3%, reflecting increased sales volumes and an upward price impact on unregulated products driven by inflation. This growth is expected to be driven by:

- **Increasing population:** The Kingdom has put in place a number of plans to assist with its Vision 2030 goal of diversifying its economy and reducing dependence on oil exports. These include public and private investment in non-oil sectors such as infrastructure and manufacturing which are expected to spur economic growth. These investments to generate non-oil based economic growth in the Kingdom are also aimed at attracting permanent residents to the Kingdom, with the population expected to increase at a CAGR of 2.5% between 2022G and 2030G to reach 39.2 million. The increase in population will resultantly drive demand for food products, from which the Company will benefit.
- **Increased tourism:** In order to enhance the Kingdom's attractiveness as a tourist destination (with a target of attracting 100 million visitors by 2030G), the Government plans to invest SAR 810 billion in culture, leisure and entertainment projects over the coming decade. This includes development of tourist destinations such as Al-Oula, Amaala and the Red Sea coast. The Kingdom is also developing its religious tourism industry. As a result of these initiatives, the Kingdom is witnessing an increase in the number of visitors particularly to the Western Region resulting in an increase in population (permanent and transient) which in turn positively impacts demand for the Company's products.
- **Increasing consumption of value added products:** Flour consumption is also expected to benefit from latent demand related to increased consumption of value added products such as functional flours, mixes and self-rising flour, with the segment expected to reach SAR 28.0 billion by 2027G. This promising outlook is supported by various factors, including a growing population (expected to increase by 2.5% between 2022G and 2027G), an expanding consumer foodservice sector (with an estimated CAGR of 5.2% over the same period), and a thriving tourism industry (with inbound arrivals expected to grow at a CAGR of 7.4% over the same period). These combined forces are expected to increase the appetite for baked goods in the Kingdom, creating new opportunities for whole wheat flour producers.
- This is likely to be fueled by growth in baked goods, valued at SAR 21.4 billion in FY2022G which is poised for significant growth from 2023G to 2027G at a CAGR of 5.6%. Within this the consumer foodservice sector which is expected to be a significant contributor to demand for value added products is expected to grow at a CAGR of 5.2% between 2022G and 2027G.

In addition to the flour market, animal feed and bran consumption is also expected to grow between 2023G and 2028G at a CAGR of 2.0% and 3.3% respectively. Animal feed and bran consumption is expected to be driven by growth in poultry and livestock heads in KSA as the government prioritizes food sufficiency.

4.3.2 Strategic Presence in the Fastest Growing Areas in the Kingdom

The Company's production facilities are strategically located within the Kingdom in the fastest growing population areas.

4.3.2.1 Al-Kharj Facility

The Company's facility in Al-Kharj represents a strategic asset within its operational infrastructure, primarily due to its advantageous location relative to the city of Riyadh, the Kingdom's capital and largest city. With approximately 8.6 million residents and positioned to benefit from a transformative SAR 3 trillion (USD 800 billion) development plan, the Riyadh region is on the brink of substantial growth. This ambitious plan aims to nearly double Riyadh's size by 2030G, expanding its capacity to accommodate 15 to 20 million residents. Such an expansion is poised to drive significant population growth, bolster tourism, and catalyze a host of favorable demographic shifts, all of which present unique opportunities for the Company. The Company's Al-Kharj facility is located near an important center of flour-based industries.

The Al-Kharj facility's proximity to Riyadh offers the Company a critical logistical advantage, enabling efficient supply chain management and distribution operations that are vital for meeting the burgeoning demand in the capital. This geographical advantage ensures that the Company can swiftly respond to market needs, maintain low transportation costs, and deliver products with optimal freshness—a key factor in the food production industry.

Moreover, the expected population surge and increase in tourism in Riyadh translate into an expanding customer base for the Company's products. As more people flock to the city, the demand for food and related products is set to rise, offering the Company opportunities for increased sales volumes. The demographic changes, coupled with the city's economic growth, are likely to drive up the demand for a wide range of food products, from staples to specialized offerings, aligning with the Company's strategy for product diversification and market penetration.

Additionally, the developmental push towards making Riyadh a more vibrant, larger, and tourist-friendly city aligns with the Company's growth and expansion strategies. The Company can leverage this growth by aligning its product offerings with the evolving consumer preferences and demands of a more diverse and growing population. This could also entail tailoring products to cater to the varying tastes of a diverse population.

4.3.2.2 Dammam Facility

The Company's facility in Dammam is a cornerstone of its operational footprint in the Kingdom, serving as a critical distribution hub for the eastern regions of the Kingdom. This facility boasts a substantial daily flour milling capacity of approximately 1,350 tons, alongside a daily feed production capacity of about 450 tons, underpinned by a significant storage capacity of roughly 80,000 tons. These capabilities not only demonstrate the facility's operational scale and efficiency but also its vital role in meeting the food production and distribution needs of the Eastern Province.

The strategic location of the Dammam facility offers several key advantages that underscore the Company's competitive edge in the region. Firstly, the logistical efficiencies derived from being in Dammam are considerable. The facility's proximity to major transportation networks, including roads and the King Abdulaziz Port, facilitates the smooth and cost-effective movement of raw materials into the facility and the distribution of finished products to the market. This logistical advantage ensures timely delivery and helps in maintaining product freshness, a critical factor in the food industry.

Secondly, the facility's location in the Eastern Province, known for its economic vibrancy and industrial activities, provides direct access to a significant market. The region's economic growth, driven by its oil and gas industry as well as diversification efforts into other sectors, has fostered a dynamic business environment and increased demand for food products. The Dammam facility is well-positioned to cater to this growing demand, leveraging its production capabilities and distribution network.

Moreover, Dammam's proximity to the King Abdulaziz Port, one of the largest ports on the Arabian Gulf, presents a strategic advantage, particularly concerning potential future expansions into the export market. The port offers access to international shipping routes, making it an ideal launchpad for exporting products to the Middle East, Asia, Africa and beyond.

4.3.2.3 Madinah Facility

The Company's production facility in Madinah is a pivotal operation within its network, serving the western regions of KSA with a significant daily flour milling capacity of approximately 1,200 tons and a storage capacity of about 66,000 tons. Madinah's central location within the western region not only makes it an ideal strategic distribution point but also enhances the Company's logistical capabilities, facilitating the efficient transportation and distribution of flour and other food products across the western part of the Kingdom.

The significance of Madinah extends beyond its geographical centrality; as a major religious tourism destination, the city attracts millions of pilgrims annually, particularly during the Hajj and Umrah seasons. This influx of visitors presents a unique market opportunity for the Company, creating increased demand for food products within the hospitality and food service sectors. The Company is strategically positioned to cater to this surge in demand, leveraging its production and distribution capabilities to meet the needs of hotels, restaurants, and caterers serving the pilgrim population.

Moreover, the presence of the Madinah facility offers the Company access to adjacent areas such as Makkah and Tabuk, which are also poised to benefit from the Saudi government's policies aimed at tourism development. As these areas experience growth and increased demand driven by the government's focus on enhancing the tourism sector, the company is well-placed to capitalize on the expanding market. This aligns with the broader vision of the Kingdom to diversify its economy and reduce its dependency on oil revenues by bolstering the tourism sector, among others.

The strategic importance of the Madinah facility is further underscored by its role in supporting the Company's growth strategy in the region. By ensuring a reliable supply of high-quality flour and related products to meet both the everyday needs of the western region and the seasonal demands of the religious tourism sector, the Company strengthens its market position. Additionally, the facility's capabilities and strategic location support the Company's objectives of operational efficiency, market expansion, and alignment with national economic development goals.

4.3.3 Ownership of the "FOOM" Brand Providing Strong Brand Equity and Enabling Sales Growth, Margin Improvement and Expansion into Further Value-Add Products

The Company offers a wide variety of flour, animal feed and wheat derivatives products, with new products constantly in development. Through its ownership of the top selling local flour brand, FOOM, the Company holds a leading position in the consumer segment, with a market share by volume of approximately 26% in 2023G, the highest of all local flour brands.

The ownership of the FOOM brand provides the Company with an edge that includes enhanced market presence, customer loyalty, diversified revenue sources, and strategic growth opportunities. These factors collectively contribute to the Company's overall success and sustainability in the milling industry.

- **Brand recognition and loyalty:** Ownership and development of a strong brand like FOOM has allowed the Company to build recognition and loyalty among consumers by differentiating the Company's products in a competitive market, fostering a loyal customer base that prefers FOOM products over competitor products, leading to repeat purchases and higher sales volumes. The exceptional strength and market appeal of the FOOM brand, particularly within its consumer-facing SKUs (1 kg, 2 kg, and 10 kg) is clear in the sales trends, which have exhibited remarkable growth rates significantly surpassing other product categories. Between 2021G and 2023G, the CAGR for consumer pack sizes (1 kg and 2 kg) stands at an impressive 126%, while the 10 kg size has seen an even more impressive growth rate of 180%. In contrast, the bulk and 45 kg categories, have grown at 13% during the same period.
- **Market leadership:** In 2023G, the FOOM brand held a significant 26% share in the 1-10 kg market segment, indicating strong consumer preference for FOOM due to its quality, price, and availability, which differentiates the Company from competing brands.
- **Market positioning:** The FOOM brand allows the Company to position its products strategically in the fast growing consumer segment. Going forward, trends in the modern retail landscape, an expanding consumer food service industry, health conscious consumers willing to pay a premium for higher quality products and the growing baked goods and pastry industry will result in the 1 kg – 10 kg branded segment to increase its share of the overall market from 6.5% in 2022G to 7.8% in 2028G at a CAGR of 9.1%. FOOM's strength in the consumer SKUs means that the Company will benefit its positioning in the consumer segment.

- **Pricing:** The autonomy to set prices for the consumer SKUs (1 kg, 2 kg and 10 kg) where the FOOM brand plays a key role has enabled the Company to optimize its pricing strategy, resulting in an improved average flour price per ton from SAR 537 in 2021G to SAR 608 in 2023G, achieving a CAGR of 6%. This strategic pricing, combined with the rapid growth in consumer SKU sales, has had a positive impact on the Company's margins. The ability to adjust prices in response to market dynamics, coupled with the strong brand recognition of the FOOM brand, has allowed the Company to capitalize on consumer demand and enhance profitability.
- **Product diversification:** Ownership of FOOM gives the Company the opportunity to diversify its product offerings under the same brand umbrella. This can include a variety of flour types, bakery products, or other related food items that can help the Company tap into different market segments and increase its revenue streams.
- **Expansion opportunities:** With a strong brand, the Company has better opportunities for geographic and market expansion. FOOM can serve as a foundation for entering new markets or regions, as consumers in new areas have generally found to be more receptive to trying products from a known and trusted brand.
- **Strategic partnerships:** FOOM is well regarded amongst customers which can also facilitate strategic partnerships with major players, such as supermarkets, food service providers, and distributors. These partnerships can enhance distribution channels, increase product availability, and further boost sales.

4.3.4 Robust Sales Infrastructure

The Company has invested resources to develop a wide, effective and efficient sales infrastructure comprising dedicated sales teams by channel, a logistics network to support delivery and customer relationship management with after-sales support. The Company's investment in a robust sales infrastructure not only enhances its operational efficiency and market reach but also provides a solid foundation for growth, customer satisfaction, and competitive positioning.

- **Sales channels covering complete spectrum of customers:** The Company has established dedicated sales teams for industrial, wholesale and modern trade customers (please refer to Section 4.8.4.1 ("**Sales Channels**")) that cater to the full range of customers from large industrial food manufacturing companies to retail customers. The Company's focus on its sales channels has resulted in eight new industrial customers and nine new modern trade customers which contributed 13% and 7%, respectively, of sales in FY23G.
- **Flexible pricing and payment options:** The Company offers flexible pricing and payment options that can cater to a broader range of customers, including offering volume discounts to large buyers or credit terms to reliable partners. This flexibility enhances customer relationships and encourages repeat business.
- **Extensive distribution network:** The Company's distribution network ensures that:
  - The Company's products are available across a wide geographic area, reaching customers in urban centers, rural areas, and even remote locations. This accessibility increases the Company's market penetration and customer base.
  - Products move smoothly from production facilities to the end consumer with minimal delays or wastage. This efficiency can lead to cost savings, which gives the Company the flexibility to pass on the efficiencies to customers or increase the Company's margins.
- **After-sales support and services:** The Company provides after-sales support, including customer service, technical support (e.g. recipes that improve the quality of the final product), and handling of customer feedback, that differentiates the Company in a competitive market.

4.3.5 Operating Excellence

4.3.5.1 Production Facilities

The Company has three production facilities located in the city of Dammam, Madinah and Al-Kharj Province. Each production facility has a long operating track record. Since the Company's acquisition by its Current Shareholders in November 2021G, the Management has initiated strategic and enduring programs to attain optimal efficiency and excellence across manufacturing operations:

- In 2023G, the Company's Production Department meticulously analyzed its milling processes, identifying areas where efficiencies could be enhanced without compromising the quality of end products. These efforts are expected to bear fruit through an 8% increase in notional milling capacity (from 3,150 tons per day to 3,400 tons per day). This achievement is a testament to the dedication and ingenuity of the Company's Production team, and will position it favorably in a competitive market landscape. The increased capacity not only enhances the Company's ability to meet customer demands but also contributes positively to overall profitability. (For more information, please refer to Section 4.8.3.2.3 ("**Production Efficiency Program**")).

- In 2023G, the Company successfully upgraded the feed mill production facility in Dammam, with new machinery and technologies. This upgrade positions the Company for continued growth, operational excellence, and customer satisfaction.
- The Company has significantly reduced unplanned downtime across systems and processes, using world class standards such as root cause analyses, pareto, strict predictive maintenance strategies, enhanced monitoring and alerting systems, and employee training and skills improvement.
- Additionally, since acquiring the Company, Management has also improved the Company's "Overall Equipment Efficiency" (OEE) to reach best-in-class standards. This achievement reflects the collective efforts of the Company's dedicated team members who have embraced continuous improvement initiatives and implemented best practices to optimize manufacturing processes.

The following table sets out certain operating indicators for the Company for the periods indicated.

Table (4.2): Operating Indicators:

	FY21G	FY22G	FY23G
Overall equipment effectiveness(1)	78%	89%	95%
Unplanned downtime(2)	13%	7%	4%
Capacity utilization(3)	59%	91%	88%

Source: the Company

(1) Calculated as Availability x Quality x Performance.

(2) Calculated as total downtime divided by total planned runtime, as a percentage.

(3) Calculated as actual wheat milled as a percentage of total milling capacity (on the basis of 300 operating days).

4.3.5.2 Quality Control

The Company continuously strives to achieve success and excellence through the implementation of comprehensive quality management, with quality one of the basic pillars on which the Company has built the reputation of its products. The Company has been awarded several certifications relating to quality management, including:

- SAAC accreditation certificate with ISO 17025 in respect of reliability in testing and calibration with a commitment to quality. The Company is the first milling company in the Kingdom to receive this certification.
- Food Safety System certification (FSSC) reflecting commitment to food safety standards and to delivering safe and high-quality products. The Company is the first milling company in the Kingdom to receive this certification.
- ISO 22000 in respect of food safety throughout its operations.
- Halal certification ensuring that Islamic dietary standards have been followed.
- Good Manufacturing Practice (GMP) certification from AIB International, reflecting the Company's commitment to the highest standards of manufacturing practices.

The Company's quality management processes resulted in the Company achieving an overall Good Manufacturing Practice score of 94.8% and an overall Good Storage Practice score of 92.49% in 2023G, indicating that the Company's products are consistently produced and controlled in accordance with high quality standards.

4.3.5.3 Safety

In the last three months of 2023G, the Company, starting in January 2022G, has achieved more than 200,000 safe manufacturing hours without safety incidents, a demonstration of its unwavering commitment to operational excellence and workplace safety. This impressive safety record is a testament to the Company's stringent adherence to safety protocols, rigorous training programs, and a culture that prioritizes the well-being of its employees.

This track record in manufacturing operations, particularly in an industry that involves complex machinery and large-scale production processes, reflects the Company's comprehensive approach to safety, which includes regular safety audits, the implementation of international best practices, and continuous improvement of safety measures. By fostering an environment where safety is integrated into every aspect of its operations, the Company not only protects its employees but also enhances operational efficiency and product quality.

Achieving this level of safety performance also demonstrates the Company's dedication to risk management and its ability to effectively identify, assess, and mitigate potential hazards in the workplace. This proactive approach to safety management contributes to minimizing downtime and ensures the smooth and uninterrupted operation of its production facilities.

Moreover, this safety record contributes positively to the Company's reputation among stakeholders, including employees, customers, suppliers, and regulatory bodies. It positions the Company as a responsible and reliable partner in the flour milling and food production industry, committed to upholding the highest standards of safety and quality.

The Company has further plans to enhance safety protocols and procedures in order to achieve ISO 14001 and 45001 certifications in 2024G.

4.3.6 Enterprise Resource Planning Systems

The Company has invested in the implementation of SAP ERP systems across its organization. SAP's ERP system includes a comprehensive and integrated suite of applications that support a wide range of business processes including finance, human resources, sales, procurement, and supply chain management, allowing for real-time data flow and access to information across departments. The system is designed to improve operational efficiency, enhance decision-making through advanced analytics, and foster collaboration within the organization.

4.3.7 Strong Financial Performance Underpinned by Diverse Revenue Streams, Lost Cost Structure and Cash Flow Generation Capability

The Company has delivered attractive sales growth, with revenues almost doubling from SAR 336 million in FY2021G to SAR 566 million in FY23G, a CAGR of approximately 30% in the period. The Company's revenues are diversified, both geographically and across customer segments. The Company benefits from a diverse geographic reach, with no significant concentration risk, with 23% of sales in FY2023G attributable to industrial/wholesale customers in Riyadh, 30% to industrial/wholesale customers in the Eastern region and 15% to industrial/wholesale customers in Madinah, with the remaining sales to industrial/wholesale customers outside the Company's traditional catchment areas, modern trade customers, and others. In addition, over 85% of the Company's industrial/wholesale sales in FY23G came from a large number of distributors, with no single customer accounting for more than 15% of distributor sales. In the same period, nearly 15% of industrial/wholesale business was from direct industrial customers, which the Company plans to increase in the future to reinforce customer retention.

In addition, the Company has experienced both consistently high and improving EBITDA margins, reaching 38.0% in FY2023G, compared to an EBITDA margin of 32.1% in FY2021G, driven by revenue growth, increases in the number of higher-margin branded products and cost efficiencies.

The Company's cost structure is aligned with peers and within range of regional benchmarks, but the Company also has opportunities to improve its profitability and gain a competitive advantage by pursuing a number of initiatives. The Company is also in a position to undertake operational improvements by increasing further utilization of its existing production facilities to increase their number of operating days and by optimizing overhead costs, both of which would reduce the Company's cost per ton as production increases. In addition, the Company has opportunistically and successfully leveraged its animal feed business to optimize the value extracted from the bran byproduct of the milling process.

Further, the Company operates a highly cash generative business model with low capital expenditure and efficient working capital management:

- **Capital expenditure:** The Company's capital expenditure on tangible and intangible assets was SAR 21 million in FY2021G, SAR 74 million in FY2022G and SAR 10 million in FY2023G, which represented 6.2%, 12.8% and 1.8%, respectively, of total revenue in each year.
- **Working capital:** The Company's sales are generally made in cash, and the Company does not provide credit. As such the Company enjoys low working capital requirements, which mainly comprise raw material and finished goods inventory. Working capital amounted to SAR 16 million in FY2021G, SAR 13 million in FY2022G and SAR 14 million in FY2023G, which represented 4.8%, 2.3% and 2.6%, respectively, of total revenue in each year.

Accordingly, operating free cash flow (i.e., cash flow from operating activities less cash flow from investing activities) increased from SAR 37 million in FY2021G to SAR 163 million in FY2023G. EBITDA to operating free cash flow conversion ratio improved from 34.1% in FY2021G to 75.7% in FY2022G and 75.8% in 2023G. The Company is therefore able to invest for future growth and provide consistency and growth in dividends. The Company intends to distribute dividends of 60% - 70% of its annual net profits each year (please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

4.3.8 Highly Experienced Management Team and Shareholders

The Company is led by a management team with extensive experience in the management of milling and food and beverage companies (for more information, please refer to Section 5.3 ("**Senior Management**") of this Prospectus). The Management team's expertise is evident in several key initiatives launched following the Company's privatization, including initiatives focused on increasing manufacturing efficiency, improving product quality, and launching new initiatives to develop products that enhance the Company's value-added offerings and enrich its product range to increase sales and profit margins.

The Company also benefits from its network of Shareholders and international partners, who have specific capabilities to advise and support future development. These include Allana International Company, a major shareholder in IFFCO, with its experience in the flour business and downstream businesses; Abdullah AlOthaim Markets Company, with capabilities in the consumer / B2C businesses and retail segments; and United Feed Manufacturing Company, with capabilities in grains sourcing and animal feed.

4.3.9 Debt Free Position

As at 31 December 2023G, the Company had no outstanding indebtedness, which provides the Company with a significant competitive strength compared to its peers. The absence of debt on its balance sheet translates into many operational and strategic advantages for the Company, underscoring the Company's robust fiscal discipline and strategic foresight and positioning it uniquely in the marketplace:

- **Robust financial stability and independence:** The Company's debt free status provides it with a high level of financial stability, allowing it to operate without the pressures and constraints typically associated with debt, such as interest payments and covenants. This financial independence enables the Company to make strategic decisions swiftly and efficiently, without the need for external approval or considerations of debt servicing.
- **Enhanced investment and growth opportunities:** The absence of debt on the balance sheet frees up capital, enabling the Company to reinvest in its core business operations, pursue innovative projects and explore new market opportunities. This financial flexibility is crucial for maintaining a competitive edge and driving sustainable growth.
- **Greater attractiveness to investors and partners:** A debt-free status can be seen as a marker of strong operational health and prudent financial management, which may make the Company more attractive to investors and partners, as it signifies lower financial risk and a solid foundation for future growth.
- **Increased operational efficiency:** Without the burden of debt, the Company can allocate resources more effectively, focusing on improving operational efficiencies and investing in areas that directly contribute to growth and profitability. This can include technology upgrades, workforce training, and expansion into new markets.
- **Enhanced resilience in volatile markets:** A debt-free company is generally more resilient to economic downturns and market volatilities. With no obligations to lenders, the Company can navigate challenging economic climates with greater agility, adapting its strategies to ensure long-term sustainability and continued market leadership.
- **Superior ability to weather economic challenges:** The Company's debt-free position provides a substantial cushion against economic shocks, such as recessions or unexpected market disruptions. This financial buffer ensures that the Company can maintain its operations and workforce even in adverse conditions, further solidifying its position as a market leader.
- **Positive corporate image and stakeholder confidence:** Being debt-free enhances the Company's corporate image, showcasing its fiscal responsibility and long-term viability. This can lead to increased confidence among stakeholders, including customers, employees and Shareholders, reinforcing the Company's reputation for reliability and sound management.

4.4 Company Strategies

The Company was founded in 2017G in connection with the privatization of the Saudi milling industry and was formerly a part of GFSA's wheat mills group. The Company has experience of over four decades in the production of flour, other wheat derivatives and animal feed products, and today produces a variety of products of the highest levels of quality and excellence that meet the needs of the Saudi market through various sales channels in a sustainable manner. The Company has made several dedicated efforts to enhance its market leadership, grow its customer base and continue to provide high quality products. Based on its extensive experience of operating in the market, the Company has identified a strategic roadmap to drive the future growth and realize its vision, based around focusing on strengthening and growing its core business.

4.4.1 Increase Market Share by Adopting a Customer / Sales Centric Model

By adopting a 'customer-centric' approach as one of its key pillars, the Company seeks to raise its level of services and customer satisfaction in its markets. This will be achieved by focusing on providing the best services and product quality in order to strengthen relationships with key customers including retailers, bakeries and food service providers. The Company makes an active effort through its sales teams to engage on a continuous basis with its main customers to understand their product and quality needs.

As the Company seeks to continue applying and strengthening this principle, it will help the Company to expand its market share, through the following:

- In its industrial and wholesale sales channels, the Company will target key customer accounts in the industrial sector, particularly in Riyadh, based on key account management at the branch level, which provide technical support capabilities and distinguished customer relationship management. The Company also plans to offer full visibility of batch specification, introduce loyalty program through discount on logistics and silo management. It will also strengthen indirect coverage of smaller industrial and wholesale players by building and managing strategic partnerships with selected distributors.
- In the consumer segment, the Company will continue to strengthen and grow its leading FOOM brand to its full potential, with a strong focus on expanding into modern and traditional trade distribution in particular. The Company will also enlarge its product range by introducing premium consumer products (potentially under the FOOM brand as well) to compete directly with its primary competitors in the consumer customer segment.
- The Company will also work to develop and expand its product range in the retail segment, including a mix of packaged and other consumer products that will enable it to compete based on factors other than price. The Company intends to grow its consumer sales where the price is unregulated thus allowing the Company to improve overall revenue per kg and margins.
- The Kingdom's concerted efforts to boost food security, particularly with regard animal feed and wheat by-products, through initiatives aimed at augmenting the local supply of poultry and red meat directly impact the domestic numbers of chicken and livestock. This increase in livestock and poultry is poised to escalate the demand for animal feed. To capitalize on this growing demand, the Company can consider several strategic measures, such as increasing operational capacity of its animal feed facility. This expansion does not necessarily require immediate investment in new infrastructure or equipment, making it a cost-effective way to ramp up production in response to the increasing market demand.

4.4.2 Be At the Forefront of Quality and Innovation

The Company is committed to provide top-tier products and focuses on rigorous quality assurance, ensuring strict compliance with all local and international regulatory requirements. Quality assurance processes include quality monitoring systems such as laboratory control play crucial roles in the Company's ability to ensure customer satisfaction, as they enable the Company to maintain consistent product quality and performance. In order to achieve this, laboratory equipment is maintained in line with global standards for food hygiene and safety. The Company also conducts annual extensive tests for flour, feed and raw materials, packaging and additives to ensure quality and adherence to applicable standards.

The Company also continuously monitors market trends and consumer preferences, particularly focusing on health and wellness trends, convenience, and sustainability, using this information to guide product development and marketing strategies. The Company also stays attuned to evolving consumer preferences by introducing new products and targeting higher growth sectors. For example, 90-95% whole wheat flour is the healthiest option due to the market's increased focus on health awareness, and this type of wheat continues to face strong demand in both the retail and bakery segments, and is expected to grow at a CAGR of 6.1% during the forecast period from 2023G to 2028G, exceeding 0.3 million tons by 2028G. Similarly, the Company plans to target growing consumer preferences, such as health-conscious options like fortified flours and convenient meals. The Company plans to launch value added flours to expand its range, particularly targeting functional flours such as cake, pastry, pizza, specialty bread and self-rising flour. In addition, the Company will evaluate opportunities to enter into new product categories, such as ready mixes, and strengthen its foothold in the attractive retail customer segment. Currently the market for functional flours and ready mixes is mainly dominated by regional and international brands, providing opportunities for local brands to make their way into this market.

4.4.3 Enable Best-in-Class Efficiency

The Company prioritizes process improvement, technological advancements, supply chain optimization, and sustainability initiatives to drive efficiency and ensure long-term competitiveness. Through investments in process improvement and targeted programs to enhance efficiency and minimize waste, the Company has identified opportunities to boost milling capacity from 3,150 tons per day to 3,450 tons per day (please refer to Section 4.8.3.2.3 ("**Production Efficiency Program**")). Embracing automation for predictive maintenance and optimized operations will further streamline processes, maximizing output while minimizing downtime. Additionally, the Company is committed to strengthening relationships with suppliers and exploring integration opportunities. Furthermore, by adopting sustainable practices such as water conservation, energy efficiency, and waste reduction, the Company not only minimizes its environmental footprint but also realizes cost savings and bolsters its reputation as an environmentally responsible industry leader. This holistic approach underscores the company's commitment to quality, innovation, and responsible business practices, positioning it for sustained growth and success in the dynamic flour milling industry.

4.4.4 Enhance Production Capacity Targeting the Fastest Growing Regions

The Company's market research indicates that the Riyadh region is expected to witness the strongest demand growth driven by population, increase in visitors and growth in the food service sector due to development of the HORECA segment. The Company serves Riyadh through its Al-Kharj production facility, which operated at full utilization in FY2023G. As a result, the Company intends to evaluate the feasibility of expanding its manufacturing capacity for this facility. The Company expects that such expansion, if feasible and subject to internal approvals, would commence in FY2025G with a target to commence operations in FY2027G.

4.4.5 Invest in Human Capital Development

At the core of the Company's strategy is a steadfast commitment to fostering a skilled, innovative, and motivated workforce through comprehensive employee training and development programs. Recognizing the critical role that its employees play in driving operational excellence and innovation, the Company is dedicated to enhancing their skills and knowledge across all levels. This includes investments in leadership development initiatives that empower employees to lead effectively, encourage creative problem-solving, and foster a culture of continuous improvement. Alongside professional development, the Company is equally focused on becoming an employer of choice through the development of a strong employer brand that highlights its commitment to employee welfare, career growth, and a collaborative work environment. By offering competitive compensation, comprehensive benefits, and fostering a positive and inclusive workplace, the Company aims to attract and retain the industry's top talent. This dual approach ensures not only the advancement of its operational goals but also the cultivation of a dynamic and resilient organizational culture that is well-equipped to meet future challenges and seize new opportunities.

4.5 Key Developments of the Company since Establishment

The Company was established pursuant to the Ministerial Resolution No. Q/14 as a closed joint-stock company owned by the Public Investment Fund, as a result of GFSA's privatization program launched in 2009G. The aim of the privatization was to increase operational efficiency, ensure food security, improve fiscal performance, support economic growth and enhance the Company's operational technology. In the late 1970s and 1980s, GFSA established multiple branches across the Kingdom, including in the city of Dammam. In 2011G, the Saudi Council of Economic and Development Affairs (previously known as the Supreme Economic Council) approved the strategy of privatizing the milling companies by merging all of the milling operations into four companies. In 2017G, the Company commenced its operations as a standalone entity operating on a commercial basis, taking over operation of the milling facilities in Dammam, Madinah and Al-Kharj in preparation for its privatization.

The key milestones achieved in relation to the Company and its business since its establishment are summarized as follows:

Table (4.3): Key Developments of the Company since Establishment:

Year	Event/Development
1972G	GFSA was established by Royal Decree number M/14 dated 25/03/1392H (corresponding to 09/05/1972).
1977G	GFSA established its commercial operations by establishing a factory in Dammam with an operating capacity of 1,350 tons per day, a storage capacity of 80 thousand tons, and a feed production capacity of 450 tons per day.
1990G	GFSA established storage silos in Al-Kharj.
2008G	GFSA established a factory in Madinah with an operating capacity of 1,200 tons per day and a storage capacity of 60,000 tons.
2009G	GFSA launched the privatization program with an aim to raise the level of operational competency, improve monetary performance, support economic growth, and improve operational competency. GFSA launched the brand FOOM.
2011G	The Saudi Council of Economic and Development Affairs approved the strategy of privatizing the milling companies, which stipulates merging all operations of the mills in four companies, and for the Company it consisted of grouping of the branches of Dammam, Madinah and Al-Kharj.
2016G	GFSA converted its storage silos in Al-Kharj into an integrated production facility with a production capacity of 600 tons per day. The Council of Ministers issued its Resolution No. 229/Q dated 23/09/1437H (corresponding to 28/06/2016G) approving the Saudi Grains Organization's privatization program and establishing the Company as a closed joint stock company owned by the Public Investment Fund.
2017G	The Company commenced its commercial operations as a separate entity.
2019G	The Company opened new storage silos at its Al-Kharj facility.
2020G	Ownership of the Company was transferred from the Public Investment Fund to the National Privatization Center in preparation for offering it for sale to the private sector.
2021G	Acquisition of the Company by a consortium of Abdullah AlOthaim Markets Company, United Feed Manufacturing Company, and Allana International Limited, 33.3% for each partner.
2022G	The Company acquired the FOOM brand.
2023G	The Company became the first milling company in the Kingdom to obtain the Saudi accreditation certificate through the ISO/IEC 17025 certificate.

Source: the Company

4.6 Overview of the Company and Growth of its Capital

Fourth Milling Company was established in the city of Dammam under Ministerial Resolution No. Q/14 dated 11/01/1438H (corresponding to 12/10/2016G) and under Commercial Registration No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), under the name "Fourth Milling Company" as a closed joint-stock company wholly owned by the Public Investment Fund (PIF) pursuant to the Ministerial Resolution No. Q/229 dated 23/09/1437H (corresponding to 28/06/2016G) authorizing the establishment of the Company, with a capital of five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares valued at ten (10) Saudi Riyals per share, with a paid-up par value of one hundred and twenty-five thousand Saudi Riyals (SAR 125,000).

The following table illustrates the Company's ownership structure upon incorporation:

Table (4.4): Ownership Structure at Incorporation

Name	No. of Shares	Per Share Value (SAR)	Total Share Value (SAR)	Shareholding
PIF	50,000	10	500,000	100%

Source: the Company

On 03/02/1441H (corresponding to 02/10/2019G), the General Assembly approved the increase of the Company's capital from five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) Ordinary Shares, to four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Cash Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, through transferring amounts from the statutory reserve and retained earnings. The amended bylaws issued by the Ministry of Commerce were approved on 03/02/1441H (corresponding to 02/10/2019G). The Company's ownership structure post-capital increase became as follows:

Table (4.5): The Company's Ownership Structure as of 03/02/1441H (corresponding to 02/10/2019G):

Name	No. of Shares	Per Share Value (SAR)	Total Share Value (SAR)	Shareholding
PIF	47,390,317	10	473,903,170	100%

Source: the Company

On 17/10/1441H (corresponding to 09/06/2020G), pursuant to the Council of Ministers' Resolution No. 631, PIF transferred all of its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to the National Center for Privatization (the "**NCP**").

The table below illustrates the Company's ownership structure after completion of the aforementioned transfer:

Table (4.6): The Company's ownership structure on 17/11/1441H (corresponding to 09/07/2020G):

Name	No. of Shares	Per Share Value (SAR)	Total Share Value (SAR)	Shareholding
NCP	47,390,317	10	473,903,170	100%

Source: the Company

On 25/04/1443H (corresponding to 30/11/2021G), NCP transferred all its Shares in the Company, totaling forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, to Gulf Flour Milling Industrial Company under a share purchase agreement entered into by and between NCP and Gulf Flour Milling Industrial Company executed on 03/12/1442H (corresponding to 13/07/2021G).

The Shareholders of Gulf Flour Milling Industrial Company established said company on 05/11/1442H (corresponding to 15/06/2021G) as a special-purpose entity with the aim of meeting one of the privatization requirements, where each qualified bidder pledges to establish a legal entity in the Kingdom to acquire Fourth Milling Company. Gulf Industrial Flour Milling Company acquired the Company for a purchase price of approximately SAR 912.4 million. This acquisition was financed using debt amounting to SAR 790.9 million, i.e. approximately 86.67% of the sum due as per SAIBOR, in addition to the applicable margin, as well as under certain guarantees, which include, but are not limited to, the mortgage of all Shares of Gulf Industrial Flour Milling Company as a guarantee to cover the debt, and a cash sum amounting to SAR 121.5 million, i.e. 13.33% of the sum due.

The table below illustrates the Company's ownership structure after completion of the aforementioned transfer:

Table (4.7): The Company's ownership structure on 25/04/1443H (corresponding to 30/11/2021G):

Name	No. of Shares	Per Share Value (SAR)	Total Share Value (SAR)	Shareholding
Gulf Flour Milling Industrial Company	47,390,317	10	473,903,170	100%

Source: the Company

On 14/06/1445H (corresponding to 27/12/2023G), the General Assembly approved the increase of the Company's capital from four hundred and seventy-three million, nine hundred and three thousand and one hundred and seventy Saudi Riyals (SAR 473,903,170) divided into forty-seven million, three hundred and ninety thousand, three hundred and seventeen (47,390,317) Ordinary Shares with a fully paid-up par value of ten Saudi Riyals (SAR 10) per share, to five hundred and forty million Saudi Riyals (SAR 540,000,000) divided into five hundred and forty million (540,000,000) cash Ordinary Shares, with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, through the transfer of sixty-six million and ninety-six thousand eight hundred and thirty Saudi Riyals (SAR 66,096,830) from the statutory reserve and retained earnings to the "**capital**" account. The amended bylaws issued by the Ministry of Commerce were approved on 27/06/1445H (corresponding to 09/01/2024G)

The table below illustrates the Company's ownership structure after the aforementioned capital increase:

Table (4.8): The Company's ownership structure on 27/06/1445H (corresponding to 09/01/2024G):

Name	No. of Shares	Per Share Value (SAR)	Total Share Value (SAR)	Shareholding
Gulf Flour Milling Industrial Company	540,000,000	1	540,000,000	100%

Source: the Company

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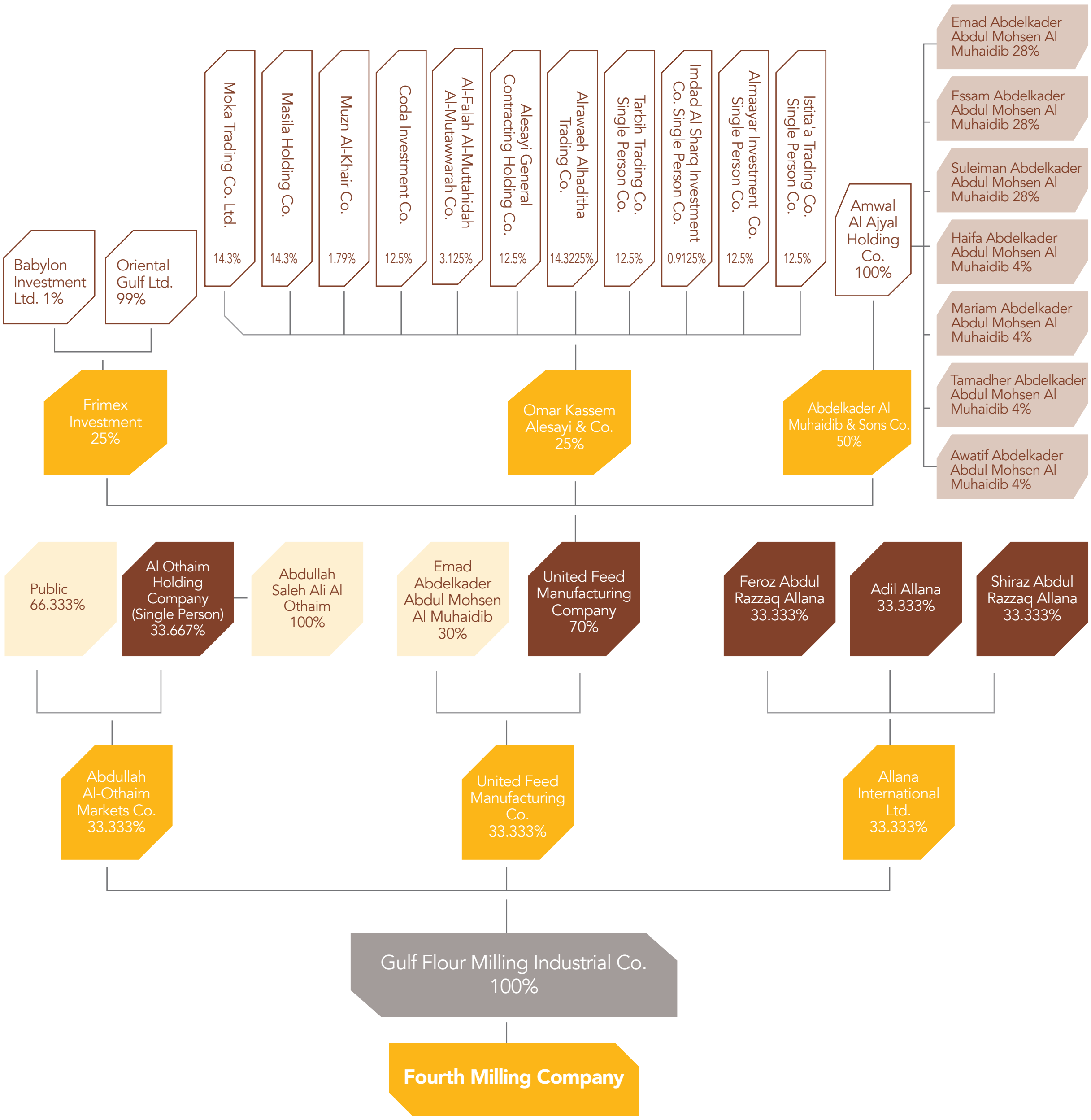
4.7 Overview of the Shareholders

The following chart sets out the Company's ownership structure:



4.7.1 The Company's Direct Ownership Structure Pre- and Post-Offering

Table (4.9): The Company's Direct Ownership Structure Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership	No. of Shares	Nominal Value (SAR)	Direct Ownership
Gulf Flour Milling Industrial Company	540,000,000	540,000,000	100%	378,000,000	378,000,000	70%
Public	-	-	-	162,000,000	162,000,000	30%
Total	**540,000,000**	**540,000,000**	**100%**	**540,000,000**	**540,000,000**	**100%**

Source: the Company

4.7.2 Gulf Flour Milling Industrial Company

Gulf Flour Milling Industrial Company is a limited liability company with a capital of one hundred and fifty thousand million Saudi Riyals (SAR 150,000,000) divided into one hundred and fifty thousand (150,000) Shares, with a nominal value of one thousand (SAR 1,000) Saudi Riyals per share, registered in the Commercial Register of Jeddah under No. 1010722220 and dated 05/11/1442H (corresponding to 15/06/2021G).

The main activities of Gulf Flour Milling Industrial Company include activities related to the packaging and milling of wheat, corn and barley, the manufacture of concentrated animal feed, warehousing in grain, flour and agricultural product silos.

The table below illustrates the ownership structure of Gulf Flour Milling Industrial Company as at the date of this Prospectus:

Table (4.10): Gulf Flour Milling Industrial Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Allana International Company	33.333%	50,000
Abdullah AlOthaim Markets Company	33.333%	50,000
United Feed Manufacturing Company	33.333%	50,000
Total	**100%**	**150,000**

Source: the Company

From the beginning of FY2024G, the Shareholders in Gulf Flour Milling Industrial Company agreed that Gulf Flour Milling Industrial Company will bear any income tax imposed and paid by the Issuer on the profit share of non-GCC foreign Shareholders. For more information on the amounts required to pay the tax assessed on the dividend share of non-Saudi and similar Shareholders, please refer to Section 12.13.41 ("**Distribution of Dividends**").

4.7.2.1 Allana International Company

Allana International Company is a company duly registered under the laws of the Isle of Man, with a share capital of one hundred and fifty British pounds (GBP 150) divided into one hundred and fifty thousand (150) Shares, with a nominal value of one British pound (GBP 1) per share, registered in the Commercial Register under No. C 033674, dated 02/04/1987G.

Allana International Company's main activities include manufacturing and supplying foodstuffs.

The table below illustrates the ownership structure of Allana International Company as at the date of this Prospectus:

Table (4.11): Allana International Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Shiraz Abdul Razzaq Allana (Nationality: United Arab Emirates)	33.333%	50,000
Feroz Abdul Razzaq Allana (Nationality: India)	33.333%	50,000
Adil Allana (Nationality: India)	33.333%	50,000
Total	**100%**	**150,000**

Source: the Company

4.7.2.2 Abdullah AlOthaim Markets Company

Abdullah AlOthaim Markets Company is a public joint stock company with a capital of nine hundred million Saudi Riyals (SAR 900,000,000) divided into nine hundred million (900,000,000) Shares, with a nominal value of one Saudi Riyal (SAR 1) per share, and is registered in the Commercial Register of Riyadh under No. 1010031185 dated 07/07/1400H (corresponding to 21/05/1980G).

The main activities of Abdullah AlOthaim Markets Company include retail and wholesale trading of foodstuffs.

The table below illustrates the ownership structure of Abdullah AlOthaim Markets Company as at the date of this Prospectus:

Table (4.12): Abdullah AlOthaim Markets Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Al Othaim Holding Company (Single Person Co.)	33.667%	303,003,000
Public	66.333%	596,997,000
Total	**100%**	**900,000,000**

Source: the Company

4.7.2.2.1 Al Othaim Holding Company (Single Person Co.)

Al Othaim Holding Company is a single person limited liability company with a capital of one billion Saudi Riyals (SAR 1,000,000,000) divided into ten million (10,000,000) Shares of equal value, with a nominal value of one hundred Saudi Riyals (SAR 100) per share, registered in the Commercial Register of Riyadh under No. 1010211748 dated 05/07/1426H (corresponding to 10/08/2005G).

The main activities of Al Othaim Holding Company include managing its subsidiaries, participating in the management of other companies and providing the necessary support to them, owning the real estate necessary to carry out its activities, and owning, exploiting and leasing industrial property rights such as patents, trademarks, industrial and franchise rights and other moral rights to its subsidiaries and others.

The table below illustrates the ownership structure of Al Othaim Holding Company as at the date of this Prospectus:

Table (4.13): Al Othaim Holding Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Abdullah Saleh Ali Al Othaim	100%	10,000,000
Total	**100%**	**10,000,000**

Source: the Company

4.7.2.3 United Feed Manufacturing Company

United Feed Manufacturing Company is a limited liability company with a capital of one hundred and twenty million Saudi Riyals (SAR 120,000,000) divided into one hundred and twenty million (120,000,000) Shares of equal value, with a par value of one Saudi Riyal (SAR 1) per share, registered in the Commercial Register of Jeddah under No. 4030247604 dated 11/07/1434H (corresponding to 21/05/2013G).

The main activities of United Feed Manufacturing Company include agriculture, forestry, fishing, manufacturing, wholesale and retail trade.

The table below illustrates the ownership structure of United Feed Manufacturing Company as at the date of this Prospectus:

Table (4.14): United Feed Manufacturing Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
United Feed Company	70%	84,000,000
Emad Abdelkader Abdul Mohsen Al Muhaidib	30%	36,000,000
Total	**100%**	**120,000,000**

Source: the Company

4.7.2.3.1 United Feed Company

United Feed Company Limited is a limited liability company with a capital of three hundred million Saudi Riyals (SAR 300,000,000) divided into three hundred thousand (300,000) Shares of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030052673 dated 23/05/1406H (corresponding to 02/02/1986G).

The main activities of United Feed Company Limited include the manufacture of grain mill products, manufacture of prepared animal feeds, tanning and conditioning of leather, conditioning and dyeing of fur, wholesale trade of agricultural raw materials and live animals, wholesale of food, beverages and tobacco, other types of retail sales in non-specialized stores, and warehousing.

The table below illustrates the ownership structure of United Feed Company Limited as at the date of this Prospectus:

Table (4.15): United Feed Company Limited's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Abdul Kadir Al-Muhaidib & Sons Company	50%	150,000
Omar Kassem Alesayi & Co.	25%	75,000
Frimex Investment	25%	75,000
Total	**100%**	**300,000**

Source: the Company

4.7.2.3.1.1 Abdul Kadir Al-Muhaidib & Sons Company

Abdul Kadir Al-Muhaidib & Sons Company is a closed joint stock company with a capital of one billion Saudi Riyals (SAR 1,000,000,000) divided into one hundred million (100,000,000) Shares of equal value, with a par value of ten Saudi Riyals (SAR 10) per share, registered in the Commercial Register of Dammam under No. 2050009333 dated 16/09/1400H (corresponding to 28/08/1980G).

The main activities of Abdul Kadir Al-Muhaidib & Sons Closed Joint Stock Company include wholesale and retail trade in foodstuffs, wooden and metal furniture, and communication.

The table below illustrates the ownership structure of Abdul Kadir Al-Muhaidib & Sons Company as at the date of this Prospectus:

Table (4.16): Abdul Kadir Al-Muhaidib & Sons Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Amwal Al Ajyal Holding Co.	100%	100,000,000
Total	**100%**	**100,000,000**

Source: the Company

4.7.2.3.1.1.1 Amwal Al Ajyal Holding Co.

Amwal Al Ajyal Holding Co. is a limited liability company with a capital of five million Saudi Riyals (SAR 5,000,000) divided into five hundred thousand (500,000) Shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share, registered in the Commercial Registry of Dammam under No. 2050063825 dated 20/02/1430H (corresponding to 15/02/2009G).

The main activities of Amwal Al Ajyal Holding Co. include managing the subsidiaries of holding companies, investing the funds of the subsidiaries of holding companies, owning real estate and movables for the holding companies, and providing loans, guarantees and financing for the subsidiaries of the holding companies.

The table below illustrates the ownership structure of Amwal Al Ajyal Holding Co. as at the date of this Prospectus:

Table (4.17): Amwal Al Ajyal Holding Co.'s ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Tamadher Abdelkader Abdul Mohsen Al Muhaidib	4%	20,000
Suleiman Abdelkader Abdul Mohsen Al Muhaidib	28%	140,000
Essam Abdelkader Abdul Mohsen Al Muhaidib	28%	140,000
Emad Abdelkader Abdul Mohsen Al Muhaidib	28%	140,000
Awatif Abdelkader Abdul Mohsen Al Muhaidib	4%	20,000
Mariam Abdelkader Abdul Mohsen Al Muhaidib	4%	20,000
Haifa Abdelkader Abdul Mohsen Al Muhaidib	4%	20,000
Total	**100%**	**500,000**

Source: the Company

4.7.2.3.1.2 Omar Kassem Alesayi & Co.

Omar Kassem Alesayi & Co. is a closed joint stock company with a capital of eight million Saudi Riyals (SAR 8,000,000) divided into eighty thousand (80,000) Shares of equal value, with a par value of one hundred Saudi Riyals (SAR 100) per share, registered in the Commercial Register of Jeddah under No. 4030022907 dated 25/03/1400H (corresponding to 11/02/1980G).

The main activities of Omar Kassem Alesayi & Co. include marketing and distribution of consumer goods.

The table below illustrates the ownership structure of Omar Kassem Alesayi & Co. as at the date of this Prospectus:

Table (4.18): Omar Kassem Alesayi & Co.'s ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Istita'a Trading Company Single Person Company	12.5%	10,000
Almaayar Investment Company Single Person Company	1.205%	964
Imdad Al Sharq Investment Company Single Person Company	0.9125%	730
Tarbih Trading Company Single Person Company	12.5%	10,000
Alrawaeh Alhaditha Trading Company	14.3225%	11,458
Alesayi General Contracting Holding Company	12.5%	10,000
Al-Falah Al-Muttahidah Al-Mutawwarah Company	3.125%	2,500
Coda Investment Company	12.5%	10,000
Muzn Al-Khair Company	1.79%	1,432
Masila Holding Company	14.3225%	11,458
Moka Trading Company Limited	14.3225%	11,458
Total	**100%**	**80,000**

Source: the Company

4.7.2.3.1.3 Istita'a Trading Company - Single Person Company

Istita'a Trading Company Single Person Company is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares, of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030449927 dated 13/06/1443H (corresponding to 16/01/2022G).

The main activities of Istita'a Trading Company include professional, scientific and technical activities.

The table below illustrates the ownership structure of Istita'a Trading Company as at the date of this Prospectus:

Table (4.19): Istita'a Trading Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Omar Abdullah Kassem Alesayi	100%	1,000
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.3.1 Almaayar Investment Company - Single Person Company

Almaayar Investment Company Single Person Company is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares, of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030449893 dated 13/06/1443H (corresponding to 16/01/2022G).

The main activities of Almaayar Investment Company include professional, scientific and technical activities.

The table below illustrates the ownership structure of Almaayar Investment Company as at the date of this Prospectus:

Table (4.20): Almaayar Investment Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Nadia Omar Kassem Alesayi	100%	1,000
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.3.2 Imdad Al Sharq Investment Company - Single Person Company

Imdad Al Sharq Investment Company Single Person Company is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares, of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030448575 dated 30/05/1443H (corresponding to 03/01/2022G).

The main activities of Imdad Al Sharq Investment Company include real estate activities, financial and insurance activities, professional, scientific and technical activities.

The table below illustrates the ownership structure of Imdad Al Sharq Investment Company as at the date of this Prospectus:

Table (4.21): Imdad Al Sharq Investment Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Mariam bint Omar bin Kassem Alesayi	100%	1,000
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.3.3 Tarbih Trading Company - Single Person Company

Tarbih Trading Company Single Person Company is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares, of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030449876 dated 13/06/1443H (corresponding to 16/01/2022G).

The main activities of Tarbih Trading Company include professional, scientific and technical activities.

The table below illustrates the ownership structure of Tarbih Trading Company as at the date of this Prospectus:

Table (4.22): Tarbih Trading Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Abdullah bin Abdullah bin Kassem Alesayi	100%	1,000
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.3.4 Alrawaeh Alhaditha Trading Company

Alrawaeh Alhaditha Trading Company is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030461373 dated 13/08/1443H (corresponding to 16/03/2022G).

The main activities of Alrawaeh Alhaditha Trading Company include financial activities, insurance activities, real estate activities, and professional, scientific and technical activities.

The table below illustrates the ownership structure of Alrawaeh Alhaditha Trading Company as at the date of this Prospectus:

Table (4.23): Alrawaeh Alhaditha Trading Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Abdulaziz Abdullah Omar Alesayi	5%	50
Mohamed Abdullah Omar Alesayi	5%	50
Abdullah Omar Kasem Alesayi	70%	700
Omar Abdullah Omar Alesayi	5%	50
Rida Abdullah Omar Alesayi	5%	50
Hatem Abdullah Omar Alesayi	5%	50
Ahmed Abdullah Omar Alesayi	5%	50
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.3.5 Alesayi General Contracting Holding Company

Alesayi General Contracting Holding Company is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030204262 dated 20/09/1431H (corresponding to 30/08/2010G).

The main activities of Alesayi General Contracting Holding Company include managing subsidiaries of holding companies, investing the funds of subsidiaries of holding companies, owning real estate and movables for holding companies, providing loans, guarantees and financing for holding subsidiaries, owning industrial property rights for holding subsidiaries, and leasing industrial property rights for holding subsidiaries.

The table below illustrates the ownership structure of Alesayi General Contracting Holding Company as at the date of this Prospectus:

Table (4.24): Alesayi General Contracting Holding Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Jawaher Aidros Hassan Alesayi	4%	40
Adel Aidros Hassan Alesayi	4%	40
Abdulaziz Aidros Hassan Alesayi	4%	40
Omar Aidros Hassan Alesayi	4%	40
Aidros Hassan Omar Alesayi	76%	760
Fatima Abdullah Kasem Alesayi	4%	40
Lina Aidros Hassan Alesayi	4%	40
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.3.6 Al-Falah Al-Muttahidah Al-Mutawwarah Company

Al Falah Al-Muttahidah Al-Mutawwarah Company is a limited liability company with a capital of one million five hundred thousand Saudi Riyals (SAR 1,500,000) divided into one thousand five hundred (1,500) Shares, of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030181764 dated 08/08/1429H (corresponding to 09/08/2008G).

The principal activities of Al Falah Al-Muttahidah Al-Mutawwarah Company include the activities of holding companies (i.e. units that acquire the assets of a controlling interest in the capital of a group of subsidiaries, and whose principal activity is the ownership of that group), cartels, funds and similar financial entities, other financial services activities other than insurance and pension funding, financial markets management, brokerage activities relating to securities and commodity contracts, other activities ancillary to financial services activities, and money management activities.

The table below illustrates the ownership structure of Al Falah Al-Muttahidah Al-Mutawwarah Company as at the date of this Prospectus:

Table (4.25): Al Falah Al-Muttahidah Al-Mutawwarah Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Abdullah Omar Kassem Alesayi	33.3333333%	500
Mohamed Omar Kassem Alesayi	33.3333333%	500
Saeed Omar Kassem Alesayi	33.3333333%	500
Total	**100%**	**1,500**

Source: the Company

4.7.2.3.1.3.7 Coda Investment Company

Coda Investment Company is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) Saudi Riyals divided into one thousand (1,000) Shares, of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030447043 dated 19/05/1443H (corresponding to 23/12/2021G).

Coda Investment's main activities include holding company activities, holding company activities (i.e. units that acquire the assets of owning a controlling share of the capital of a group of subsidiaries, and whose main activity is the ownership of that group), and fund management activities.

The table below illustrates the ownership structure of Coda Investment Company as at the date of this Prospectus:

Table (4.26): Coda Investment Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Ahmed Saleh Ahmed Alesayi	25%	250
Saleh Ahmed Omar Alesayi	50%	500
Omar Saleh Ahmed Alesayi	25%	250
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.3.8 Muzn Al-Khair Company

Muzn Al-Khair is a limited liability company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into ten thousand (10,000) Shares, of equal value, with a par value of one hundred Saudi Riyals (SAR 100) per share, registered in the Commercial Register of Jeddah under No. 4030450022 dated 14/06/1443H (corresponding to 17/01/2022G).

The main activities of Muzn Al-Khair include real estate activities in owned or leased properties, technical testing and analysis.

The table below illustrates the ownership structure of Muzn Al-Khair as at the date of this Prospectus:

Table (4.27): Muzn Al-Khair's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Waleed Badr Ali Alesayi	15%	1,500
Fatima Omar Kassem Alesayi	70%	7,000
Lamiya Badr bin Ali Alesayi	15%	1,500
Total	**100%**	**10,000**

Source: the Company

4.7.2.3.1.3.9 Masila Holding Company

Masila Holding Company is a closed joint stock company with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one hundred thousand (100,000) Shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share, registered in the Commercial Register of Jeddah under No. 4030207253 dated 15/01/1432H (corresponding to 21/12/2010G).

The main activities of Masila Holding Company include financial and insurance activities, managing its subsidiaries or participating in the management of other companies that contribute to providing the necessary support to it, investing its funds in Shares and other securities, owning real estate and movables necessary to carry out its activity, providing loans, guarantees and financing to its subsidiaries, owning industrial property rights from patents, trademarks, industrial and franchise rights and other moral rights and exploiting them and leasing them to its subsidiaries or others.

The table below illustrates the ownership structure of Masila Holding Company as at the date of this Prospectus:

Table (4.28): Masila Holding Company's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Iman Saeed Omar Alesayi	5%	5,000
Bandar Saeed Omar Alesayi	5%	5,000
Rawiya Abdullah Kassem Alesayi	5%	5,000
Rayan Saeed Omar Alesayi	5%	5,000
Saeed Omar Kassem Alesayi	70%	70,000
Abdulrahman Saeed Omar Alesayi	5%	5,000
Mohamed Saeed Omar Alesayi	5%	5,000
Total	**100%**	**100,000**

Source: the Company

4.7.2.3.1.3.10 Moka Trading Company Limited

Moka Trading Company Limited is a limited liability company with a share capital of five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) Shares of equal value, with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, registered in the Commercial Register of Jeddah under No. 4030210530 dated 22/04/1432H (corresponding to 27/03/2011G).

The main activities of Moka Trading Company Limited include the activities of holding companies (i.e. units that acquire the assets of owning a controlling share of the capital of a group of subsidiaries, and whose main activity is the ownership of that group).

The table below illustrates the ownership structure of Moka Trading Company Limited as at the date of this Prospectus:

Table (4.29): Moka Trading Company Limited's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Fatima Mohamed Omar Alesayi	5%	25
Mariam Abdullah Kassem Alesayi	5%	25
Mohamed Omar Kassem Alesayi	85%	425
Fahd Mohamed Omar Alesayi	5%	25
Total	**100%**	**500**

Source: the Company

4.7.2.3.1.4 Frimex Investment LLC

Frimex Investment LLC is a limited liability company with a capital of three hundred million United Arab Emirates Dirham (AED 300,000,000) divided into three hundred thousand (300,000) Shares of equal value, with a nominal value of one thousand United Arab Emirates Dirham (AED 1,000) per share, located in the United Arab Emirates under License No. 207887 issued by the Department of Economic Development in Dubai on 02/02/1984G.

The main activities of Frimex Investment LLC include investing in, establishing and managing commercial, industrial and agricultural projects.

The table below illustrates the ownership structure of Moka Trading LLC as at the date of this Prospectus:

Table (4.30): Frimex Investment LLC's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Oriental Gulf Ltd.	99%	297,000
Babylon Investment Ltd.	1%	3,000
Total	**100%**	**300,000**

Source: the Company

4.7.2.3.1.4.1 Oriental Gulf Ltd.

Oriental Gulf Limited is a limited liability company with a share capital of five million US Dollars (USD 5,000,000) divided into five million (5,000,000) Shares of equal value, with a par value of one US Dollar (USD 1) per share, domiciled in the Cayman Islands under License No. 351688 issued by the competent department of the Cayman Islands on 17/10/2018G.

Oriental Gulf Limited's principal activities include investment activities.

The table below illustrates the ownership structure of Oriental Gulf Limited as at the date of this Prospectus:

Table (4.31): Oriental Gulf Limited's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Capital House Investment Ltd.	100%	5,000,000
Total	**100%**	**5,000,000**

Source: the Company

4.7.2.3.1.4.1.1 Capital House Investment Ltd.

Capital House Investment Limited is a limited liability company with a share capital of four hundred and fifty million US Dollars (USD 450,000,000) divided into four hundred and fifty million (450,000,000) Shares, of equal value, with a par value of one US Dollar (USD 1) per share, incorporated in the Cayman Islands under License No. 11879 issued by the competent department of the Cayman Islands on 19/09/1983G. The substantial shareholder of Capital House Investment Limited, Abdul Jabbar Hail Saeed Saeed, holds 31,781,274 Shares representing 7.062% of the share capital of Capital House Investment Limited.

Capital House Investment Limited's principal activities include investment activities.

The table below illustrates the ownership structure of Capital House Investment Limited as at the date of this Prospectus:

Table (4.32): Capital House Investment Limited's ownership structure as at the date of this Prospectus*:

Shareholder Name	Shareholding	No. of Shares
Abdul Jabbar Hayel Saeed Saeed	7.062%	31,781,274
Abdel-Wassa Hayel Saeed Anam	3.829%	17,234,263
Abdullah Abdo Saeed Anam	4.021%	18,094,720
Muhammad Abu Saeed Anam	4.167%	18,753,624
Abdul Jalil Jazem Saeed	0.971%	4,373,567
Ahmed Ghazem Saeed Anam	2.258%	10,165,390
Kayed Qasim Saeed	1.873%	8,431,285
Ibrahim Hayel Saeed Anam	4.018%	18,082,280
Fouad Hayel Saeed Anam	4.384%	19,728,817
Rashid Hayel Saeed Anam	3.271%	14,721,251
Shawki Hayel Ahmed Saeed	4.325%	19,464,023
Khaled Hayel Ahmed Saeed	4.265%	19,193,767
Mounir Hayel Ahmed Saeed	4.575%	20,590,023
Salah Hayel Ahmed Saeed	4.567%	20,555,894
Waleed Ali Muhammad Saeed	3.889%	17,500,643
Hisham Ali Muhammad Saeed	2.817%	12,678,015
Nashwan Ali Muhammad Saeed	2.817%	12,678,015
Hani Ali Muhammad Saeed	2.313%	10,410,402
Wael Abdullah Abdo Saeed	1.878%	8,455,034
Fathi Abdel-Wassa Hayel Saeed	1.601%	7,206,138

Shareholder Name	Shareholding	No. of Shares
Tariq Abdel-Wassa Hayel Saeed	1.479%	6,659,343
Yasser Abdel-Wassa Hayel Saeed	0.781%	3,516,364
Muhammad Abdel-Wassa Hayel Saeed	0.857%	3,859,101
Jamal Abdel-Wassa Hayel Saeed	0.983%	4,423,726
Majid Abdel-Wassa Hayel Saeed	0.462%	2,080,833
Abdullah Abdel-Wassa Hayel Saeed	0.462%	2,080,833
Hayel Abdel-Wassa, Hayel Saeed	0.462%	2,080,833
Ahmed Abdel-Wassa Hayel Saeed	0.462%	2,080,833
Mutahar Saeed Abdo Saeed	1.445%	6,505,420
Fayez Saeed Abdo Saeed Anam	1.617%	7,279,284
Shehab Saeed Abdo Saeed	0.925%	4,164,756
Abdullah Abdul Jabbar Hayel Saeed	1.160%	5,223,296
Hani Abdul Jabbar Hayel Saeed	0.504%	2,268,903
Muhammad Abdul Jabbar Hayel Saeed	0.341%	1,535,882
Hayel Abdul Jabbar Hayel Saeed	0.341%	1,535,882
Rami Muhammad Abdo Saeed	0.863%	3,885,018
NAD Fund	3.436%	15,464,183
Sanad Fund	3.499%	15,745,502
Muhammad Abdul Jalil Jazem Saeed	0.258%	1,164,911
Abdullah Abdul Jalil Jazem Saeed	0.258%	1,164,911
Waleed Abdul Jalil Jazem Saeed	0.258%	1,164,911
Anaam Holding Limited	4.555%	20,501,415
Ibrahim Khaled Ahmed Hayel Saeed	0.310%	1,396,256
Omar Khaled Ahmed Hayel	0.310%	1,396,256
Ahmed Shawki Ahmed Hayel	0.310%	1,396,255
Muhammad Munir Ahmed Hayel	0.310%	1,396,255
Ibtisam Ali Muhammad Saeed	0.717%	3,228,748
Elham Ali Muhammad Saeed	0.717%	3,228,748
Samar Ali Muhammad Saeed	0.717%	3,228,748
Sahar Ali Muhammad Saeed	0.717%	3,228,748
Hala Ali Muhammad Saeed	0.717%	3,228,748
Muhammad Shawki Ahmed Hayel	0.250%	1,126,000
Jazem Fund	0.591%	2,660,673
Total	**100%**	**450,000,000**

Source: the Company

* The percentage of foreign ownership (represented by Shareholders from Yemen, the Cayman Islands, Malaysia, Indonesia and Jersey) in Capital House Investment Limited represents 100% of its capital.

4.7.2.3.1.4.1.2 Anaam Holding Limited

Anaam Holding Limited is a limited company, with a share capital of ten thousand US dollars ($10,000) divided into one thousand (1,000) Shares, of equal value, with a nominal value of ten US dollars ($10) per share, existing in the Cayman Islands and under license No. 273300 issued by the competent department in the Cayman Islands on 20/11/2012G.

The purposes for which Anaam Holding Limited is established are unrestricted and shall have full authority to carry out any purpose not prohibited by the laws of the Cayman Islands.

The following table shows the ownership structure of Anaam Holding Limited as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Wael Abdullah Abdo Saeed	8.5%	85
Abdel-Wassa Hayel Saeed Anam	8.5%	85
Abdul Jabbar Hayel Saeed Saeed	8.5%	85
Walid Ali Muhammad Saeed	8.5%	85
Mounir Ahmed Hayel Saeed	16.5%	165
Fouad Hayel Saeed Anaam	8.5%	85
Ibrahim Hayel Saeed Anam	16.5%	165
Muhammad Abdo Saeed Anam	16.5%	165
Rashid Hayel Saeed Anam	8%	80
Total	**100%**	**1,000**

Source: the Company

4.7.2.3.1.4.1.3 Babylon Investments Ltd.

Babylon Investments Limited is a limited liability company with a share capital of ten thousand US Dollars (USD 10,000) divided into ten thousand (10,000) Shares, of equal value, with a par value of one US Dollar (USD 1) per share, domiciled in the Cayman Islands under License No. 319830 issued by the competent department of the Cayman Islands on 15/02/2017G.

Babylon Investments Limited's principal activities include investment activities.

The table below illustrates the ownership structure of Babylon Investments Limited as at the date of this Prospectus:

Table (4.33): Babylon Investments Limited's ownership structure as at the date of this Prospectus:

Shareholder Name	Shareholding	No. of Shares
Capital House Investment	100%	10,000
Total	**100%**	**10,000**

Source: the Company

4.8 Overview of the Company's Main Activities

The Company is engaged in the production, packaging and selling of flour products, animal feed and wheat derivatives. In its operations, the Company relies on its three production facilities equipped with the latest technologies strategically located in Dammam (in the Eastern region of the Kingdom), Madinah (in the Madinah region), and Al-Kharj (in the Riyadh region), with an aggregate flour milling capacity of 3,150 tons per day and a feed plant capacity of 450 tons per day.

The Company generates its revenue from the sale of its products to its customers, which then either use or sell Company's products to indirect customers. Direct flour customers are primarily wholesalers and distributors, but also include, to a lesser extent, large bakeries, food manufacturers and key retail accounts. Indirect flour customers consist of bakeries, hotels, restaurants, cafes and retail customers. Sales of flour are also distinguished between customers purchasing flour from the Company in "regulated" packs of 45 kg and in bulk, and customers purchasing flour from the Company in "unregulated" packs between 1 kg and 10 kg.

The Company's primary flour brand is FOOM, a well-known leading premium flour brand and one of the oldest national brands, which benefits from significant brand equity and has the largest market share in the Kingdom of any local flour brand. In 2023G, the Company re-launched the "Miller" brand which is targeted towards the affordable market segment which the Company plans to sells through modern and traditional trade channels.

4.8.1 Key Performance Indicators

The following table sets forth the Company's key performance operating metrics for FY21G, FY22G and FY23G.

Table (4.34): The Company's Key Performance Indicators:

Key Performance Indicator	FY21G	FY22G	FY23G
Financial			
Flour			
Revenue (SAR millions)	232	352	356
Quantity sold (tons)	432,497	641,547	613,720
Average selling price (in Saudi Riyals per ton)	610	559	610
Animal feed			
Revenue (in millions of Saudi Riyals)	50	67	49
Quantities sold (tons)	60,734	63,960	49,107
Average selling price (SAR per ton)	816	1,044	1,013
Bran			
Revenue (in millions of SAR)	55	159	160
Quantities sold (tons)	86,568	170,582	176,608
Average selling price (in SAR per ton)	630	934	917
Wheat consumption			
Quantities consumed (tons)	556,401	844,786	818,332
Price of wheat consumed (SAR '000)	100.424	152,013	147,522
Average price of wheat consumed (SAR/ton)	180	180	180
Additional operational KPIs			
Number of production sites	3	3	3

Key Performance Indicator	FY21G	FY22G	FY23G
Number of production lines	7	7	7
Operational			
Wheat mill capacity (tons)	945,000	945,000	945,000
Flour mill operation (%)	59.2%	91.4%	88.2%
Feed mill capacity (tons)	135,000	135,000	135,000
Feed Mills Operation (%)	44.8%	48.9%	34.8%
Revenue Growth		71.9%	(2)%
EBITDA (SAR millions)	108	239	215
EBITDA margin	32.1%	41.4%	38%
Non-financial			
Production (in 000 tons)			
Flour	439	656	629
Animal Feed	60	66	47
Bran	125	218	211
Production growth		50.7%	(5.6)%
Sales volume (in 000 tons)			
Flour	432	641	614
Animal Feed	61	64	49
Bran	87	171	177
Total revenue per ton	**580**	**660**	**674**
Flour revenue per ton	537	549	580

Source: the Company

4.8.2 Products

4.8.2.1 Overview

The Company produces flour products, animal feed products and other wheat derivatives. The sales value of flour products accounted for 69%, 61%, and 63% of the Company's total revenue for FY21G, FY22G, and FY23G, respectively. Sales of bran amounted to 16%, 28% and 28% of the Company's total revenue for FY21G, FY22G, and FY23G, respectively. Feed sales constituted 15%, 12%, and 9% of the Company's total revenue for FY21G, FY22G, and FY23G, respectively.

Most of the Company's flour sales to customers are regulated by the GFSA, who must pre-approve every industrial or commercial customer to whom the Company sells flour in packs of 45 kg or above, as well as the price at which the flour can be sold to those customers. Potential new customers in this category must register with the GFSA and undergo an assessment process that includes site visits to the customer's facilities, assessments of the customer's production lines and capacity and assessments of the products in which the flour is to be used. The completed assessment is then submitted to GFSA for approval. In contrast, sales of flour in packs equal to or smaller than 10 kg are not regulated by GFSA, providing the Company with the flexibility to set prices in line with market demand and achieve larger profit margins.

4.8.2.2 Flour Products

The Company produces a range of flour types used for a variety of baking applications. Flour types are typically classified based on their extraction rate from wheat. Flour is extracted from whole wheat grains during the milling process, where the nutritious starchy tissue elements in wheat grains are separated from bran and wheat germ. The remaining quantity of wheat grains after the flour extraction process is referred to as the "**extraction rate.**" If the extraction rate is low, it means that a larger proportion of bran and wheat germ has been removed, resulting in a smoother and whiter flour. On the other hand, a higher extraction rate means that the flour contains more bran and wheat germ, making the flour coarser and closer to whole grains.

- The Company produces the following flour products:
- Premium flour (lowest extraction rate), distinguished by its white color due to the lower bran content, is used in confectionary and functional baking.
- Bakery flour, which contains a percentage of bran to increase the food and health value of the product, is used to make Arabic bread and other traditional and western baking products.

Whole wheat flour (highest extraction rate), used in making whole meal bread.

The Company sells the flour in the form of packs or in bulk, with the packs ranging in size from 1 kg to 45 kg.

The following table sets out the percentage of the Company's total flour sales represented by each of the above categories for the periods indicated.

Table (4.35): Breakdown of Sales by Type of Flour Product:

Product type	Percentage of Total Flour Sales		
	FY21G	FY22G	FY23G
Premium flour	17%	21%	26%
Bakery flour	73%	70%	63%
Whole wheat flour	10%	9%	11%

Source: the Company

4.8.2.2.1 Flour SKUs

The Company's strategic approach to product segmentation through varied Stock Keeping Units (SKUs) demonstrates its keen understanding of the diverse needs within its customer base. By offering its flour products under different SKUs, the Company effectively caters to a broad spectrum of market segments, from individual consumers to large-scale industrial customers.

For the retail and consumer market segment, the Company has introduced smaller SKU sizes such as 1 kg, 2 kg, and 10 kg, which are the fastest growing categories (expected to grow at a CAGR of 9.1% between 2023G and 2028G). These sizes are particularly appealing to individual consumers and small businesses, offering convenience and affordability. The smaller packaging sizes make it easier for customers to purchase flour in quantities that match their immediate needs, reducing waste and ensuring freshness. As the Kingdom continues its urbanization trend, modern retailing is expanding and disposable income is increasing, with 1-10 kg small packs of whole wheat flour projected to gains. By 2028G, these small packs are expected to have a 23.1% share of the market value. Moreover, by setting the prices for these consumer SKUs, the Company can actively manage its competitive positioning and marketing strategies in the retail market, adapting pricing to reflect market conditions, consumer demand, and competitive pressures.

Additionally, the smaller SKUs present an excellent opportunity for the Company to leverage its FOOM brand, capitalizing on consumer brand consciousness. Branding plays a significant role in the consumer market, where trust, quality perception, and brand loyalty influence purchasing decisions. By associating the FOOM brand with quality and reliability through its consumer SKUs, the Company can enhance its market presence and attract a loyal customer base.

On the other hand, the larger SKUs, including the 45 kg bags and bulk deliveries, are tailored towards meeting the demands of industrial customers, wholesalers and distributors. These SKUs are designed for entities that require flour in large quantities, such as bakeries, food manufacturers and hospitality businesses. The pricing for these larger SKUs is set by the GFSA.

The dual SKU strategy underscores the Company's adaptability and its commitment to serving the diverse needs of its customer base. By differentiating its product offerings and pricing mechanisms between consumer and industrial segments, the Company not only optimizes its market reach but also enhances its brand equity, particularly within the consumer market through the strategic use of the FOOM brand. This approach enables the Company to maintain a strong competitive position in Saudi Arabia's flour and food production industry, catering effectively to the evolving demands of both individual and commercial customers.

Sales of flour in packs equal to or smaller than 10 kg constituted 6%, 14% and 25% of the Company's total flour sales in FY21G, FY22G and FY23G, respectively, with the remainder in regulated sales of 45 kg packs or in bulk.

The following table sets out an overview of the Company's flour sales by SKU for the periods indicated.

Table (4.36): Flour Sales by SKU:

SKU	FY21G	FY22G	FY23G	CAGR
(SAR thousands)				
Consumer pack (1 kg and 2 kg)	10,898	33,412	55,739	126%
10 kg	2,909	8,787	22,754	180%
Bulk and 45 kg	218,415	310,007	277,804	13%
Total flour sales	232,222	352,206	356,298	24%

Source: the Company

4.8.2.2.2 Flour brands

Prior to its incorporation as a standalone entity when it was a GFSA affiliate, the Company produced flour products under the FOOM brand, and in 2022G as a standalone entity purchased the brand from the GFSA. FOOM is a well-known leading brand of premium flour and one of the oldest national brands, dating back 15 years. With a reputation for quality, FOOM has the largest market share in the Kingdom of any local flour brand, with a 25% flour market share by volume in 2023G, approximately double the market share of the brands of the other three milling companies in the Kingdom combined. The Company believes that the brand equity of FOOM provides it with a significant competitive advantage. FOOM products are sold in branded packs ranging in size from 1 kg to 45 kg.

In 2023G, the Company re-launched the "**Miller**" brand with the objective of targeting the competitive market segment. The brand will be sold through modern and traditional trade channels in the Kingdom mainly in 1 kg and 2 kg packs.

In addition to its current products, the Company is also working to develop other value-added and higher margin products adjacent to its current product range, such as fortified flour, functional flour, ready mixes and gluten-free flour, and to expand into additional product categories.

4.8.2.3 Animal Feed Products

The Company uses the byproducts of the flour milling process, together with other materials such as corn and soy, to produce a range of animal feed products. These include livestock cattle feed (including horse feed and camel feed) and bird feed. These animal feed products are offered in large packs of 50 kg and are typically sold to feed producers, feed traders and cooperatives dealing with animal breeders across the Kingdom, with special focus on the central and eastern regions.

4.8.2.4 Wheat Derivative Products

The Company also produces other wheat derivative products from the byproducts of the milling process, composed mainly of bran for animals but also including fine bran for human consumption, harees and wheat germ. These products are offered in bulk or in large 40 kg packages and are typically sold to feed producers, feed traders and cooperatives dealing with animal breeders.

4.8.3 Operations and Production

4.8.3.1 Suppliers

4.8.3.1.1 Overview of the Company's Suppliers

The primary raw material used in the production of the Company's products is wheat, which the Company purchases from the GFSA at subsidized prices under the terms of its Wheat Supply Agreement. GFSA purchases the wheat from local farmers in the Kingdom according to a set price, and imports additional wheat from international suppliers in order to meet demand. GFSA is responsible for delivering the wheat directly to the Company's mills at the times and quantities required. Wheat purchases from the GFSA comprised 80.6%, 80.8% and 69.6%% of the Company's total raw material costs for FY2021G, FY2022G and FY2023G, respectively.

The Company sources other raw materials from local and international sources, including yellow corn, which is used in the production of animal feed and comprised 7.1%, 5.9% and 4.4% of the Company's total raw material costs for FY21G, FY22G and FY23G, respectively. Other materials used in animal feed production, such as soybeans, vegetable/palm oil and vitamins, are sourced locally within the Kingdom.

The Company sources primary packaging materials such as bags made of food grade plastic and standup pouches primarily from suppliers in the Kingdom.

The Company maintains a certain amount of reserve stock of raw materials at its facilities to cover production requirements for a specified period. The quantity of such backup stock varies among the raw materials according to forecasts and actual consumption. In addition, the Company is not required to maintain large reserves of wheat in its facilities, since GFSA regulates and manages the available wheat stocks, and therefore the Company has access to additional quantities from the GFSA when needed.

The following table sets out the Company's 10 Key Suppliers according to their contribution to purchases during the financial years ending 31 December 2021G, 2022G and 2023G.

Table (4.37): Company's 10 Key Suppliers during FY23G:

No.	Supplier	Products Supplied	Amount	Procurement as a percentage of total purchases	Relationship
		Transactions with the Company's Key Suppliers during FY2021G			
1	GFSA	Wheat	216,304,920	80.6%	Contractual (Long-term)
2	Supplier B	Safety Equipment	7,331,332	2.7%	Non-Contractual (Purchase Orders)
3	Supplier C	Spare Parts / Machinery	6,804,864	2.5%	Non-Contractual (Purchase Orders)
4	Supplier D	Yellow corn / raw materials	5,949,863	2.2%	Non-Contractual (Purchase Orders)
5	Supplier E	Bags / Raw Materials	5,543,764	2.1%	Non-Contractual (Purchase Orders)
6	Supplier F	Insurance	5,412,919	2.0%	Contractual (Short-Term)
7	Supplier G	Projects / Spare Parts	3,579,681	1.3%	Non-Contractual (Purchase Orders)
8	Supplier H	Spare Parts / Machinery	2,985,949	1.1%	Non-Contractual (Purchase Orders)
9	Supplier I	Yellow corn / Raw Materials	2,959,171	1.1%	Non-Contractual (Purchase Orders)
10	Supplier J	Raw Materials	2,426,600	0.9%	Non-Contractual (Purchase Orders)
	Total		**259,299,063**		

No.	Supplier	Products Supplied	Amount	Procurement as a percentage of total purchases	Relationship
Transactions with the Company's Key Suppliers during FY2022G					
1	GFSA	Wheat	262,819,191	80.8%	Contractual (Long-term)
2	Supplier B	Bags / Raw Materials	9,324,776	2.9%	Non-Contractual (Purchase Orders)
3	Supplier C	Safety Equipment	7,770,872	2.4%	Non-Contractual (Purchase Orders)
4	Supplier D	Yellow corn / Raw Materials	7,078,510	2.2%	Non-Contractual (Purchase Orders)
5	Supplier E	Bags / Raw Materials	6,508,234	2.0%	Non-Contractual (Purchase Orders)
6	Supplier F	Insurance	4,521,497	1.4%	Contractual (Short-Term)
7	Supplier G	Transportation Services	3,700,042	1.1%	Contractual (Short-Term)
8	Supplier H	Bags / Raw Materials	3,512,109	1.1%	Non-Contractual (Purchase Orders)
9	Supplier I	Yellow corn / Raw Materials	3,249,984	1.0%	Non-Contractual (Purchase Orders)
10	Supplier J	Spare Parts	3,241,339	1.0%	Non-Contractual (Purchase Orders)
	Total		**311,726,553**		
Transactions with the Company's Key Suppliers during FY2023G					
1	GFSA	Wheat	154,008,868	69.6%	Contractual (Long-term)
2	Supplier B	Bags / Raw Materials	9,972,886	4.5%	Non-Contractual (Purchase Orders)
3	Supplier C	Yellow corn / Raw Materials	5,310,449	2.4%	Non-Contractual (Purchase Orders)
4	Supplier D	Yellow corn / Raw Materials	4,421,708	2.0%	Non-Contractual (Purchase Orders)
5	Supplier E	Insurance	4,105,714	1.9%	Contractual (Short-Term)
6	Supplier F	Bags / Raw Materials	3,921,210	1.8%	Non-Contractual (Purchase Orders)
7	Supplier G	Transportation Services	3,266,420	1.5%	Contractual (Short-Term)
8	Supplier H	Transportation Services	2,248,978	1.0%	Non-Contractual (Purchase Orders)
9	Supplier I	Polycarbonate sheet rolls / Raw Materials	2,241,169	1.0%	Non-Contractual (Purchase Orders)
10	Supplier J	Manpower Supply	2,166,552	1.0%	Non-Contractual (Purchase Orders)
	Total		**191,674,953**		

4.8.3.1.2 Standard supply terms

Wheat is supplied by the GFSA in accordance with a long term Wheat Supply Agreement under which the GFSA commits to supply wheat for a period of 25 years, subject to amendment in line with governmental and regulatory reforms. The purchase price of the wheat from the GFSA is pegged to the price of the resulting flour sold to customers, resulting in a specified profit margin for the Company on those products and effectively providing a subsidy on the wheat purchase price compared to the open market price of wheat. The Company acquires feed grains and flour additives at market prices, approaching suppliers on a regular basis with the goal of maintaining a safety stock of raw materials, although it maintains the flexibility to purchase more if market conditions are favorable.

For more information on the terms of supply contracts with Key Suppliers, please see Section 12.5.1 ("**Material Supply Contracts with Key Suppliers**").

4.8.3.2 Production

4.8.3.2.1 Overview

The production of flour is a multi-stage process which starts with the transfer of wheat grains to large silos, where scaling, sieving, magnet and moisture control occur. Following this process, the different varieties of wheat are tested and often blended to improve flour quality. During the pre-cleaning step, all non-wheat related items, as well as light dust and chaff, are removed with various aspiration equipment and scourers. Larger items (stones, stalks, seeds) are removed with state-of-the-art color sorters and separators. Once the wheat has been cleaned water is added to enable control over the wheat in allowing the opening of each kernel in order to remove the endosperm and make the different types of flour.

The wheat is processed at the first break roll where wheat is broken open, releasing semolina (granular sizes of endosperm). The wheat particles are then moved to large sifters for sorting into various sizes, either as flour to be removed immediately or sent to the next passage for further processing. The remaining wheat particles may either go through a purifier using the principles of specific size and surface area, or bypass the purifier and continue directly to further refinement on the rollers. Throughout this process and at each stage flour is taken and added to the flour collecting conveyors and sorted into different flour bins. Once the products have reached the relevant bins, the products are packed after being subject to any further refinement or blend optimization. Throughout this process hundreds of samples are taken (automatically and manually) to monitor, e.g., gluten, protein, moisture, granulation, and other tests in order to ensure that the flour is at the highest quality and standard.

The Company utilizes secondary products resulting from the flour milling process, including wheat bran, along with other materials such as corn, soybean meal, and alfalfa, to produce a range of animal feed products. The feed production process involves grinding and processing feed components through automated mobile platforms. The Company produces both ground and cubed feeds. Initially, raw materials are weighed using highly accurate machines, and samples are taken from each to examine the quality thereof, monitoring levels of protein, minerals, fibers, moisture, and other chemical, physical, as well as biological tests. Subsequently, grinding and production processes take place using high-tech specialized devices. The feed grinding step is crucial in creating a uniform mixture that facilitates easy digestion for animals. A portion of the ground feed is allocated as a final product, while the remaining ground feed moves to the next stage, which is the pelleting phase, which is used to produce cubed feeds, where the ground feeds undergo steam cooking and are shaped through specialized devices in various sizes to suit different types of livestock or poultry. Finally, the cubed feeds are cooled, stored in designated silos, and then packaged in bags or containers, sold based on their weights and sizes. Additionally, the quality of the feeds is examined at each stage of the production process.

The Company also produces wheat bran prepared for animal consumption, which is among the secondary products resulting from the milling process. It is sold to the Company's customers after being packaged in bags according to weight and size. Additionally, it is bulk-packaged in customer-affiliated transport trucks designated for this purpose.

4.8.3.2.2 Production Facilities

The Company has three production facilities in operation, located in Dammam, Madinah and Al-Kharj, Saudi Arabia. The following tables provide an overview of the Company's mills as at the financial years ending 31 December 2021G, 2022G, and 2023G:

Table (4.38): Overview of the Company's Production Facilities (as at 31 December 2021G):

	Dammam Facility	Al-Kharj Facility	Madinah Facility	Total
Year established	1977G	1989G	2008G	-
Daily flour production capacity (tons)	1,350	600	1,200	3,150
Annual wheat milling capacity (tons) (on the basis of 300 operating days)	405,000	180,000	360,000	945,000
Daily feed production capacity (tons)	135,000	-	-	135,000
Silo capacity (tons)	80,000	10,000	66,000	156,000
FY23G wheat milled - pure flour (tons)	239,140	146,634	173,835	559,609
FY23G milling production efficiency	59%	81%	48%	59%

	Dammam Facility	Al-Kharj Facility	Madinah Facility	Total
FY23G annual production - flour (tons)	189,052	111,151	138,571	438,774
FY23G annual production - animal feed (tons)	60,499	-	-	60,499
FY23G annual production - bran (tons)	51,443	38,419	34,881	124,743
% of total FY23G revenue	44%	29%	27%	100%

Source: the Company

Table (4.39): Overview of the Company's Production Facilities (as at 31 December 2022G):

	Dammam Facility	Al-Kharj Facility	Madinah Facility	Total
Year established	1977G	1989G	2008G	-
Daily flour production capacity (tons)	1,350	600	1,200	3,150
Annual wheat milling capacity (tons) (on the basis of 300 operating days)	405,000	180,000	360,000	945,000
Daily feed production capacity (tons)	135,000	-	-	135,000
Silo capacity (tons)	80,000	10,000	66,000	156,000
FY23G wheat milled - pure flour (tons)	344,239	185,392	334,306	863,991
FY23G milling production efficiency	85%	103%	93%	91%
FY23G annual production - flour (tons)	262,001	142,043	252,285	656,329
FY23G annual production - animal feed (tons)	65,987	-	-	65,987
FY23G annual production - bran (tons)	83,214	51,039	83,868	218,120
% of total FY23G revenue	42%	27%	31%	100%

Source: the Company

Table (4.40): Overview of the Company's Production Facilities (as at 31 December 2023G):

	Dammam Facility	Al-Kharj Facility	Madinah Facility	Total
Year established	1977G	1989G	2008G	-
Daily flour production capacity (tons)	1,350	600	1,200	3,150
Annual wheat milling capacity (tons) (on the basis of 300 operating days)	405,000	180,000	360,000	945,000
Daily feed production capacity (tons)	450	-	-	450
Silo capacity (tons)	80,000	10,000	66,000	156,000
FY23G wheat milled - pure flour (tons)	375,578	182,400	275,634	833,792
FY23G milling production efficiency	93%	101%	77%	88%
FY23G annual production - flour (tons)	282,410	136,092	210,867	629,369
FY23G annual production - animal feed (tons)	46,951	-	-	46,951
FY23G annual production - bran (tons)	94,682	50,011	66,349	211,042
% of total FY23G revenue	44%	24%	32%	100%

Source: the Company

The Company relies on the best globally available milling equipment from top international suppliers such as Bühler in Switzerland and OCRIM in Italy. The Company's facilities are regulated by GFSA and SFDA, which inspect and approve the facilities on a regular basis, and whose approval is required for any increase or decrease in the facilities' production capacities.

4.8.3.2.2.1 Dammam Facility

The Company's oldest and largest production facility is located in Dammam. This facility commenced its commercial operations in 1977G, and is capable of producing all flour products in the Company's range. The Dammam facility is strategically located in the Eastern region of the Kingdom and primarily serves markets in that region.

The Dammam facility has three flour milling lines with a combined daily production capacity of 1,350 tons. Milled wheat is stored in the facility's silos, which have a combined storage capacity of 80,000 tons.

The Company also has obtained a secondary license from the GFSA permitting the Company to expand the capacity of the Dammam facility by December 2028G. The Dammam facility also has one animal feed production line with a daily production capacity of 450 tons.

The Dammam facility complies with regulatory norms, including SFDA, GFSA and has received Quality System Management (ISO) certifications.

The following table provides an overview of production performance at the Dammam Facility:

Table (4.41): Production Performance of the Dammam Facility:

	FY21G	FY22G	FY23G
Annual wheat milling capacity (tons)	405,000	405,000	405,000
Wheat milled (tons)	239,140	344,293	375,758
Milling production efficiency (%)	59%	85%	93%

Source: the Company

4.8.3.2.2.2 Al-Kharj Facility

The Al-Kharj facility commenced its commercial operations in 1989G, when it was originally established as storage silos and later converted into an integrated flour production facility in 2016G. The Al-Kharj facility is capable of producing all flour products in the Company's range. The Al-Kharj facility primarily serves markets in that region in the Riyadh and Central regions of the Kingdom.

The Al-Kharj facility has a single flour milling line with a daily production capacity of 600 tons. Milled wheat is stored in the facility's silos, which have a total approximate storage capacity of 10,000 tons. The Al-Kharj facility also has storage capacity of 10,000 tons. The Company also has obtained a secondary license from the GFSA permitting the Company to expand the capacity of the Al-Kharj facility by December 2028G.

The Al-Kharj facility complies with regulatory norms, including SFDA, GFSA and has received Quality System Management (ISO) certifications.

The following table provides an overview of production performance at the Al-Kharj Facility:

Table (4.42): Production Performance of the Al-Kharj Facility:

	FY21G	FY22G	FY23G
Annual wheat milling capacity (tons)	180,000	180,000	180,000
Wheat milled (tons)	146,634	185,392	182,400
Milling production efficiency (%)	81%	103%	101%

Source: the Company

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4.8.3.2.2.3 Madinah Facility

The Madinah facility is the newest of the Company's production facilities, commencing its commercial operations in 2008G, and is capable of producing all flour products in the Company's range. The Madinah facility is located in the Madinah region of the Kingdom and primarily serves markets in the Western, Northern and Central regions.

The Madinah facility has two flour milling lines with a combined daily production capacity of 1,200 tons. Milled wheat is stored in the facility's silos, which have a combined storage capacity of 66,000 tons. The Company also has obtained a secondary license from the GFSA permitting the Company to expand the capacity of the Madinah facility by December 2028G.

The Madinah facility complies with regulatory norms, including SFDA, GFSA and has received Quality System Management (ISO) certifications.

The following table provides an overview of production performance at the Madinah Facility:

Table (4.43): Production Performance of the Madinah Facility:

	FY21G	FY22G	FY23G
Annual wheat milling capacity (tons)	360,000	360,000	360,000
Wheat milled (tons)	173,835	334,306	275,634
Milling production efficiency (%)	48%	93%	77%

Source: the Company

4.8.3.2.3 Production Efficiency Program

The Company launched a comprehensive Production Enhancement Program aimed at achieving optimal efficiency and operational excellence. Central to this initiative is a strategic focus on sustainable improvement, automation, and the integration of industry best practices to drive cost reductions and elevate operational standards across all sectors of the company. Key elements of the program include:

- Strategic Program for Sustainable Enhancement: Focused on achieving both immediate and long-term improvements in operational efficiency.
- Systematic Process Refinement: Employing a methodical approach to optimize operational processes for comprehensive enhancements.
- Integration of Industry Best Practices: Incorporating proven methodologies to improve efficiency and effectiveness.
- Cost Reduction Across Sectors: Targeting financial efficiency to achieve tangible cost savings in all areas of operation.
- Elevation of Operational Excellence: Committing to superior performance and higher standards in every aspect of operations.
- Continuous Improvement Framework: Emphasizing that operational excellence is an ongoing pursuit, not a final destination.
- Comprehensive Impact Assessment: Evaluating the effectiveness of implemented measures to ensure alignment with overarching objectives.
- Adaptation to Dynamic Business Environment: Designing the program to be flexible, allowing for iterative improvements in response to changing operational demands.
- Strategic Vision for Excellence: Highlighting the company's ambition to be a model of operational excellence in its industry.
- Attraction and Retention of the Best Talents: Focusing on human resource development to foster a high-performance culture that aligns employee efforts with company goals.

Through this holistic and adaptive program, the Company aims not only for short-term efficiency, cost benefits and build a culture of continuous excellence across all areas of its operations. Through these efforts, the projected milling capacity is expected to increase by 8% (from 3,150 tons per day to 3,400 tons per day).

4.8.4 Sales and Distribution

4.8.4.1 Sales channels

The Company classifies its flour customer portfolio into three sales channels:

- **Industrial:** Customers in this sales channel are businesses that use flour in their operations, and include large businesses, such as industrial manufacturers and large commercial bakeries, and smaller businesses such as restaurants and hospitality businesses and smaller bakeries. The Company has acquired eight new industrial customers since its privatization, which contributed 13% of revenue in FY23G.
- **Wholesale:** Customers in this sales channel are distributors and wholesalers who purchase the Company's products and on-sell them to other customers, and include flour traders and large and small wholesalers. As at the date of this Prospectus, this sales channel has historically contributed to the largest portion of the Company's sales. The Company has over 140 unique customers in its wholesale channel as at the end of 2023G.
- **Modern trade:** This sales channel is focused on customers such as supermarkets and other large retail sales outlets. The modern trade channel provides the Company access to retail consumers. Sales through the modern trade channel increased to 7% of revenue in FY23G. The Company's growth in modern trade is a key driver for growing sales in the consumer SKUs (i.e. 1 kg, 2 kg and 10 kg) where the Company is able to command a price premium.

The following table sets out the breakdown of sales by customer sales channel for the periods indicated.

Table (4.44): Breakdown of Flour Sales by Customer Sales Channel:

Sales Channel	Percentage of Total Sales		
	FY21G	FY22G	FY23G
Industrial	10%	14%	13%
Wholesale	90%	83%	80%
Modern trade	-	3%	7%

Source: the Company

The Company sells animal feed to feed distributors. Bran is sold through wholesalers and feed manufacturers.

4.8.4.2 Overview of the Company's Customers

The Company's top 10 customers contributed 40%, 42% and 55% of the Company's total revenues for FY21G, FY22G and FY23G, respectively.

The following table below shows the Company's top 10 customers based on revenue contribution for FY21G, FY22G and FY23G:

Table (4.45): Top 10 Customers of the Company for FY21G, FY22G and FY23G:

No.	Customer	Products Sold	Value (SAR)	% of total sales	Relationship
Transactions with Key Customers in FY2021G					
1	Customer 1	Flour	27,131,086	8.07%	Non-Contractual / (Purchase Orders)
2	Customer 2	Flour	23,155,001	6.89%	Non-Contractual / (Purchase Orders)
3	Customer 3	Flour	20,451,207	6.08%	Non-Contractual / (Purchase Orders)
4	Customer 4	Flour, bran	19,642,537	5.84%	Non-Contractual / (Purchase Orders)
5	Customer 5	Flour	10,588,732	3.15%	Non-Contractual / (Purchase Orders)
6	Customer 6	Flour	10,517,210	3.13%	Non-Contractual / (Purchase Orders)
7	Customer 7	Flour	8,808,972	2.62%	Non-Contractual / (Purchase Orders)
8	Customer 8	Flour	6,869,948	2.04%	Non-Contractual / (Purchase Orders)

No.	Customer	Products Sold	Value (SAR)	% of total sales	Relationship
9	Customer 9	Bran	6,227,890	1.85%	Non-Contractual / (Purchase Orders)
10	Customer 10	Flour	5,761,750	1.71%	Non-Contractual / (Purchase Orders)
	Total		**139,154,333**		
	Total Sales in 2021G		**336,297,891**	**41.38%**	
Transactions with Key Customers in FY2022G					
1	Customer 1	Flour	40,240,792	6.88%	Contractual / (Short-term)
2	Customer 2	Flour	38,618,012	6.60%	Contractual / (Short-term)
3	Customer 3	Flour, bran	45,728,502	7.82%	Contractual / (Short-term)
4	Customer 4	Bran	34,071,240	5.83%	Non-Contractual / (Purchase Orders)
5	Customer 5	Flour	20,072,272	3.43%	Non-Contractual / (Purchase Orders)
6	Customer 6	Feed / bran	18,426,805	3.15%	Non-Contractual / (Purchase Orders)
7	Customer 7	Feed / bran	18,277,950	3.13%	Non-Contractual / (Purchase Orders)
8	Customer 8	Flour	15,399,296	2.63%	Non-Contractual / (Purchase Orders)
9	Customer 9	Flour	14,295,267	2.44%	Contractual / (Short-term)
10	Customer 10	Bran	13,677,780	2.34%	Non-Contractual / (Purchase Orders)
	Total		**258,807,916**		
	Total Sales in 2022G		**584,689,499**	**44.26%**	
Transactions with Key Customers in FY2023G					
1	Customer 1	Feed / bran	69,825,495	12.01%	Contractual / (Short-term)
2	Customer 2	Flour / bran	46,789,122	8.05%	Contractual / (Short-term)
3	Customer 3	Bran	43,604,326	7.50%	Contractual / (Short-term)
4	Customer 4	Flour	39,382,327	6.77%	Contractual / (Short-term)
5	Customer 5	Flour	33,169,521	5.70%	Contractual / (Short-term)
6	Customer 6	Flour	29,034,210	4.99%	Contractual / (Short-term)
7	Customer 7	Flour	18,919,249	3.25%	Contractual / (Short-term)
8	Customer 8	Flour / bran	11,805,324	2.03%	Contractual / (Short-term)
9	Customer 9	Flour	11,627,548	2.00%	Contractual / (Short-term)
10	Customer 10	Flour	11,556,864	1.99%	Contractual / (Short-term)
	Total		**315,713,986**		
	Total Sales in 2023G		**581,534,887**	**54.28%**	

Source: the Company

The Company's GFSA regulated customers have specified weekly quotas assigned to them by the GFSA and generally visit an assigned Company production facility to collect their weekly quota of product. These sales are conducted as pure cash business, with no purchase orders or customer contracts in place. Instead, customers transfer the invoiced amount directly to the Company's account ahead of the scheduled pick-up or pay on site. The vast majority of the Company's sales, representing 89% of total sales in FY23G, are paid through cash in advance, which reduces credit risk and improves the Company's cash flow.

4.8.4.3 Geographic Regions and Distribution

The Company's most significant sales are in the regions in which its production facilities are located, in the Eastern, Madinah and Riyadh regions of the Kingdom. However, the Company distributes its products throughout the entire Kingdom via its network of third-party transport companies (the Company does not own its own transportation fleet). The Company usually bears the cost of transportation of finished products for customers. For wholesale and industrial customers the Company delivers to the customers' premises. For customers in the modern trade sales channel the Company delivers to the central warehouse of such customers. The table below details the revenues from each region and their percentage of total revenues for FY21G, FY22G, and FY23G.

Table (4.46): Table of total revenue from each region for FY21G, FY22G and FY23G:

Region	2021G (SAR)	2022G (SAR)	2023G (SAR)	2021G (% of revenue)	2022G (% of revenue)	2023G (% of revenue)
Dammam	148,494,180	243,902,955	250,747,173	44%	42%	44%
Madinah	89,804,890	176,939,230	178,875,813	27%	31%	32%
Al-Kharj	97,998,821	157,477,154	136,013,902	29%	27%	24%
Total	**336,297,891**	**578,319,339**	**565,636,888**	**100%**	**100%**	**100%**

Source: the Company

4.8.4.4 Sales teams

The Sales department employs dedicated teams for each sales channel to optimize performance. Each team is entrusted with generating sales forecasts, devising pricing strategies, and executing promotional campaigns tailored to their specific products. They closely monitor customer dynamics and adjust strategies accordingly to maintain competitiveness. Additionally, the sales force actively engages with customers to meet their needs and ensure seamless order fulfillment. This multifaceted approach enables the Sales department to effectively drive revenue and customer satisfaction across diverse markets and product lines.

4.9 Marketing

The Company's marketing activities are focused on building the equity of the Company's brands. The Marketing Department constantly innovates by exploring new horizons in taste, format and well-being to delight consumers. The Company implements a 360-degree integrated communication model to engage with multiple marketing channels and touchpoints that include digital (i.e. social media, websites); billboards prominent public advertisements; in-store displays; and events such as live cooking shows in a variety of shopping malls across the Kingdom. The cornerstone for the successful implementation of its marketing strategy is the focus on digital marketing, with regular social media promotion posts every month and interactions with various influencers to expand the Company's consumer base and attract further shoppers.

4.10 Quality Assurance and Control

Quality is at the heart of the Company's operations, and is centered in its production facilities. The Company is ethically bound to the development, production and release of a quality product, apart from its legal obligations. It has not only adopted GFSA, SFDA, ISO and food safety standards, as well as GCC standards governing flour specifications, but has also developed its own standards to ensure that its products are consistently developed to predefined standards.

The Company applies an integrated quality management system based on international ISO standards, which ensures that quality control measures and good manufacturing practices are adhered to during all operational processes. The Company has obtained ISO 22000 certifications, Food Safety System Certification (FSSC), ISO 17025, and Halal Product Certification and Good Manufacturing Practice (GMP) certification for its production facilities.

The Company's advanced quality control testing facility, which is in line with international standards, provides a wide range of support for ensuring the compliance of its products and facilities. The quality control section conducts tests on raw material, bulk, semi-finished products and packaging materials for flour and feed. In addition, a well-equipped team ensures the validation of facilities, equipment, process, product and method.

In addition to skilled and trained staff, the Company has the latest state-of-the-art analysis equipment. To ensure the highest standards of compliance and quality, various tests are conducted at different stages from raw materials up to finished products. This is achieved by using wide range of analytical techniques to determine the protein content, level of moisture, starch damage and existence of impurities of the raw materials.

The Company's production facilities are in line with international standards, and provides a wide range of support for ensuring the compliance of the Company's products and facilities. This is achieved by employing well trained staff and state-of-the-art equipment.

4.11 Intellectual Property

The Company heavily relies on its brand names to drive the success of its business and strengthen its competitive position in the market. As of the date of this Prospectus, the Company has four (4) trademarks in the Kingdom that play a key role in its operations. These trademarks include "FOOM", "FOOM the Golden" and "Miller" and "MC4", which is the Company's main trademark.

For further information, please refer to Section 12.10 ("**Intellectual Property**") of this Prospectus.

4.12 Health, Safety and Environment

The Company's operations are conducted in a way that they have a minimal impact on the environment. The Company is committed to excellence in Health, Safety and Environment (HSE) by operating in a way that ensures peoples' safety and protects the environment and making it an integral part to its business processes, planning and decision making. The Company has adopted comprehensive systems and procedures for responsible and ethical management of HSE aspects in all its activities to ensure safe conditions for employees, visitors and contractors. The Company's HSE management systems comply with world class standards and the Company is ISO 14001 (Environmental management) and ISO 45001 (Occupational health and safety management systems) certified.

The HSE function is responsible for overseeing the Company's HSE systems and procedures, and follows a risk-based approach for the prevention of injury and illness to employees, visitors and contractors, as well as environmental protection. This proactive approach helps to identify the controls and procedures to avoid any injury, ill-health or environmental damage. The Company is also conscious of the environmental footprint from its activities and operations. The HSE function is responsible for overseeing and ensuring compliance with procedures that have been established to deal with emissions, effluent and solid waste at the source to ensure that there is minimal impact on the environment.

The following table sets out certain key performance indicators for the Company's HSE function as at 31 December 2023G.

Table (4.47): HSE Function KPIs:

Description	KPI
Safe man hours	200,000+
Fines imposed by regulatory authorities	0
Safety representatives training	66
Forklift drivers licenses	82 (all drivers certified)
Awareness tours (ToolBox Talk and safety induction)	61
Work permits issued without accident	85
Environmental records and certificate issued	3 (all facilities compliant)

Source: the Company

4.13 Employees

As at 31 December 2023G, the Company had 532 employees, of whom 201 were Saudi nationals. As at the same date the Company's Saudization Rate was 38% which is classified under the Platinum category under the Nitaqat program. The following table sets out the distribution of employees per department as at 31 December 2021G, 2022G and 2023G.

Table (4.48): Overview of the Company's Employees:

Department	Number of Employees								
	FY21G			FY22G			FY23G		
	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees
CEO	1	1	0	1	1	0	1	1	0
Finance	6	6	0	12	6	6	11	3	8
Supply Chain	6	5	1	6	5	1	7	5	2
Human Resources	25	21	4	25	21	4	27	22	5
Manufacturing	8	7	1	9	7	2	4	0	4
Sales & Marketing	6	6	0	8	8	0	9	8	1
IT	4	1	3	4	1	3	9	1	8
QHSE	0	0	0	2	1	1	3	2	1
Dammam Production Facility	198	51	147	173	46	127	176	49	127
Madinah Production Facility	210	109	101	157	62	95	162	67	95
Al-Kharj Production Facility	128	48	80	122	40	82	123	43	80
Total	**591**	**254**	**337**	**519**	**198**	**321**	**532**	**201**	**331**
Saudization ratio		43%			38%			43%	

Source: the Company

4.14 Saudization Strategy

The Saudization Program "Nitaqat" was adopted by virtue of His Excellency the Minister of Labor's Decision No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), pursuant to Council of Ministers' Resolution No. 50 dated 21/5/1415H (corresponding to 27/10/1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi citizens. Through the "Nitaqat" program, the performance of any Company is evaluated based on specific categories (classifications), namely the platinum category, the green category (subdivided, into low, middle and high) and the red category. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as: obtaining and renewing work visas or otherwise changing the occupations of its non-Saudi workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements), are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew non-Saudi employees' work visas or completely prohibiting non-Saudi employees from obtaining or renewing work visas.

For more information about the Company's classification under the "**Nitaqat**" Program, please refer to 4.13 ("**Employees**").

4.15 Business Activities or Assets in Other Jurisdictions

As at the date of this Prospectus, the Company has no commercial activities or assets in other jurisdictions beyond the Kingdom.

4.16 Certifications

The Company has been awarded a SAAC accreditation certificate with ISO 17025 regarding reliability in testing and calibration with a commitment to quality, as well as a Food Safety System certification (FSSC) reflecting commitment to the food safety standards and to deliver safe and high-quality products—the first milling company in the Kingdom to achieve both certifications. The Company has also been awarded several other certifications, including ISO 22000 regarding food safety throughout its operations and a halal certification which ensures that Islamic dietary standards have been followed. In addition, the Company has received the Good Manufacturing Practices (GMP) certification from AIB International, reflecting the Company's commitment to the highest standards of manufacturing practices.

For further details about these certifications, please refer to Section 12.4 ("**Material Government Consents, Licenses and Certificates**") of this Prospectus.

4.17 Company Departments

The Company operates its business through several different departments, as follows:

4.17.1 Finance Department

The Finance department is responsible for managing the financial resources of the Company, including:

- Developing financial forecasts for the Company based on its investment plans, planning and structuring funding options so that adequate funds are made available to support strategic objectives.
- Monitoring and controlling the budgeting process.
- Monitoring financial performance versus the budget to anticipate costs/revenues, identify areas of unsatisfactory performance and capitalize on potential performance improvement opportunities.
- Providing advice and guidance to the CEO and the Board of Directors concerning the long-term capital structuring of the business.
- On the basis of current financial performance and anticipated commercial/operational developments, developing and reporting financial trends over a strategic timescale so that the Company is aware of anticipated revenues and cash flows to capitalize on financial opportunities and assimilate capital plans on the basis of anticipated cash availability.
- Directing the execution of all treasury activities to ensure that all remittances are accounted for and that the Company optimizes remittances from investments while also reporting and projecting Company cash flows.

4.17.2 Supply Chain Department

The Supply Chain Department is responsible for planning and managing the movement of goods in the supply chain, communicating with various parties involved, including suppliers of goods as well as internal department and outlets, monitoring the flow of goods. In addition, it is responsible for ensuring product availability with the right stock level at the right place and at the right time to fulfill customer demand and needs. This department plays a major role in the sales and operations planning cycle to manage quantities for both inbound and outbound activities through a fully integrated system. The department is responsible for maintaining inventory flow and quality in line with the best global performance indicators, which entails managing storage in a way that contributes to improving storage capacity and resources, while ensuring compliance with the requirements of government authorities. The Supply Chain Department also develops demand and inventory strategies to ensure shelf availability and stock level.

4.17.3 Human Resources Department

The primary duties of the Human Resources Department encompass the formulation and execution of strategies aimed at upholding the Company's integrity in the realms of human resource management and administration. This includes the establishment of policies and procedures designed to facilitate the efficient governance, enhancement, and utilization of the Company's human resources and management functions. Additionally, this group is responsible for overseeing the implementation and assessment of the Company's organizational structure and job roles. Furthermore, the Human Resources Department function plays a pivotal role in the creation and review of a comprehensive framework pertaining to job classifications, salary structures, compensation packages, and related allowances. It also fosters a performance-driven and empowerment-oriented culture that inspires individuals to attain both personal and organizational objectives. Lastly, this Department ensures the proficient recruitment and development of employees.

4.17.4 Manufacturing Department

The Manufacturing Department primarily focuses on running the Company's three production facilities. As such this department is responsible for the planning and execution of milling operational plans in line with supply chain and commercial targets for the Company. This department holds much of the responsibility and technical knowledge within the Company and is considered a key department that provides expertise and value for the Company.

4.17.5 Sales & Marketing Department

The Sales and Marketing Department plays a crucial role in driving success across diverse market segments. Catering to a broad spectrum of customers, the department strategically targets industrial, wholesale, and modern trade channels for the Company's flour products, while also serving the specific needs of farms and feed manufacturers for animal feed and bran. By understanding the unique demands and challenges of each segment, the department develops tailored marketing strategies and sales initiatives that effectively communicate the value and quality of the Company's offerings. With a deep focus on customer satisfaction and relationship management, the team works to build and maintain strong partnerships with key stakeholders in each channel. Leveraging market insights and competitive analysis, the Sales and Marketing Department is adept at identifying opportunities for growth and expansion, ensuring the Company's products are well-positioned and recognized for their excellence in both the food and agricultural sectors. Through innovative marketing campaigns, targeted sales efforts, and exceptional customer service, the department contributes significantly to the Company's market penetration and revenue goals, reinforcing its position as a key player in the industry.

4.17.6 IT Department

The IT Department plays a pivotal role in ensuring operational excellence across its network and data management infrastructure and cybersecurity defenses. Tasked with overseeing a robust network that supports the Company's extensive milling and production operations, the IT team ensures seamless connectivity and data flow across all facilities. Data management is a critical function, where the department deploys systems to handle the vast amounts of production, supply chain, and customer data, ensuring accuracy, availability, and confidentiality. The IT department employs a multi-layered security strategy that includes regular risk assessments, the deployment of security solutions, and employee training programs to safeguard against evolving cyber threats. Furthermore, the IT department has been instrumental in the implementation and ongoing management of SAP ERP systems. This initiative will be transformational in the management of the Company's resources, processes, and data analytics, leading to increased efficiency, improved decision-making, and enhanced operational control. Through these activities, the IT department significantly contributes to the organization's resilience and competitiveness.

4.17.7 QHSE Department

The Quality, Health, Safety, and Environment (QHSE) Department is a cornerstone of the Company's operational integrity, embodying its unwavering commitment to excellence and sustainability across all facets of the business. Tasked with upholding the highest standards in product quality, employee health and safety, and environmental stewardship, this department operates at the nexus of regulatory compliance and best practice implementation. Through rigorous quality control processes, the QHSE team ensures that all products meet stringent quality benchmarks, catering to the diverse needs of consumers and businesses alike. Health and safety protocols are meticulously designed and enforced to protect all employees, contractors, and visitors, achieving remarkable milestones such as significant safe man-hours without incidents. Environmental sustainability is also a key focus, with initiatives aimed at minimizing the company's ecological footprint through waste reduction, energy efficiency, and adherence to environmental regulations. The QHSE Department's holistic approach not only reinforces the Company's reputation for reliability and responsibility but also underpins its competitive advantage in the market.

4.18 Business Continuity

The Board of Directors declares that there has been no suspension or interruption in the Company's business during the twelve-month period preceding the date of this Prospectus which would affect or have a significant impact on the Company's financial position. The Board of Directors further declares that the Company has no intention of making material change to the Company's activities in the future.

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5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

The organizational structure of the Company consists of the Board of Directors (the "**Board of Directors**" or "**Board**") and the Company Committees; namely the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee. The Board is ultimately responsible for directing, supervising and general oversight of the Company and its Executive Management team.

The following figure illustrates the organizational structure of the Company, as at the date of this Prospectus.

Figure (5.1): The Company's Organizational Structure as at the date of this Prospectus

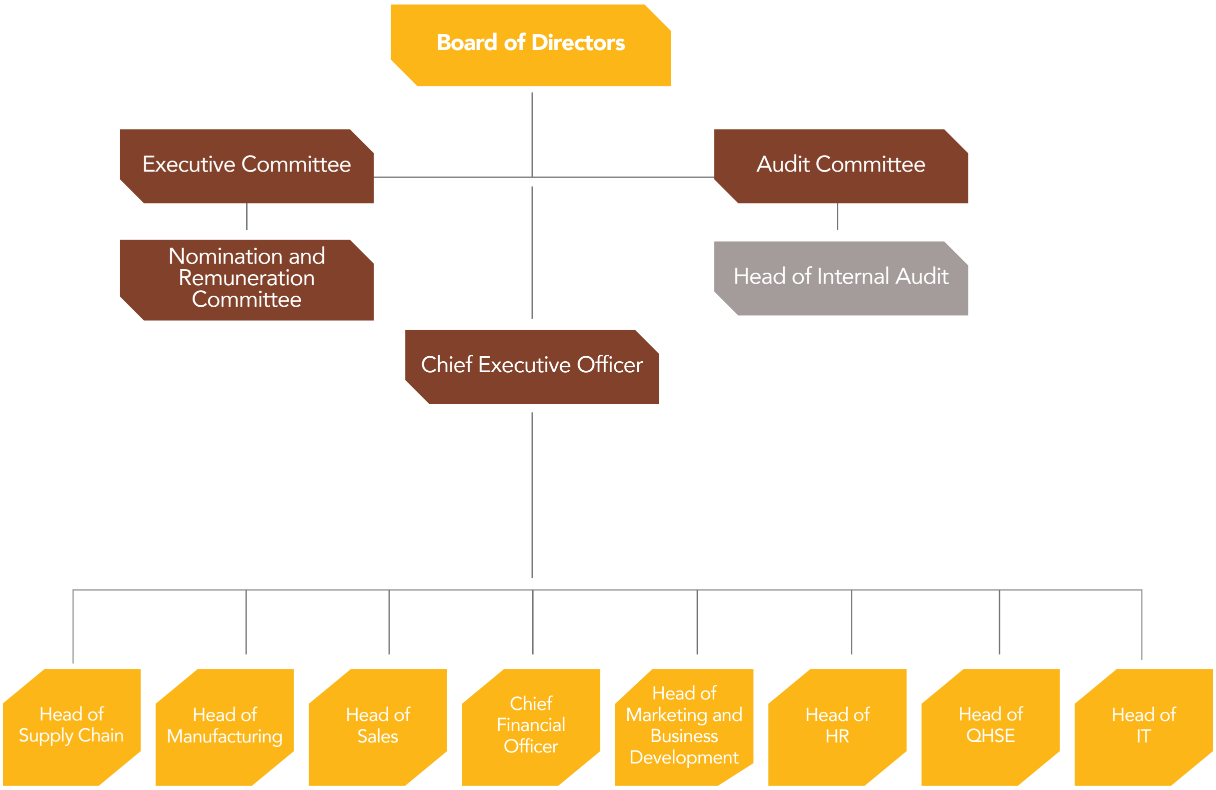

Table (5.1): The Company's Direct Ownership Structure Pre- and Post-Offering

Shareholder Name	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Direct Ownership	No. of Shares	Par Value (SAR)	Direct Ownership
Gulf Flour Milling Industrial Company	540,000,000	540,000,000	100%	378,000,000	378,000,000	70%
Public	-	-	-	162,000,000	162,000,000	30%
Total	**540,000,000**	**540,000,000**	**100%**	**540,000,000**	**540,000,000**	**100%**

Source: the Company

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5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Pursuant to the Company's Bylaws, the Board of Directors shall be comprised of nine (9) members to be appointed by the Shareholders' Ordinary General Assembly. The Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Company's Corporate Governance Manual define the duties and responsibilities of the Board of Directors. The maximum term of office of each member, including the Chairman, shall be four (4) years.

As at the date of this Prospectus, the Board of Directors is comprised of nine (9) members appointed for a period not exceeding four (4) years in accordance with the Issuer's Bylaws. The Company's General Assembly appointed the following members of Board of Directors: Bader bin Hamad bin Abdulrazzaq AlAujan; Tariq Bin Abdullah Bin Sulaiman AlJammaz; Prashant Vitkar; Rizwan Ahmed; Kamel Muneef AlKhatib; and Marwan Ahmed Mohammed Ibrahim, for four (4) years from 29/01/1445G (corresponding to 16/08/2023G) until 14/03/1449H (corresponding to 16/08/2027G). The Company's General Assembly appointed the following members of Board of Directors: Yasser Ali Saleh AlZeghaibi; Fahad Abdullah Hussain Mousa; and Abdulaziz Mohammed Abdulaziz AlShaikh for four (4) years from 07/09/1445G (corresponding to 17/03/2024G) until the end of the current Board term of office.

The following table sets out the names of the Board members and other information related thereto, as at the date of this Prospectus:

Table (5.2): Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Bader bin Hamad bin Abdulrazzaq AlAujan	Chairman	Saudi	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)				
2	Tariq Bin Abdullah Bin Sulaiman AlJammaz	Vice Chairman	Saudi	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
3	Prashant Vitkar	Board Member	Indian	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
4	Syed Rizwan Ahmed	Board Member	Pakistani	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
5	Marwan Ahmed Mohammed Ibrahim	Board Member	Jordanian	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
6	Kamel Muneef AlKhatib	Board Member	Lebanese	Non-Executive/ Non-Independent	29/01/1445H (corresponding to 16/08/2023G)	-	-	-	-
7	Fahad Abdullah Hussain Mousa	Board Member	Saudi	Non-Executive/ Independent	07/09/1445H (corresponding to 17/03/2024G)	-	-	-	-
8	Abdulaziz Mohammed Abdulaziz AlShaikh	Board Member	Saudi	Non-Executive/ Independent	07/09/1445H (corresponding to 17/03/2024G)	-	-	-	-
9	Yasser Ali Saleh AlZeghaibi	Board Member	Saudi	Non-Executive/ Independent	07/09/1445H (corresponding to 17/03/2024G)	-	-	-	-

Source: the Company

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members and Secretary of the Board shall include the following:

1- Board of Directors

The Company's Board of Directors shall assume the responsibility for supervising the Company's management, bear the main responsibility before the Shareholders and work to achieve their interests through directing and controlling the Company's business and affairs. The Board shall act carefully and loyally when managing the Company. The Board of Directors shall be responsible for approving the general strategic approach of the Company and for layout the Company's general policy. The Board shall undertake such responsibility by supervising the Company's management. The Board may authorize committees, bodies, or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue general or unlimited authorizations. Members of the Board of Directors shall be honest, diligent, and serious, at all times, when performing their duties in accordance with the laws governing the Company and shall act, at all times, in accordance with the Company-related policies.

With due consideration to the powers reserved for the Ordinary and Extraordinary General Assemblies, the Board of Directors shall have all powers and authorities to manage the Company's affairs in accordance with the Company's Bylaws. The Board, under the Company's Corporate Governance Manual, shall have the following powers:

- Represent the Company in its relations with third parties including governmental entities, Chambers of Commerce and Industry, all companies, establishments, commercial banks, public treasuries, government funds, and financial institutions of all types; enter into all types of contracts, agreements, and documents, including, without limitation, commercial registries and articles of association of companies in which the Company participates, including any amendments and annexes thereto, as well as liquidation resolutions; sign contracts, instruments, and representations before the notary public and other official authorities; participate in tenders on behalf of the Company; enter into loan agreements, guarantees, pledges, mortgages, leases, bills of sale and purchase, title transfer of land and premises, and all other contracts and agreements; and delegate and authorize any person(s) to exercise some or all of the foregoing powers, pursuant to an official power of attorney or any other written authorization;
- Enter into loan contracts with maturity dates falling before the expiry of the Company's term or the remainder thereof, provided that:
    - The Board shall specify in its resolution the uses of such loans and the repayment method; and
    - The terms of the loans and the guarantees provided thereunder shall not harm the Company, its Shareholders, or the general guarantees of its creditors.
- Purchase and accept purchases; pay the price thereof; mortgage the Company's and its facilities' assets, real estate and movables, and release the mortgage thereof; sell, assign, receive the price of, and handover valuables, provided that the relevant Board resolution shall set forth the reasons for such sale, and the sale price shall be a fair price, to be established in accordance with the applicable accounting principles. The payment of such price shall not be in credit, except where necessary and with sufficient guarantees, and the sale shall not cause harm to the Company, the suspension of some of its activities, or the introduction of other liabilities due to the conditions of sale or the mortgage;
- Reconcile, waive, enter into contracts, undertake commitments, and enter into engagements in the name of and on behalf of the Company; litigate on behalf of the Company; collect the debts of the Company; and accept reconciliation and arbitration, subject to the relevant applicable laws;
- Delegate and authorize the Chairman, one or more Board member(s), or third parties to carry out one or more action(s) which fall under its powers;
- Prepare and approve the Company's internal policies, including financial, administrative, technical, and investment policies, internal supervision and audit regulations, accounting regulations, regulations for procurement and for contracting for business activities, services, and policies, and employee-related policies and regulations;
- Establish subsidiaries and participate in other companies, in accordance with the Company's interest; determine the capital thereof; approve the sale of Shares and stocks therein; and amend the articles of association thereof;

- Release the Company's debtors from their obligations, in accordance with the Company's interests, and in accordance with the accounting standards observed for writing off debts, provided that the minutes of the relevant Board meeting shall include the reasons for such decision, and the release shall be subject to the following:
  - The debts may be released only after one full year, as a minimum, from the date on which the debt arose;
  - The release shall be for a set maximum amount per year for each debtor; and
  - The release of debts shall be an exclusive right of the Board of Directors, and may not be delegated.
- Open, close, and operate bank accounts; make withdrawals from and deposits to the Company's funds, and invest, manage, and move the Company's funds; receive and write cheques; sign receipts, settlements, releases, declarations, bills of exchange, promissory notes, and any negotiable instruments; and carry out all banking processes and approve the banking authorities' matrix;
- Insure the Company's assets and businesses;
- Appoint and dismiss the Company's senior officers, and determine their duties, powers, and entitlements;
- Delegate to those responsible for managing the Company the authority to sign on behalf of the Company, subject to the rules set by the Board of Directors;
- Establish permanent and temporary committees and approve the charters of such committees and the remuneration of the members thereof;
- Use the services of Saudi and non-Saudi advisors and experts and determine their remuneration and financial entitlements;
- Appoint, determine the remuneration of, and dismiss the Board's Secretary; and
- Determine the Company's business plan, and approve the Company's operational plans, and annual capital expenditure budget.

The Board of Directors shall obtain the approval of the General Assembly for the sale of Company assets, in cases where the value of such assets exceeds 50% of the value of its total assets, whether the sale is made through one transaction, or more. In such case, the transaction which leads to the sale of more than 50% of the value of assets shall require the General Assembly's approval. The said percentage shall be calculated from the date of conclusion of the first transaction within the previous twelve (12) months.

The Board of Directors may delegate one or more of its members or of third parties to undertake a specific action(s) that fall(s) under its powers.

2- Chairman of the Board of Directors

Pursuant to Article 25 of the Company's Bylaws, the Board of Directors shall appoint from its members a Chairman and a Vice Chairman. It shall not be permissible for a member to occupy jointly the office of the Chairman and any executive position in the Company. The Chairman shall have all the powers set forth under Article 25 of the Company's Bylaws, including mainly the power to represent the Company in its relationship with third parties and before all government entities, companies, individuals, and all courts of all levels and classes. Under the Corporate Governance Regulations, the main responsibilities of the Chairman of the Board of Directors shall include the following:

- Call for and preside over meetings of the Board;
- Represent the Company in its relationship with third parties and before all government entities, companies, individuals, courts of all levels and classes, the notary public, the Board of Grievances, Offices for the resolution of Disputes pertaining to Negotiable Instruments, arbitration tribunals, and Chambers of Commerce and Industry of all types and classes;
- Plead and defend on behalf of the Company; submit evidence and documents; conclude settlements, waivers, and releases; deny, discharge and acknowledge; request an oath to be taken, pursuant to the resolutions issued by the Board; receive judgments; appeal and implement judgments;
- Follow up with the Ministry of Commerce and the Ministry of Investment; apply for, make additions to and deletions from, request copies in lieu of lost, amend, write off, and cancel commercial registers and licenses;

- Sign the articles of association of companies established by the Company, whether established solely thereby or not, including to approve the capital increases of such companies, as well as to sign other contracts, instruments, and title deed transfers before the notary public and public and private authorities;
- Sign contracts, loan agreements and other financial agreements, mortgages, and leases as determined by the Board of Directors; and
- Delegate or authorize third parties, pursuant to a decision in writing, to perform a certain act(s) that fall under his powers.

3- Vice-Chairman

In the absence of the Chairman, the Vice-Chairman shall assume the duties of the Chairman of the Board of Directors and shall have the powers delegated thereto in writing by the Chairman.

4- Board Secretary

The Board of Directors shall appoint a Secretary selected from among its members or from others, and shall determine his duties, powers and remuneration in the appointment resolution. The Secretary may be dismissed only pursuant to a Board resolution.

The responsibilities of the Board Secretary include the following:

- Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations taking place during such meetings, as well as the place, date, and times in/on which such meetings are commenced and concluded; recording the decisions of the Board and voting results, retaining them in a special and organized register and including the names of the attendees and any reservations they expressed, if any. Such minutes shall be signed by the Chairman of the meeting, all of the attending members and the Secretary;
- Retaining the reports submitted to the Board and the reports prepared thereby;
- Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information as well as any additional documents and information related to the topics included in the agenda items, as requested by any Board member;
- Ensuring that the Board members comply with the procedures approved by the Board;
- Notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- Presenting the draft minutes to the Board members to provide their opinions thereon before signing the same;
- Ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company;
- Coordinating among the Board members;
- Regulating the disclosure register of the Board and Executive Management.

5- Managing Director

The Managing Director (if appointed) shall be vested with the powers determined by the Board of Directors, and shall carry out the operations as directed by the Board of Directors.

5.1.3 Remuneration of the Members of the Board of Directors

The Company has not entered into any service contracts with any members of the Board of Directors.

Members of the Board of Directors shall receive their remuneration in accordance with the provisions of the Company's Bylaws and the Company's Governance Regulations, in a manner that does not conflict with the statutory controls issued in this regard. The members of the Board of Directors have been appointed pursuant to the General Assembly resolutions issued on the dates indicated in Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**"). For further details, please refer to Section 5.4 ("**Remuneration of Board Members and Senior Executives**") hereof.

5.1.4 Biographies of the Members and Secretary of the Board

Overview of the experiences, qualifications, and current and previous positions of each member of the Board of Directors and the Secretary of the Board.

a- Bader Hamad Abdulrazzaq AlAujan

Age:	55 years
Nationality:	Saudi
Current Position:	Chairman of the Board of Directors - Non-Executive/Non-Independent
Independency:	Non-independent
Date of Appointment:	16/08/2023G
Academic Qualifications:	• Bachelor's degree of Science in Mechanical Engineering from King Saud University, KSA, 1992G.
Current Executive Positions:	N/A
Previous Executive Positions:	• CEO, Savola Food Company, a closed joint stock company in the Kingdom of Saudi Arabia engaging in the field of food business and food security, from 2014G until 2018G.
Current Memberships:	• Member of the Investment Committee, Saudi Agricultural and Livestock Investment Company (SALIC), a closed joint stock company owned by the Public Investment Fund (PIF) in the Kingdom of Saudi Arabia, engaging in the field of agriculture, since 2023G. • Board Member, National Biscuits & Confectionery Company, a limited liability company in the Kingdom of Saudi Arabia engaging in the field of food, since 2023G. • Member of the Executive Committee, Al Jouf Agricultural Development Company (JADCO), a listed joint stock company in the Kingdom of Saudi Arabia engaging in the field of agriculture, since 2021G. • Member of the Executive Committee, Arabian Agricultural Services Company (ARASCO), a closed joint stock company in the Kingdom of Saudi Arabia engaging in the field of food supply and food security, since 2021G. • Board Member, Abdullah AlOthaim Markets Company, a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of trade of distribution of consumer goods, since 2021G. • Member of the Executive Committee, Abdullah AlOthaim Markets Company, a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of trade of distribution of consumer goods, since 2021G.
Previous Memberships:	• Board Member, Mueen Human Resources Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2021G until 2023G. • Board Member, Riyadh Food Company, a single-person closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2021G until 2023G. • Board Member, Mayar Foods Company, a single-person limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2005G until 2022G. • Board Member, Jarir Marketing Company, a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of wholesale and retail trade, from 2019G until 2022G. • Board Member, Al-Safi Danone Dairy Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of dairy products, from 2019G until 2021G. • Board Member, National Food Industries Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2019G until 2021G. • Board Member, Savola Food Company, a limited liability company in Iran, engaging in the field of food business and food security, from 2014G until 2021G. • Board Member, United Sugar Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2011G until 2021G. • Board Member, Afia International Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2014G until 2021G.

Previous Memberships:	• Board Member, National Biscuits Confectionery Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2019G until 2021G. • Board Member, Savola Food Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food business and food security, from 2009G until 2021G. • Board Member, Savola Food Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food business and food security, from 2014G until 2018G. • Board Member, Afia International Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2012G until 2018G. • Board Member, Savola Food Company, a limited liability company in Egypt, engaging in the field of food business and food security, from 2012G until 2018G. • Board Member, Afia Distribution Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food distribution, from 2015G until 2018G. • Board Member, International Food Industries Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food manufacturing, from 2014G until 2018G. • Board Member, National Aquaculture Group (NAQUA), a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2014G until 2018G • Board Member, Savola Food Company, a limited liability company in Sudan, Morocco, Algeria, Turkey and Iraq, engaging in the field of food business and food security, from 2014G until 2018G. • Board Member, Savola Packaging Systems Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of packaging, from 2013G until 2015G. • Board Member, Khairat Al-Mazra'a Company, the authorized distributor of Unilever Company, a limited liability company in the Republic of Iraq, engaging in the field of distribution of fast-moving consumer goods, from 2012G until 2015G. • Board Member, Al-Muhaidib Land Transport Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of transportation, from 2010G until 2015G. • Board Member, Reem Rice Mills Limited Company, a limited liability company in Pakistan, engaging in the field of rice, from 2008G until 2015G. • Board Member, Al Maha Foods International Company, a limited liability company in India, engaging in the field of supply and quality of rice, from 2005G until 2014G. • Managing Director, Aujan Industries Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of beverages, from 2001G until 2005G.

b- Tariq Abdullah Sulaiman AlJammaz

Age:	54 years
Nationality:	Saudi
Current Position:	Vice Chairman of the Board of Directors - Non-Executive/Non-Independent
Independency:	Non-independent
Appointment Date:	16/08/2023G
Academic Qualifications:	• Bachelor's Degree of Science in Food and Agriculture from King Saud University, KSA, 1993G. • Master's Degree of Science in Food and Agriculture from King Saud University, KSA, 1997G. • Diploma of Business Administration and Management from Al Yamamah University, KSA, 2007G.
Current Executive Positions:	• CEO, United Feed Manufacturing Company, a limited liability company in the Kingdom of Saudi Arabia engaging in the field of feed, since 2017G.
Previous Executive Positions:	• Executive Director, Al Faisaliah Group, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food and agriculture, from 2014G until 2017G. • Executive Director, Al-Safi Danone Dairy Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of dairy products and agriculture, from 2012G until 2014G. • Vice Head of Sales and Marketing, Arabian Agricultural Services Company (ARASCO), a closed joint stock Company in the Kingdom of Saudi Arabia, engaging in the field of food supply and food security, from 1998G until 2012G.

Other Current Memberships:	• Vice Chairman of the Board, Agricultural Gulf Layer Breeder Company (GLBCO), a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of poultry production, since 2019G. • Board Member, Gulf Flour Milling Industrial Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of feed, since 2021G. • Board Member, National Agricultural Holdings Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of agriculture, since 2019G. • Vice Chairman of the Board, Feed Manufacturing National Committee in the Federation of Saudi Chambers in the Kingdom of Saudi Arabia, engaging in the field of feed mills, since 2018G.
Other Previous Memberships:	• Board member, Alfa Co. For Operation Services Ltd., a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of restaurants, from 2014G until 2017G.

c- Prashant Vatkar

Age:	57 years
Nationality:	Indian
Current Position:	Board Member - Non-Executive/Non-Independent
Independency:	Non-independent
Appointment Date:	16/08/2023G
Academic Qualifications:	• Bachelor's Degree in Engineering from Shivaji University, India, 1989G. • Master's Degree in Banking and Finance Studies from the Indian Institute of Management, India, 1994G.
Current Executive Positions:	• General Manager of Agribusiness, Indian Farmers Fertiliser Cooperative Limited (IFFCO), a limited liability company in the United Arab Emirates, engaging in the field of food processing, distribution, retail and trade, since 2021G.
Previous Executive Positions:	• CEO, Godrej Tyson Foods Limited Company, a joint stock company in the United States of America, engaging in the field of agriculture and poultry, from 2016G until 2021G. • General Manager, of Hyderabad Industries Limited Company, a joint stock company in India, engaging in the field of trade of building materials, machinery and industrial supplies, from 2015G until 2016G. • CEO, Britannia Industries Company, a joint stock company in India, engaging in the field of selling products in the categories of cakes, biscuits, bread and dairy, from 2010G until 2015G. • Vice CEO, Samsonite Middle East Company, a joint stock company in the United Arab Emirates, engaging in the field of bag manufacturing, from 2008G until 2010G.
Other Current Memberships:	• Board Member, Gulf Flour Milling Industrial Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of feed, since 2022G. • Board Member, Sohar Poultry Company (SAOC) (A'Rayaf Chicken), a limited liability company in the Sultanate of Oman, engaging in the field of poultry, since 2022G. • Board Member, Arabian Food Production Company, a joint stock company in the Sultanate of Oman, engaging in the field of food, since 2021G.
Other Previous Memberships:	N/A

d- Syed Rizwan Ahmed

Age:	66 years
Nationality:	Pakistani
Current Position:	Board Member - Non-Executive/Non-Independent
Independency:	Non-independent
Appointment Date:	16/08/2023G
Academic Qualifications:	• Bachelor's Degree in Business Administration and Economics from Punjab University in Pakistan, 1979G.
Current Executive Positions:	• Executive Director, EFCO Group, a limited liability company in the United Arab Emirates, engaging in the field of consumer goods, manufacturing, retail, sales and distribution, since 2014G.

Previous Executive Positions:	• International General Manager, EFCO Group (oils, fats, personal care and cooking division), a limited liability company in the United Arab Emirates, engaging in the field of consumer goods, manufacturing, retail, sales and distribution, from 2009G until 2014G. • General Manager, EFCO Group (oils, fats and personal care division), a limited liability company in the United Arab Emirates, engaging in the field of consumer goods, manufacturing, retail, sales and distribution, from 2006G until 2009G. • Executive Director, Emirates Refining Company Limited, a limited liability company in the United Arab Emirates, engaging in the field of food and beverage, from 1994G until 2005G. • General Manager, Emirates Refining Company Limited, a limited liability company in the United Arab Emirates, engaging in the field of food and beverage, from 1986G until 1993G.
Other Current Memberships:	• Board Member, IFFCO Food Industries Limited Company, a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2024G. • Board Member, IFFCO Ghana Trading Limited Company, a limited liability company in Ghana, engaging in the field of manufacturing and trading, since 2023G. • Board Member, IFFCO Italy Company, a limited liability company in Italy, engaging in the field of manufacturing and trading, since 2023G. • Board Member, Pure Food Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of manufacturing and trading, since 2023G. • Board Member, IFFCO Holdings Limited Company, a limited liability company in the British Virgin Islands, engaging in the field of manufacturing and trading, since 2022G. • Board Member, IFFCO do Brasil Limited Company, a limited liability company in Brazil, engaging in the field of manufacturing and trading, since 2022G. • Board Member, United Food and Beverage Industries Company LLC, a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2022G. • Board Member, Emirates Grain Products Company LLC, a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2022G. • Board Member, Nabatat Food Industries Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of manufacturing and trading, since 2022G. • Board Member, IFFCO (W.A.) Limited Company, a limited liability company in Ghana, engaging in the field of manufacturing and trading, since 2022G. • Board Member, Al Ain National Juice & Refreshments Company LLC, a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2021G. • Board Member, IFFCO International Foodstuffs Company LLC, a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2021G. • Board Member, IFFCO Tunisia Limited Company, a limited liability company in Tunisia, engaging in the field of manufacturing and trading, since 2021G. • Board Member, International Foodstuff Company (LLC), a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2021G. • Board Member, International Packaging Company LLC, a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2021G. • Board Member, IFFCO Distribution Company LLC, a limited liability company in the Sultanate of Oman, engaging in the field of manufacturing and trading, since 2021G. • Board Member, IFFCO Kuwait LLC, a limited liability company in Kuwait, engaging in the field of manufacturing and trading, since 2021G. • Board Member, Bulk Oil Terminal Limited, a limited liability company in Pakistan, engaging in the field of manufacturing and trading, since 2020G. • Board Member, IFFCO Turkish Food Manufacturing and Trade Joint Stock Company a limited liability company in Turkey, engaging in the field of manufacturing and trading, since 2019G. • Board Member, IFFCO Overseas Holding Company Limited, JAFZA, a limited liability company in the United Arab Emirates, engaging in the field of manufacturing and trading, since 2019G. • Board Member, IFFCO Pakistan Limited, a limited liability company in Pakistan, engaging in the field of manufacturing and trading, since 2019G. • Board Member, IFFCO Singapore Pte Limited, a limited liability company in Singapore, engaging in the field of manufacturing and trading, since 2019G. • Board Member, Gulf Flour Milling Industrial Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of manufacturing and trading, since 2016G.

Other Current Memberships:	• Board Member, IFFCO Lebanon LLC, a limited liability company in Lebanon, engaging in the field of manufacturing and trading, since 2014G. • Board Member, Felda IFFCO France, a limited liability company in France, engaging in the field of manufacturing and trading, since 2010G. • Board Member, IFFCO Holdings Limited, a limited liability company in Mauritius, engaging in the field of manufacturing and trading, since 2006G. • Board Member, IFFCO Oil Holdings Limited, a limited liability company in Mauritius, engaging in the field of manufacturing and trading, since 2006G. • Board Member, Allana International Limited, a limited liability company in the Isle of Man, engaging in the field of manufacturing and trading, since 2004G.
Other Previous Memberships:	N/A

e- Marwan Ahmed Mohammed Ibrahim

Age:	56 years
Nationality:	Jordanian
Current Position:	Board Member - Non-Executive/Non-Independent
Independency:	Non-independent
Appointment Date:	16/08/2023G
Academic Qualifications:	• Bachelor's Degree in Accounting and Business Administration from the University of Jordan, Jordan, 1989G.
Current Executive Positions:	• CFO, Abdullah AlOthaim Markets Company, a listed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of consumer goods distribution trade, since 2005G.
Previous Executive Positions:	• Internal Audit Manager, Al Jomaih Holding Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of multiple investment activities, cars, beverage packaging, and real estate, from 1996G until 2005G.
Other Current Memberships:	• Board Member, Gulf Flour Milling Industrial Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of feed, since 2021G.
Other Previous Memberships:	• Board Member, Mueen Human Resources Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2015G until 2022G. • Board Member, Riyadh Food Industries Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2012G until 2022G. • Member of the Audit Committee, Riyadh Food Industries Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, from 2012G until 2022G.

f- Kamel Muneef AlKhatib

Age:	50 years
Nationality:	Lebanese
Current Position:	Board Member - Non-Executive/Non-Independent
Independency:	Non-independent
Appointment Date:	16/08/2023G
Academic Qualifications:	• Bachelor's Degree in Mathematics and Computer Science from the American University of Beirut, Lebanon, 1996G. • Master's Degree in Money and Banking Studies from the American University of Beirut, Lebanon, 1999G. • Master's Degree in Business Administration from McGill University, Canada, 2002G.
Current Executive Positions:	• Vice President of food and consumer products, Al Muhaidib Group, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the fields of food and consumer goods, industry, infrastructure, real estate, and financial investment, since 2019G.

Previous Executive Positions:	• Head of Consumer and Retail Trade, Al Muhaidib Group, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the fields of food and consumer goods, industry, infrastructure, real estate, and financial investment, from 2015G until 2019G. • CFO, StarBrands Holding Group in the Middle East and North Africa, a closed joint stock company in Lebanon, engaging in the field of fast-moving consumer goods and real estate, from 2007G until 2015G. • CFO, StarBrands Holding, a closed joint stock company in Algeria, engaging in the field of fast-moving consumer goods and real estate, from 2003G until 2007G. • Head of Credit Department, BankMed, a closed joint stock company in Lebanon, engaging in the field of banking services, from 1998G until 2000G.
Other Current Memberships:	• Board Member, Al Zahrawi Medical Supplies Company LLC, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of medical sector, since 2023G. • Board Member, Factory of Del Monte Saudi Arabia Company Limited, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, since 2023G. • Board Member, Alromansiah Limited Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food, since 2022G. • Member of the Remuneration and Nominations Committee, Mayar Food Company, a single-person limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food, since 2021G. • Member of the Strategy Committee, Mayar Food Company, a single-person limited liability company in the Kingdom of Saudi Arabia, engaging in the field of food, since 2021G. • Board Member, United Feed Manufacturing Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of feed, since 2021G.
Other Previous Memberships:	N/A

g- Fahad Abdullah Hussain Mousa

Age:	45 years
Nationality:	Saudi
Current Position:	Board Member - Non-executive / Independent
Independency:	Independent
Appointment Date:	17/03/2024G
Academic Qualifications:	• Bachelor's Degree in Finance – College of Industrial Management – from King Fahd University of Petroleum and Minerals, KSA, 2000G. • Several courses in Advanced Executive Management from Columbia University, 2016G; Stanford University, Stanford, USA, 2015G; and INSEAD University, Singapore, 2007G.
Current Executive Positions:	• Assistant Executive General Manager of Investment, Saudi Arabian Airlines in the Kingdom of Saudi Arabia, a public institution engaging in the field of aviation, since 2021G.
Previous Executive Positions:	• Deputy CEO, Head of Financial Institutions, Saudi National Bank (SNB), a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of banking, from 2015G until 2021G. • Senior Vice President and Regional Director, financial institutions, in Europe, America, the Middle East and North Africa, Saudi National Bank (SNB), a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of banking, from 2012G until 2015G. • Vice President and Head of Private Banking Group, Saudi National Bank (SNB), a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of banking, from 2006G until 2012G. • Head of Strategic Business Unit of the Treasury Group, Saudi National Bank (SNB), a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of banking, from 2005G until 2006G. • Senior Marketing Officer of the Treasury Group, Saudi National Bank (SNB), a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of banking, from 2004G until 2005G • Sales and Treasury Products Trader, Samba Financial Group, a joint stock company engaging in the field of banking, from 2000G until 2004G.

Other Current Memberships:	• Board Member and Member in the Executive Committee and Audit Committee, SAL Saudi Logistics Services Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of logistics services, since July 2021G. • Board Member, Member in the Executive Committee, and Chairman of the Nomination and Remuneration Committee, Saudi Airlines Cargo, a closed joint stock company in the Kingdom of Saudi Arabia engaging in the field of shipping, since July 2021G. • Board Member and Member in the Executive Committee, Catrion Catering Holding Company, a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of aircraft catering and special events, since January 2022G. • Board Member, Saudia Aerospace Engineering Industries (SAEI), a simplified joint stock company in the Kingdom of Saudi Arabia, engaging in the field of aviation engineering and manufacturing, since November 2023G. • Board Member, Nomination and Remuneration Committee Member, Alinma Investment Company, a closed joint stock company in the Kingdom of Saudi Arabia, owned by Alinma Bank, engaging in the field of investment banking, investment management and fund operation, since December 2023G. • Member of the Board of Trustees and Member of the Audit Committee, Royal Institute of Traditional Arts, an independent governmental entity in the Kingdom of Saudi Arabia concerned with providing education and training services in the fields of Traditional Arts and promoting them and encouraging national capabilities, since March 2023G. • Member of the Nomination and Remuneration Committee on the Board of Directors of National Petrochemical Industrial Company (NATPET), a closed joint stock company in the Kingdom of Saudi Arabia engaging in the field of petrochemicals, since June 2020G. • Member of the Nomination and Remuneration Committee on the Board of Directors of Al-Lujain Holding Company, a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of petrochemicals, since July 2023G.
Other Previous Memberships:	• Board Member and Member of the Audit Committee, Aircraft Accessories and Components Company (AACC), a limited liability company in the Kingdom of Saudi Arabia engaging in the field of aircraft maintenance, from August 2021G until the end of May 2023G. • Board Member and Strategy Committee Member, Alsalam Aerospace Industries Company, a limited liability company, engaging in the field of aircraft construction and maintenance, from September 2022G to the end of December 2023G.

h- Abdulaziz Mohammed Abdulaziz AlShaikh

Age:	46 years
Nationality:	Saudi
Current Position:	Board Member - Non-executive / Independent
Independency:	Independent
Appointment Date:	17/03/2024G
Academic Qualifications:	• Bachelor's Degree in Accounting from King Saud University, KSA, 1999G.
Current Executive Positions:	• Vice CFO, Saudi Mining Services Company, a single-person closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of mineral wealth, since October 2023G.
Previous Executive Positions:	• Vice CFO, Saudi Arabia Railways Company, a joint stock company in the Kingdom of Saudi Arabia, engaging in the field of transportation and the operation of the railway network, from March 2020G until September 2023G. • Vice President of Finance and Support Services, Maharah Human Resources Company, a listed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2018G until 2020G. • Vice CFO, AlSaedan Real Estate Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of real estate, from 2013G until 2018G. • Director of the Assets and Property Unit and Financial Analyst at the Capital Market Authority in the Kingdom of Saudi Arabia, engaging in the field of regulation and development of the capital market, from 2006G until 2013G. • Head of Accounts and Assistant Investment Manager, Makshaff Group, a holding company in the Kingdom of Saudi Arabia, engaging in the field of investments, from 2002G until 2006G.

Other Current Memberships:	• Member of the Internal Audit Committee, Star Arabia Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of food, since 2023G. • Chairman of the Internal Audit Committee, Wusoom Arabian Company, a closed joint stock Company in the Kingdom of Saudi Arabia, engaging in the field of food, since 2022G.
Other Previous Memberships:	• Member of the Internal Audit Committee, Mawten Real Estate Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of real estate, from 2019G until 2021G. • Member of the IPO Committee, Maharah Human Resources Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2018 until 2020G. • Member of the Investment Committee, Maharah Human Resources Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2018G until 2020G. • Member of the Investment Committee, TBH Company, a closed joint stock company in the United Arab Emirates, engaging in the field of human resources, from 2018G until 2020G. • Member of the Governance, Nominations and Human Resources Committee, AlSaedan Real Estate Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of real estate, from 2014G until 2018G.

i- Yasser Ali Saleh AlZeghaibi

Age:	41 years
Nationality:	Saudi
Current Position:	Board Member - Non-executive / Independent
Independency:	Independent
Appointment Date:	17/03/2024G
Academic Qualifications:	• Bachelor's Degree in Mechanical Engineering from King Saud University, KSA, 2005G. • Executive Master's Degree from IMD University, Switzerland, 2021G.
Current Executive Positions:	• CEO, Multiples Management Consulting, an individual institution in the Kingdom of Saudi Arabia engaging in the field of management strategy consulting (strategy and organizational transformation), since 2022G.
Previous Executive Positions:	• Head of Strategy and Institutional Development Sector, National Housing Company (NHC), a government company in the Kingdom of Saudi Arabia, engaging in the field of housing and real estate, from 2017G until 2022G. • Head of Privatization Program, Ministry of Housing, from 2019G until 2020G. • Director of the Strategy and Business Development Department for the Ejar program, National Housing Company (NHC), a government company in the Kingdom of Saudi Arabia, engaging in the field of real estate, from 2017G until 2018G. • CEO and Co-Founder, Mueen Human Resources Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2015G until 2016G. • Deputy CEO for Planning and Business Development, Remal Assawahel Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of contracting and facilities management, from 2013G until 2015G. • Director of the Planning and Business Development Department, Middle East Fiber Cable Manufacturing Company (MEFC), a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of manufacturing, from 2009G until 2012G.
Other Current Memberships:	• Board Member, Al Rajhi Seventh Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of real estate, since 2022G. • Member of the Executive Committee, Al Rajhi Seventh Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of real estate, since 2022G.
Other Previous Memberships:	• Board Member, Mueen Human Resources Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2016G until 2020G. • Member of the Executive Committee, Mueen Human Resources Company, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of human resources, from 2016G until 2020G.

j- Abdullah AbdulRahman Saud AlDossary (Board Secretary)

Age:	35 years
Nationality:	Saudi
Current Position:	Board Secretary
Appointment Date:	30/11/2021G
Academic Qualifications:	Bachelor's Degree in Law from the Applied Science Private University, Jordan, 2011G.
Current Executive Positions:	N/A
Previous Executive Positions:	Director of Administrative Affairs at Dammam Branch, Arab Open University, an educational institution in the Kingdom of Saudi Arabia engaging in the education sector, from 2012G until 2018G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

5.2 Company and Board Committees

The Board of Directors shall form committees in order to better run the Company. Each Committee shall have its own charter that determines the Committee's roles, responsibilities, and powers. The Committees shall periodically hold meetings for the purpose of carrying out the tasks entrusted thereto. These Committees comprise the Nomination and Remuneration Committee, the Audit Committee formed by the Company's Board of Directors and the Executive Committee.

Both the amended Charter of the Nomination and Remuneration Committee and the amended Charter of the Audit Committee were approved on 14/09/1445H (corresponding to 24/03/2024G) by the General Assembly to be in line with the Corporate Governance Regulations. In addition, the Charter of the Executive Committee was approved on 12/03/1440H (corresponding to 20/11/2018G).

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.2.1 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to determine the policies and procedures related to the nomination of the members of the Board, its Committees, and the Executive Team, and to determine the policies and procedures related to their remunerations. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- Preparing policies and standards regarding the nomination and appointment of members of the Board of Directors and members of the Company's Executive Management, proposing the same to the Board of Directors and supervising the implementation thereof.
- Ensuring that the necessary and appropriate inquiries are made regarding Board of Directors candidates and their qualifications before submitting a recommendation regarding their nomination to the Board of Directors.
- Recommending to the Board of Directors to nominate and re-nominate members of the Board of Directors in accordance with the applicable regulations and the Charter of the Nomination and Remuneration Committee.
- Annually reviewing, evaluating, and recommending to the Board of Directors the capabilities, qualifications, and experience necessary for Board membership and the Company's Executive Management functions, including determining the time to be allocated to such membership and preparing job descriptions for the executive, non-executive and independent members of the Board of Directors and the Company's Executive Management.
- Annually verifying the independence of independent Board members in accordance with applicable regulations, and the absence of any conflict of interest if the member holds a membership in the board of directors of another company.

- Periodically reviewing senior executive succession plans and submitting recommendations thereon to the Board of Directors, taking into account the challenges and opportunities facing the Company, in addition to the necessary future needs for skills and expertise.
- Evaluating potential candidates for executive management positions in the Company and providing assistance to the Board of Directors to select, develop, and evaluate candidates and make recommendations thereon to the Board of Directors, including the position of the CEO.
- Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or Executive Management, reviewing them periodically, and recommending to the Board of Directors the selection and approval of candidates to fill such positions.
- Periodically reviewing the structure, size, composition, strengths and weaknesses of the Board of Directors and the Company's Executive Management (including skills, knowledge and experience) and providing appropriate recommendations to the Board of Directors in accordance with the interest of the Company.
- Developing and supervising an induction program for new Board Members.
- Establishing an annual self-evaluation process for members of the Board of Directors and some of the Company's senior executives, submitting recommendations to the Board of Directors thereon, and supervising such process.
- Preparing a policy for the remuneration of the members of the Board of Directors, Board Committees and the Company's executive management, and submitting the same to the Board of Directors for approval by the General Assembly, and supervising its implementation and disclosure.
- Preparing an annual report on the remunerations and other payments (in cash or in kind) granted to the members of the Board of Directors, the Board Committees and the Executive Management, and clarifying the relationship between the remunerations granted and the remunerations policy (including a statement of any material deviation from this policy), in order to present it to the Board of Directors for consideration.
- Periodically reviewing the remuneration policy, evaluating its suitability and effectiveness, and making recommendations to the Board of Directors thereon.
- Recommending to the Board of Directors the remuneration of members of the Board of Directors, the Board Committees and Executive Management in accordance with the approved remuneration policy.
- Reviewing the Company's plans for compensation, benefits and incentives for members of the Board of Directors and employees of the Company and recommending the same to the Board of Directors.
- Preparing a framework policy for career advancement for all the Company's employees, including a detailed general scope of job ranks, salary scales, benefits, and cash and in-kind allowances according to job rank, and supervising the implementation thereof.
- Preparing remuneration disclosures required under Company policies or applicable regulations, including disclosures related to the remuneration policy, the annual remuneration report, and disclosures related to remuneration in the annual Board of Directors report.

The Nomination and Remuneration Committee shall be composed of at least three (3) members and no more than five (5) members appointed by the Company's Board of Directors for a maximum period of four (4) years. The Nomination and Remuneration Committee term of office shall not exceed the term of the Board of Directors. The membership of a Nomination and Remuneration Committee member, who is also a Board member, ends with the end of such member's term in the Board or by voluntary resignation from the Nomination and Remuneration Committee. The Board may dismiss any member in the Nomination and Remuneration Committee.

Subject to the conditions to be met by the Members of the Nomination and Remuneration Committee, the Board of Directors shall appoint members of the Nomination and Remuneration Committee for a period of four (4) years. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The following Members were appointed to the Nomination and Remuneration Committee pursuant to a Board Resolution dated 07/09/1445H (corresponding to 17/03/2024G).

Table (5.3): Nomination and Remuneration Committee Members

	Name	Position
1	Yasser Ali Saleh AlZeghaibi	Chairman of the Committee
2	Francisco Javier Sanchez Ferrer	Member
3	Syed Rizwan Ahmed	Member
4	Fahad Abdullah Hussain Mousa	Member

Source: the Company

The following is a brief overview of the Members of the Nomination and Remuneration Committee:

1- Yasser Ali Saleh AlZeghaibi

Please refer to Section 5.1.4 (i) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Yasser Ali Saleh AlZeghaibi.

2- Francisco Javier Sanchez Ferrer

Age:	62 years
Nationality:	Spanish
Current Position:	Nomination and Remuneration Committee Member.
Appointment Date:	17/03/2024G
Academic Qualifications:	• Bachelor's Degree in Organizational Psychology from the University of Madrid, 1986G. • Master's Degree in Human Resources from IE Business School in Madrid, 1991G.
Current Executive Positions:	• Head of Talent Management Group, Al Muhaidib Group, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the fields of food and consumer goods, industry, infrastructure, real estate, and financial investment, since 2016G.
Previous Executive Positions:	• Vice President of Talent Management, MetLife in EMEA, a closed joint stock company in the United Arab Emirates, engaging in the field of providing insurance, pension and employee benefits programs, from 2013G until 2016G. • Head of Talent, Development and Transformation Department, Vodafone Group, a closed joint stock company in Spain, engaging in the field of telecommunications services, from 2007G until 2013G. • HR Business Partner and International Mobility Manager in EMEA, Microsoft Reading, a closed joint stock company in UK, engaging in developing, licensing and supporting a range of software products and services, from 2005G until 2007G. • Head of Global Performance Management, Microsoft, a joint stock company listed in the United States of America, engaging in the field of developing, licensing and supporting a range of software products and services, from 2003G until 2005G. • Director of Human Resources, Microsoft Iberia, a subsidiary of Microsoft, a closed joint stock company in Spain engaging in the field of developing, licensing and supporting a range of software products and services, from 1995G until 2003G. • Director of Training and Development, Merck Schering-Plough, a closed joint stock company in Spain, engaging in the field of providing health solutions, from 1991G until 1995G.
Other Current Memberships:	• N/A
Other Previous Memberships:	• N/A

3- Syed Rizwan Ahmed

Please refer to Section 5.1.4 (d) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Syed Rizwan Ahmed.

4- Fahad Abdullah Hussain Mousa

Please refer to Section 5.1.4 (g) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Fahad Abdullah Hussain Mousa.

5.2.2 Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board of Directors. The main task of the Audit Committee is to monitor the Company's business and verify the safety and integrity of the Company's reports, financial statements and internal control systems. In particular, the Audit Committee's tasks are to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for approving risk management policies and procedures and reviewing risk assessment activities and risk mitigation plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by CMA and the Company's Corporate Governance Manual. The amended Charter of the Audit Committee was approved by the General Assembly on 14/09/1445H (corresponding to 24/03/2024G). The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

Financial Statements and Reports:

- Reviewing important matters related to accounting and reporting, including complex or unusual transactions, critical discretionary areas, and emerging professional and regulatory announcements, and evaluating their impact on the financial statements.
- Reviewing any important or unusual issues contained in the Company's financial statements and reports, and carefully investigating any issues raised by the CFO (or his representative), the Compliance Officer, or the External Auditor.
- Reviewing the results of the External Audit with the Management and the External Auditor, including any difficulties encountered.
- Examining the Company's interim and annual financial statements, providing an opinion thereon, and submitting any recommendations thereon to the Board of Directors to ensure their soundness, integrity, and transparency; considering whether such financial statements are complete and consistent with the information known to members and whether they reflect appropriate accounting principles and policies.
- Reviewing other sections of the annual report and relevant regulatory filings prior to issuance and considering the accuracy and completeness of such information.
- Reviewing all matters required to be referred to the committee in light of recognized auditing standards, in cooperation with the Management and the External Auditor.
- Examining the accounting policies followed by the Company and providing an opinion and recommendation to the Board of Directors thereon.
- Understanding how Management develops preliminary financial information, and the nature and extent of the involvement of the Internal Audit Department and the External Auditor.
- Providing a technical opinion, at the request of the Board of Directors, regarding whether the Board of Directors' report and the Company's financial statements are fair, balanced and understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- Verifying accounting estimates on material issues contained in the Company's financial statements and reports.

Internal Control:

- Examining and reviewing the Company's internal, financial, and risk management systems.
- Understanding the scope of the internal auditing of financial reports by the Internal Audit Department and obtaining reports that include important findings, recommendations, and management observations and comments.

Internal Audit:

- Approving the regulations of the Internal Audit.
- Reviewing the performance and activities of the Director of the Internal Audit Department and ensuring that there are no unjustified restrictions on his activities, and recommending to the Board of Directors regarding his appointment, dismissal, annual bonus and salary.

- Monitoring and supervising the performance and activities of the Company's Internal Audit Department to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned thereto in accordance with the appropriate professional standards.
- Approving the annual audit plan and all changes thereto, and reviewing the performance and activities of the Internal Audit Department compared to the plan established therefor.
- Working with the Director of the Internal Audit Department to review the Internal Audit budget, resource plan, activities, and organizational structure for Internal Audit functions.
- Reviewing the Company's internal audit procedures.
- Examining Internal Audit reports and following up on the implementation of corrective measures in respect of the notes included therein.
- Periodically holding independent meetings with the Director of the Internal Audit Department to discuss any issues that the committee or internal audit officials deem necessary to discuss in private sessions.

External Audit:

- Reviewing the External Auditor's proposed scope of audit work, approach and plan and providing its views thereon, including coordinating the audit efforts with the Internal Audit activities.
- Recommending to the Board of Directors to nominate and dismiss the External Auditor, determine his fees, and review the scope of his work and the terms of contracting therewith, provided that the recommendation shall be subject to the independence of the External Auditor.
- Examining the External Auditor's report, his notes and reservations on the Company's financial statements, and following up on the actions taken thereon.
- Verifying the independence, objectivity and fairness of the External Auditor, and the effectiveness of the auditing work, taking into account the relevant rules and standards, and making recommendations to the Board of Directors thereon.
- Verifying that the External Auditor does not provide technical or administrative work outside the scope of audit work, and recommending the same to the Board of Directors.
- Periodically holding independent meetings with the External Auditor to discuss any issues that the committee or the auditor deems necessary to discuss in private sessions.
- Responding to the queries of the External Auditor.
- Settling any disputes that occur between the Management and the External Auditor regarding the preparation of financial reports.

Compliance:

- Verifying and monitoring the Company's compliance with the applicable regulations.
- Reviewing the effectiveness of the monitoring system, ensuring compliance with applicable regulations and the results of investigations conducted by the Management, and following up on any cases of non-compliance (including taking disciplinary actions).
- Reviewing the reports and results of the investigations of the competent supervisory or regulatory authorities, and any notes made by the External Auditor or internal auditors, and verifying that the Company has taken the necessary measures thereon.
- Reviewing the process of communicating the Code of Business Conduct to the Company's employees and monitoring compliance therewith.
- Reviewing the contracts and transactions proposed to be conducted by the Company with Related Parties, and presenting its views and recommendations thereon to the Board of Directors.
- Ensuring the development and implementation of the appropriate mechanism and arrangements that allow the Company's employees, confidentially and anonymously, to submit their comments and concerns regarding any financial or accounting matters, matters related to auditing, or any cases of non-compliance.
- Obtaining regular updates from the Company's Management and Legal Advisor regarding compliance issues.

The Audit Committee shall consist of at least three (3), and at most, five (5) non-executive Board members to be appointed by the Board of Directors, provided that the Committee shall include at least one (1) independent member as well as a competent member in financial and accounting affairs.

Subject to the requirements to be met by members of the Audit Committee, the Committee shall be formed pursuant to a resolution passed by the Board of Directors. The Board shall take the necessary measures to enable the Committee to carry out its functions, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences or other matters that the Committee deems important to have access to.

The following members were appointed to the Audit Committee pursuant to the Resolution of the Board of Directors on 07/09/1445H (corresponding to 17/03/2024G).

Table (5.4): Audit Committee Members

No.	Name	Position
1	Abdulaziz Mohammed Abdulaziz AlShaikh	Chairman of the Audit Committee
2	Anantharaman Ramanathan	Member
3	Marwan Ahmed Mohammed Ibrahim	Member
4	Tariq Bin Abdullah Bin Sulaiman AlJammaz	Member

Source: the Company

The following is a brief summary of the Members of the Audit Committee:

1- Abdulaziz Mohammed Abdulaziz AlShaikh

Please refer to Section 5.1.4 (h) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Abdulaziz Mohammed Abdulaziz AlShaikh.

2- Anantharaman Ramanathan

Age:	52 years
Nationality:	Indian
Current Position:	Audit Committee Member
Appointment Date:	01/04/2024G
Academic Qualifications:	• Bachelor's Degree in Industrial Engineering from Maharaja Sayajirao University, India, 1992G. • Master's Degree in Accounting and Business Administration from the Institute of Company Secretaries of India, 1997G.
Current Executive Positions:	CFO, Indian Farmers Fertiliser Cooperative Limited (IFFCO), a limited liability company in the United Arab Emirates, engaging in the field of food manufacturing, distribution, retail and trade, since 2023G.
Previous Executive Positions:	• CFO, Landmark Hospitality Group in Dubai, a limited liability company in the United Arab Emirates, engaging in the field of retail and hospitality, from 2015G until 2023G. • Director of Planning, Financial Analysis and New Business Development, PepsiCo Middle East, a limited liability company in the United Arab Emirates, engaging in the field of food and beverage, from 2012G until 2015G. • Director of Capital Planning, Analysis and New Business Development, PepsiCo Middle East, a limited liability company in the United Arab Emirates, engaging in the field of food and beverage, from 2009G until 2012G. • Treasury Manager, PepsiCo Middle East, a limited liability company in the United Arab Emirates, engaging in the field of food and beverage, from 2006G until 2009G. • Assistant Vice President, Amway India, a limited liability company in India, engaging in the field of health and well-being, from 2001G until 2007G.
Other Current Memberships:	• Member in the Institute of Cost Accountants of India, since 1997G.
Other Previous Memberships:	• N/A

3- Marwan Ahmed Mohammed Ibrahim

Please refer to Section 5.1.4 (e) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Marwan Ahmed Mohammed Ibrahim.

4- Tariq Bin Abdullah Bin Sulaiman AlJammaz

Please refer to Section 5.1.4 (b) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Tariq Bin Abdullah Bin Sulaiman AlJammaz.

5.2.3 Executive Committee

The Board of Directors shall appoint the members of the Executive Committee, which shall be composed of at least three (3) members and no more than six (6) members. The members of the Committee shall choose from among themselves a Chairman, who shall preside over the Committee meetings. In the event of the Chairman's absence, the Committee shall choose from among its present members a temporary chairman. The member of the Executive Committee shall not be permitted to delegate someone else to attend the Committee's meetings and vote on its decisions. The term of membership in the Executive Committee shall be the same as the term of membership in the Board. The Board shall fill the vacant position in the Committee. The Committee's scope of work includes carrying out all the work that enables it to achieve its tasks, as follows:

- Participating in developing new strategic plans for the Company and evaluating proposals submitted by Management for such plans, including merger and acquisition opportunities and submitting executive recommendations to the Board of Directors.
- Establishing performance indicators for the Company to review the Company's performance in light of the specified objectives, measuring performance by results, analyzing and examining the main indicators and developments related to its business, and directing management accordingly.
- Monthly reviewing of the Company's business in light of the set objectives and estimated budget based on the monthly Management reports, alerting the Executive Management and members of the Executive Committee of any urgent developments, and requesting additional meetings of the Committee if necessary.
- Providing recommendations to the Board of Directors regarding approval of the annual estimated budget.
- Submitting recommendations to the Board of Directors regarding the distribution of profits, taking into account the recommendations of the Audit Committee in this regard.
- Reviewing the policies and regulations proposed by the Executive Management without having the right to approve what falls within the powers of the Board of Directors.
- Periodically reviewing the Company's governance rules, policies, and employee professional conduct controls, in accordance with the Company's governance rules, and submitting recommendations to the Board of Directors to make any required amendments thereto.
- Reviewing and implementing the decisions of the Board of Directors and the decisions of the Executive Committee itself.
- Providing recommendations regarding the Company's purchase of its Shares.
- Recommending amending the Company's Bylaws (if necessary).
- Reviewing investment plans in the Company's surplus liquidity.

The following Members were appointed to the Executive Committee pursuant to a Resolution of the Board of Directors on 11/05/1443H (corresponding to 15/12/2021G).

Table (5.5): Executive Committee Members

No.	Name	Position
1	Kamel Muneef AlKhatib	Chairman of the Committee
2	Marwan Ahmed Mohammed Ibrahim	Member
3	Prashant Vitkar	Member

Source: the Company

The following is a brief summary of the Members of the Executive Committee:

1- Kamel Muneef AlKhatib

Please refer to Section 5.1.4 (f) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Kamel Muneef AlKhatib.

2- Marwan Ahmed Mohammed Ibrahim

Please refer to Section 5.1.4 (e) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Marwan Ahmed Mohammed Ibrahim.

3- Prashant Vitkar

Please refer to Section 5.1.4 (c) ("**Biographies of the Members and Secretary of the Board**") for further details regarding the experience, and current and previous positions of Prashant Vitkar.

5.3 Senior Management

5.3.1 Overview of the Senior Management

The Company's Senior Management is comprised of qualified Saudi and non-Saudi members with significant local and international expertise in the food sector. The primary responsibility of the Chief Executive Officer (CEO) is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and Shareholders.

The Senior Management team currently consists of nine (9) members, as set out in the table below:

Table (5.6): Senior Management Details

Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Percentage	
							Pre-Offering	Post-Offering
Khalid Abdulaziz Yassin Al-Maktary	Chief Executive Officer	01/01/2024G	Yemeni	49 years	-	-	-	-
Rabih Abdelkader Mounir Nahas	Chief Financial Officer	01/02/2022G	American	47 years	-	-	-	-
Hussain Ali Hussein AlQahtani	Head of Human Resources	31/08/2023G	Saudi	42 years	-	-	-	-
Mohammed Rashid Ghasham Al-Shabanat	Head of Quality, Health, Safety & Environment (QHSE)	01/05/2022G	Saudi	37 years	-	-	-	-
Mohammed Sabri Mohammed Abdulalim	Head of IT	02/04/2023G	Egyptian	42 years	-	-	-	-
Imad Omar Bouchaib Talil	Head of Manufacturing	23/10/2022G	Moroccan	39 years	-	-	-	-

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Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Percentage	
							Pre-Offering	Post-Offering
Ahmed Samir Abdullah Hilal	Head of Supply Chain	27/02/2023G	Egyptian	54 years	-	-	-	-
Hisham Abdullah Hussein Al-Komani	Sales Manager	05/08/2024G	Yemeni	49 years	-	-	-	-
Adnan Ayesh Ahmed Al-Qariqri	Marketing and Business Development Manager	18/08/2024G	Saudi	41 years	-	-	-	-

Source: the Company

5.3.2 Biographies of Senior Executives

The following is a brief overview of the experiences, academic qualifications, as well as current and previous positions of each Member of Senior Management:

1- Khalid Abdulaziz Yassin Al-Maktary

Age:	48 years
Nationality:	Yemeni
Current Position:	Chief Executive Officer
Appointment Date:	01/01/2024G
Academic Qualifications:	• Bachelor's Degree in Management Information System from Portland State University, USA, 1998G.
Current Executive Positions:	N/A
Previous Executive Positions:	• CEO, Al Khair Trading Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the fields of roasting and processing coffee, marketing and distribution of fast-moving consumer goods, from 2021G until 2023G. • General Manager, Basamh Trading Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of marketing and distribution of fast-moving consumer goods, from 2018G until 2021G. • General Manager, Advance Image Trading & Distribution Limited Company, a limited liability company in Yemen, engaging in the field of marketing and distribution of fast-moving consumer goods, from 2016G until 2018G. • Deputy General Manager, Marwan Ahmed Hael Saeed Company, a limited liability company in Yemen, engaging in the field of marketing and distribution of fast-moving consumer goods, from 2015G until 2016G. • General Manager, MAM International Corporation, a limited liability company in Yemen, engaging in the field of fashion, beauty, ready-made projects, electrical, electromechanical and lubricating oil industries, from 2011G until 2015G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

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2- Rabih Abdelkader Mounir Nahas

Age:	47 years
Nationality:	American
Current Position:	Chief Financial Officer
Appointment Date:	02/01/2022G
Academic Qualifications:	• Master's Degree in Business Administration from the Lebanese American University, Lebanon, 2002G. • Bachelor's Degree in Science from the Lebanese American University, Lebanon, 1998G.
Current Executive Positions:	N/A
Previous Executive Positions:	• CFO, Al Rifai Company, a limited liability company in Lebanon, engaging in the field of manufacturing nuts, roasted grains, coffee and sweets, from April 2021G until November 2021G. • CFO, Tanmia Agricultural Development Company, a limited liability company in Lebanon, engaging in the field of chicken meat processing, manufacturing, distribution and sale of fast-moving consumer goods, from 2019G until 2020G. • Head of Financial Department, Malco Holding Company, a limited liability company in Lebanon, engaging in the field of production of fast-moving consumer goods, retail and distribution in the bakery, pastry, ice cream, chocolate and snacks industries, from 1998G until 2019G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

3- Hussain Ali Hussein AlQahtani

Age:	42 years
Nationality:	Saudi
Current Position:	Head of Human Resources
Appointment Date:	31/08/2023G
Academic Qualifications:	• Bachelor's Degree in Business Administration in Human Resources Management and Organization from King Abdulaziz University, KSA, 2009G. • Master's Degree in Computer Information Systems from Middle Tennessee State University, USA, 2015G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Head of Human Resources, Administration and External Affairs, Arabian Production and Marketing Lubricants Limited Company (Castrol), a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of industrial and automotive lubricants, from 2021G until 2023G. • Head of Human Resources, Aujan Coca-Cola Beverages Company, a mixed limited liability company in the Kingdom of Saudi Arabia, engaging in the field of manufacturing, distribution and sale of fast-moving consumer goods (soft drinks, etc.), from 2019G until 2021G. • Head of Human and Administrative Resources, United Chemical Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of wholesale import and distribution of various chemicals and lubricants in the Middle East, from 2017G to 2019G.
Other Current Memberships:	Member, Western Industrial Council, an industrial council affiliated to Jeddah Chamber of Commerce in the Kingdom of Saudi Arabia, since 2022G.
Other Previous Memberships:	N/A

4- Mohammed Rashid Ghasham Al-Shabanat

Age:	37 years
Nationality:	Saudi
Current Position:	Head of Quality, Health, Safety & Environment
Appointment Date:	01/05/2022G
Academic Qualifications:	Bachelor's Degree in Chemical Engineering from the College of Technology, KSA, 2020G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Head of Quality, Arabian Mills for Food Products Company (formerly known as the Second Milling Company), a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of mills, foodstuffs and feed, from 2017G until 2022G. • Supervisor, General Food Security Authority (GFSA), a government entity engaging in the field of food security, from 2012G until 2017G.
Other Current Memberships:	• Member, Saudi Quality Council, a government entity engaging in the field of quality, since 2023G. • Member, Saudi Council of Engineers, a government entity engaging in the field of engineering, since 2020G. • Quality Ambassador, Saudi Standards Metrology and Quality Organization (SASO), a government entity engaging in the sector of standards, metrology and quality, since 2019G.
Other Previous Memberships:	N/A

5- Mohammed Sabri Mohammed Abdulalim

Age:	42 years
Nationality:	Egyptian
Current Position:	Head of IT
Appointment Date:	02/04/2023G
Academic Qualifications:	Bachelor's Degree in Information Technology from South Valley University, Egypt, 2004G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Group IT Manager, Saco Company, a listed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of hardware, tools and logistics services trading, from 2021G until 2023G. • Group IT Manager, Al Hoshan Holding Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of retail, wholesale, real estate and manufacturing, from 2015G until 2021G. • Group IT Manager, Samnan Holding Group, a closed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of retail, wholesale, real estate and manufacturing, from 2012G until 2015G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

6- Imad Omar Bouchaib Talil

Age:	40 years
Nationality:	Moroccan
Current Position:	Head of Manufacturing
Appointment Date:	23/10/2022G
Academic Qualifications:	• Bachelor's Degree in Milling from the Higher Institute of Mill Industry, Morocco, 2005G. • Master's Degree in Business Administration from BEM Management School, Senegal, 2017G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Head of Manufacturing across regions (Africa and the Middle East), Olam International Company (Grain Department), a joint stock company listed in Singapore, engaging in the field of wheat and pasta processing and animal feed production, from 2014G until 2022G. • Manufacturing Manager Assistant, Al Ghurair Foods Company (Wheat Milling Department), a limited liability company in the United Arab Emirates, engaging in the field of wheat processing, from 2007G until 2014G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

7- Ahmed Samir Abdullah Hilal

Age:	44 years
Nationality:	Egyptian
Current Position:	Head of Supply Chain
Appointment Date:	01/03/2023G
Academic Qualifications:	Bachelor's Degree in Engineering with a specialization in Communications and Electronics from Cairo University, Egypt, 2000G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Head of Supply Chain, Nada Company, a limited liability company in the Kingdom of Saudi Arabia engaging in the field of manufacturing, distribution and sale of fast-moving consumer goods, from 2021G until 2023G. • Head of Customer Experience, Baja Food Company, a limited liability company in the Kingdom of Saudi Arabia, engaging in the field of fast-moving consumer goods, from 2020G until 2021G. • Head of Customer Solutions, Starlinks Company, a limited liability company in the Kingdom of Saudi Arabia engaging in the field of logistics, from 2019G until 2020G. • Head of Logistics, the National Agricultural Development Company (NADEC), a listed joint stock company in the Kingdom of Saudi Arabia, engaging in the field of fast-moving consumer goods, from 2018G to 2019G. • Head of Sales and Operations Planning, the National Agricultural Development Company (NADEC), a joint stock company listed in the Kingdom of Saudi Arabia, engaging in the field of fast-moving consumer goods, from 2014G until 2018G.
Other Current Memberships:	• Member, Saudi Council of Engineers, a government entity engaging in the field of engineering, since 2014G.
Other Previous Memberships:	N/A

8- Hisham Abdullah Hussein Al-Komani

Age:	49 years
Nationality:	Yemeni
Current Position:	Sales Manager
Appointment Date:	05/08/2024G
Academic Qualifications:	• Master's degree in Business Administration from Pune University, India, 2000G. • Bachelor's degree in Business Administration from Pune University, India, 1998G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Head of Sales at Extra, a joint stock company, operating in the sector to provide customers with a comprehensive shopping experience for consumer electronics and home appliances. From 2022G until 2024G. • Head of Sales at Fine, a closed joint stock company, operating in the sector of producing health and personal care products from 2020G until 2021G. • Franchise Manager at PepsiCo, a closed joint stock company, operating in the industry sector from 2014G until 2020G. • Commercial Manager at Beiersdorf, a closed joint stock company, operating in the retail sector from 2014G until 2014G.
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

9- Adnan Ayesh Ahmed Al-Qariqri

Age:	41 years
Nationality:	Saudi
Current Position:	Marketing and Business Development Manager
Appointment Date:	18/08/2024G
Academic Qualifications:	• Bachelor’s degree in Information Technology from the Electronic University, KSA, 2021G.
Current Executive Positions:	N/A
Previous Executive Positions:	• Digital Marketing and E-Commerce Manager at Al-Sunbula Company, a joint stock company, operating in the food and retail sector from 2021G until 2024G • E-Marketing Manager at Panda Company, a joint stock company, operating in central markets for food and consumer goods, retail sales of fresh and preserved fruits and vegetables, retail sales from 2008G until 2021G
Other Current Memberships:	N/A
Other Previous Memberships:	N/A

5.3.3 Employment Contracts with Senior Executives

The Company concluded employment contracts with all the Senior Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

The table below briefly describes the employment contracts in question.

Table (5.7): Summary of Employment Contracts with Senior Management

No.	Name	Position	Appointment Date	Contract Date	Contract Termination Date
1.	Khalid Abdulaziz Yassin Al-Maktary	Chief Executive Officer	01/01/2024G	05/12/2023G	30/12/2025G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 60 days prior to the contract expiry date.
2.	Rabih Abdelkader Mounir Nahas	Chief Financial Officer	01/02/2022G	18/01/2022G	30/01/2025G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 60 days prior to the contract expiry date.
3.	Hussain Ali Hussein AlQahtani	Head of Human Resources	31/08/2023G	31/08/2023G	30/08/2024G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 30 days prior to the contract expiry date.
4.	Mohammed Rashid Ghasham Al-Shabanat	Head of Quality, Health, Safety & Environment	01/05/2022G	01/05/2022G	30/04/2024G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 30 days prior to the contract expiry date.
5.	Mohammed Sabri Mohammed Abdulalim	Head of IT	02/04/2023G	02/04/2023G	01/04/2024G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 60 days prior to the contract expiry date.
6.	Imad Omar Bouchaib Talil	Head of Manufacturing	23/10/2022G	23/10/2022G	22/10/2024G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 60 days prior to the contract expiry date.
7.	Ahmed Samir Abdullah Hilal	Head of Supply Chain	27/02/2023G	27/02/2023G	21/02/2025G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 60 days prior to the contract expiry date.
8.	Hisham Abdullah Hussein Al-Komani	Sales Manager	05/08/2024G	22/07/2024G	04/08/2025G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 60 days prior to the contract expiry date.
9.	Adnan Ayesh Ahmed Al-Qariqri	Marketing and Business Development Manager	18/08/2024G	18/08/2024G	17/08/2025G Renewable for identical period(s) unless either party notifies the other party, in writing, of its/his desire not to renew 60 days prior to the contract expiry date.

Source: the Company

5.4 Remuneration of Board Members and Senior Executives

Subject to the Company's Bylaws, remunerations of the Board of Directors shall be determined by the Ordinary General Assembly in accordance with the relevant official decisions and instructions issued by the Ministry of Commerce, and within the provisions of the Companies Law and any other relevant supplementary laws. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions, and instructions applicable in the Kingdom, as determined by the competent entities.

Pursuant to the Company's Bylaws, neither the Directors nor the Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.

Furthermore, neither the Directors nor the Senior Executives have the power to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Executives. The following table shows the remunerations of the Board of Directors and the top five Senior Executives (including the CEO and the CFO) for the financial years ending 31 December 2021G, 2022G, and 2023G.

Table (5.8): Remuneration of Board Members and Senior Executives

In SAR	31 December 2021G	31 December 2022G	30 December 2023G
Board Members	1,092,000	390,000	1,181,000
Audit Committee	-	30,000	125,000
Nomination and Remuneration Committee	-	-	-
Senior Executives (5 employees)	307,146	2,572,689	1,123,933

Source: the Company

5.5 Corporate Governance

5.5.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by CMA, certain provisions of the Companies Law, and corporate governance best practices in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, Shareholders, and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of Shareholders and other stakeholders, as well as promoting the values of credibility, fairness, competitiveness, and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. On 14/09/1445H (corresponding to 24/03/2024G), the General Assembly approved the Corporate Governance Manual and policies, the Audit Committee Charter, and the Nomination and Remuneration Committee Charter, in line with the Corporate Governance Regulations.

5.5.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General Shareholder Rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures, and training (Articles 16 to 39);
- Conflicts of Interest (Articles 40 to 46);
- Company Committees (Articles 47 to 69); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 70 to 95).

5.5.3 Corporate Governance Manual and Internal Charters

On 14/09/1445H (corresponding to 24/03/2024G), the Company's Ordinary General Assembly approved the amended Corporate Governance Manual of the Company and the following amended internal charters:

- Audit Committee Charter;
- Nomination and Remuneration Committee Charter;
- Board of Directors Charter;
- Conflicts of Interest and Competing Business Policy;
- Code of Conduct and Ethics; and
- Remuneration Policy.

On 07/09/1445H (corresponding to 17/03/2024G) and 29/11/1445H (corresponding to 06/06/2024G), the Board of Directors also approved the following policies:

- Risk Management Policy;
- Investor Relations Policy;
- Powers and Delegation Policy;
- Insider Trading Policy;
- Disclosure and Transparency Policy;
- Whistleblowing Policy;
- Dividend Distribution Policy;
- Delegation of Authority Policy; and
- Internal Audit Policy.

5.5.4 Corporate Governance Compliance

The Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the Date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of six (6) Directors, are non-executive members and amongst the Board members are three (3) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide his/her voting rights between his/her selected nominees without any duplication of votes.

Pursuant to the provisions of the Corporate Governance Regulations, the Board of Directors formed the Audit Committee on 07/09/1445H (corresponding to 17/03/2024G). The Audit Committee consists of four (4) non-executive members. The Audit Committee's term ends upon the end of that of the Board. The Board of Directors also formed the Nomination and Remuneration Committee on 07/09/1445H (corresponding to 17/03/2024G). The Nomination and Remuneration Committee consists of four (4) members. The Extraordinary General Assembly of the Company approved the amended charters of the Audit Committee and the Nomination and Remuneration Committee in its session held on 14/09/1445H (corresponding to 24/03/2024G).

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Article 71 of the Companies Law, Article 12 of the Implementing Regulations to the Companies Law, and Articles 42 and 44 of the Corporate Governance Regulations). The Company has obtained the approval of the General Assembly for transactions with Related Parties, as set out in Section 12.7 ("**Transactions and Contracts with Related Parties**").

Pursuant to the Corporate Governance Regulations, each Board Member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest in such transactions or contracts (Article 42(a)(2)). The Companies Law sets out similar requirements to the effect that a Director, without prior authorization from the Ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The Director also has an obligation to inform the Board of Directors of any personal interest he/she may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or Shareholder Assemblies. The Chairman of the Board of Directors must inform the General Assembly of any transactions and contracts in which any Director has a direct or indirect personal interest and accompany that with a special report from the Company's external auditor.

The Corporate Governance Regulations also provide that if a Board Member wishes to engage in a business that may compete with the Company or any of its activities, he/she must notify the Board of any project that could compete with the Company's business, and abstain from voting on the related decision in the Board and General Assembly meetings. The Chairman of the Board must also inform the Ordinary General Assembly of the competing businesses in which the Board Member proposes to be engaged; and the prior authorization of the Company's General Assembly must be obtained for the Board Member to engage in the competing business. The Companies Law sets out similar requirements.

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to listed companies, with which the Company is not currently in compliance as the Company's Shares are not currently listed on the Exchange, as follows:

- Paragraph (A) of Article 8 relating to the announcement on Tadawul's website about the information of candidates for membership of the Board of Directors upon publishing or inviting for the General Assembly's meeting.
- Paragraph (B) of Article 8 relating to limiting the voting of the General Assembly to candidates whose information is announced pursuant to Paragraph (A) of Article (8).
- Paragraph (D) of Article 13 relating to the publication of the invitation to the General Assembly on Tadawul and the Company's websites.
- Paragraph (C) of Article 14 relating to the availability of information concerning the items of the General Assembly of Shareholders through Tadawul and the Company's websites, and obtaining information related to the items on the General Assembly's agenda, especially the report of the Board of Directors, the auditor, the financial statements, and the Audit Committee report.
- Paragraph (E) of Article 15 relating to the announcement to the public and notification to CMA and Tadawul of the results of the General Assembly immediately after its conclusion.
- Paragraph (D) of Article 17 relating to notifying CMA of the Directors' names and their membership status within five (5) business days of the commencement date of the Board's term, or from the date of their appointment, whichever is sooner, as well as any changes that may affect their membership within five (5) business days of the occurrence of such changes.
- Article 54 relating to the Audit Committee convening periodically, provided that at least four meetings are held during the Company's financial year.
- Article 65 relating to the publication of the Company's announcement of nomination for Board membership on the Company and Tadawul's websites to invite persons wishing to run for Board membership, provided that the nomination period shall continue for at least a month from the date of the announcement.

5.6 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Board Member or the CEO the power to vote on any contract or proposal in which he/she has a direct or indirect interest, in accordance with Article 71 of the Companies Law, which states that a Member of the Board shall not have any direct or indirect interest in the transactions and contracts conducted for the account of the Company, except with the authorization of the Ordinary General Assembly, and in accordance with the controls set forth by the competent authority.

Pursuant to said Article, a Board member must inform the Board of Directors of any personal interest he/she may have in the transactions and contracts made for the account of the Company. In turn, the Board of Directors shall inform the General Assembly, when it convenes, of the transactions and contracts in which any Board member has a personal interest. Such communication shall be accompanied by a special report from the Auditor. Such declaration must be recorded in the minutes of the Board meeting. Moreover, the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Board members should commit to the following:

- Complying with the provisions of Articles 27, 71, and 72 of the Companies Law, and the provisions of Chapter Six of Part Three of the Corporate Governance Regulations;
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company in which the Board Member has a direct or indirect interest;
- Avoiding participating in any business that competes with that of the Company, unless such Board member has authorization from the Ordinary General Assembly; and
- Ensuring that all future Related-Party transactions shall be made on an arm's length basis in accordance with the terms of the Related Party Transactions Policy.

5.7 Direct and Indirect Interests of Board Members, Board Secretary, and Senior Executives

The Directors declare that there is no conflict of interest for any of the Board members, Executive Management, Board Secretary, Senior Executives, nor any of their Relatives, and that they do not hold direct or indirect interests in the Shares and debt instruments of the Company, or otherwise any interest in another matter that may affect the business of the Company, except as disclosed in Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus. All transactions are conducted on a fair arm's length basis. Additionally, as at the date of this Prospectus, the Board Members are not engaging in any similar or competing activities to the Company's through their memberships in the boards of other companies. The following table sets out the details of transactions with Related Parties in which any of the Board Members has an interest.

As at the date of this Prospectus, all the Company's transactions and contracts with Related Parties were approved at the General Assembly Meeting held on 14/09/1445H (corresponding to 24/03/2024G) in accordance with the requirements of Article 71 of the Companies Law.

Table (5.9): Details of Related Parties' Transactions in which a Board Member has an Interest

Related Party	Nature of Transaction	Interested Party	Nature of Relationship	Transaction Value (SAR)			Transactions Percentage out of Total Transactions with Related Parties		
				During FY2021G	During FY2022G	During FY2023G	During FY2021G	During FY2022G	During FY2023G
Abdullah AlOthaim Markets Company*	Ongoing transactions to purchase the "FoomFlour" product from the Company.	Mr. Bader AlAujan and Mr. Marwan Ibrahim	Mr. Bader AlAujan is Vice Chairman of the Board of Directors of the Related Party in question. Mr. Marwan Ibrahim is the Chief Financial Officer of the Related Party in question.	-	576,853	1,285,554	0%	16%	5%
United Feed Manufacturing Company*	Ongoing transactions to purchase the bran product from the Company.	Mr. Tariq AlJammaz and Mr. Kamel ElKhatib	Mr. Tariq AlJammaz is the Chief Executive Officer of the Related Party in question. Mr. Kamel ElKhatib is a member of the Board of Directors of the Related Party in question.	190,052	2,574,702	1,490,643	100%	73%	6%
Riyadh Food Industries Company*	Ongoing transactions to purchase the "FoomFlour" product from the Company.	Mr. Bader AlAujan and Mr. Marwan Ibrahim	Mr. Bader AlAujan is the Vice Chairman of the Board of Directors of Abdullah AlOthaim Markets Company, which owns 55.55% of the Related Party's capital. Mr. Marwan Ibrahim is the Chief Financial Officer of Abdullah AlOthaim Markets Company, which owns 55.55% of the Related Party's capital.	-	74,411	47,507	0%	2%	0%
Zod Factory for Pastries and Bakeries*	Ongoing transactions to purchase the "FoomFlour" product from the Company.	Mr. Bader AlAujan and Mr. Marwan Ibrahim	Mr. Bader AlAujan is the Vice Chairman of the Board of Directors of Abdullah AlOthaim Markets Company, which owns 100% of the Related Party's capital. Mr. Marwan Ibrahim is the Chief Financial Officer of Abdullah AlOthaim Markets Company, which owns 100% of the Related Party's capital.	-	318,032	71,531	0%	9%	0%

Related Party	Nature of Transaction	Interested Party	Nature of Relationship	Transaction Value (SAR)			Transactions Percentage out of Total Transactions with Related Parties		
				During FY2021G	During FY2022G	During FY2023G	During FY2021G	During FY2022G	During FY2023G
Pure Food Company*	Ongoing transactions to purchase the "FoomFlour" product from the Company.	Mr. Prashant Vatkar and Mr. Syed Rizwan Ahmed	Mr. Prashant Vatkar is the Managing Director of Indian Farmers Fertiliser Cooperative Limited (IFFCO), which owns 30% of the Related Party's capital. Mr. Syed Rizwan Ahmed is a member of the Board of Directors of the Related Party in question, as well as the Executive Director of IFFCO, which owns 30% of the share capital of the Related Party.	-	-	171,642	0%	0%	1%
Gulf Industrial Flour Milling Company	Single transaction sale of spare parts	Mr. Marwan Ibrahim, Mr. Bader AlAujan, Mr. Prashant Vatkar, Mr. Syed Rizwan Ahmed, Mr. Tariq AlJammaz, and Mr. Kamel ElKhatib.	Each is a member in the Related Party's Board of Directors.	-	-	21,190,702	0%	0%	87%
Total	**-**	**-**	**-**	**190,052**	**3,543,998**	**24,257,579**	**100%**	**100%**	**100%**

Source: the Company

* This table shows the effective amounts of the transactions and not the value provided for under the agreements. Moreover, the numbers in this table include the Value-Added Tax. Transactions with the Related Parties were approved during the Extraordinary General Assembly meeting held on 14/09/1445H (corresponding to 24/03/2024G).

6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

6.1 Introduction

This section represents Management's Discussion and Analysis ("**MD&A**") of the financial results of the Company for the years ended 31 December 2021G ("2021G"), 2022G ("2022G") and 2023G ("2023G").

The financial information presented in this section has been derived from (1) the audited financial statements for the year ended 31 December 2022G with the comparative financial information for the financial year ended 31 December 2021G and (2) the audited financial statements for the year ended 31 December 2023G with the comparative financial information for the financial year ended 31 December 2022G, prepared by the Company and audited in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia for the years ended 31 December 2021G, 2022G and 2023G.

The Company's financial statements were audited by Ernst & Young Professional Services (Professional LLC) for the year ended 31 December 2021G, 2022G and 2023G, in accordance with the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**") (collectively referred to as "IFRS as endorsed in KSA").

The financial information for the financial year ended 31 December 2021G was extracted from the comparative financial information presented in the Company's audited financial statements for the year ended 31 December 2022G. The financial information for the financial years ended 31 December 2022G and 2023G was extracted from the comparative financial information presented in the Company's audited financial statements for the year ended 31 December 2023G.

During 2023G, the Company restated certain amounts and balances included in the financial statements for the 2021G and 2022G to reflect appropriate accounting treatment and classification. For more details about the restatements, refer to Section 6.9 ("**Restatement of prior period financial statements**").

The auditors Ernst & Young Professional Services (Professional LLC) and their employees, do not have any stake or interest of any kind in the Company that would impair their independence as of the date of the audited financial statements. Moreover, the auditors gave their written consent and did not withdraw from their written consent regarding the publication of their name, logo and statements in this prospectus as an auditor for the Company for the above-mentioned years.

All financial information in this section has been presented in Saudi Riyals unless otherwise stated. The amounts and percentages have been rounded to the nearest decimal number, and accordingly, if the numbers mentioned in the tables are summed, their sum may not correspond to the totals mentioned in those tables or to the Company's financial statements.

6.2 Board of Directors' Declaration for Financial Information

The board of directors declare the following:

- The financial information presented in this section is extracted without material adjustment from the audited financial statements for the year ended 2021G, 2022G, and 2023G (which were audited by Ernst & Young Professional Services (Professional LLC)) and the accompanying notes, which were prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA");
- The Company has working capital sufficient for a period of at least 12 months from the date of this Prospectus;
- There has been no restructuring in the Company in the three financial years directly preceding the date of the application for the registration and offer of securities subject to this Prospectus, in addition to the end of period covered in the Auditor's report until the date of this Prospectus, except what's has been disclosed in Section 6.8.2.3 ("**Equity**");

- No material change has been made in the Company's accounting policies, except what has been disclosed in Section 6.9 ("**Restatement of prior period financial statements**");
- All material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents, or facts, the omission of which would make any statement herein misleading;
- There are no holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the financial position;
- The external auditors' report on the financial statements of the issuer for any of the last three financial years immediately preceding the application for registration and offer of securities that are subject to this prospectus has not been qualified;
- There is no intention to introduce any material changes to the nature of the Company's activity;
- Operations have not discontinued in a way that could affect or has affected the Company's financial position materially during the past 12 months;
- The Company has provided comprehensive details in this section of all fixed assets and investments, including where applicable any contractual financial securities or other assets, which may be subject to fluctuations in value or may be difficult to estimate;
- The Company has not granted any commissions, discounts, brokerage fees or other non-cash compensation during the three years directly preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted;
- The Company's capital is not under option right;
- The Company is not aware of any seasonal factors or economic cycles related to the business that may have an effect on the Company's businesses or its financial position, except what had been disclosed in Section 2 ("**Risk Factors**");
- The properties of the Company are not subject to any mortgages, rights, or encumbrances as of the date of this Prospectus;
- All assets, obligations, contracts and agreements related to the company's operations are owned by the Company or arised directly from it.
- Members of the Board of Directors do not have any shareholding or interest of any kind in the Company, and nor do any relatives of theirs, except what has been disclosed in Section ("**Composition of the Board of Directors**");
- The Company does not have any loans or any other liabilities either covered by personal guarantee or non-personal guarantee or covered by mortgage or not including overdraft from bank accounts, nor guaranteed liabilities, liabilities under acceptance, acceptance credits, or any hire purchase commitments as at 31 December 2023G, except what has been disclosed in Section 6.8.2.1.1 ("**Property, plant and equipment**"), Section 6.8.2.6 ("**Contingent liabilities**") and Section 9 ("**Capitalization And Indebtedness**") ;
- The Company has not made any capital adjustments within the three years immediately preceding the date of this Prospectus, with the exception of the proposed increase of the Company's capital in 2023G from SAR 473.9 million to SAR 540.0 million through the transfer of SAR 40.0 million from the account of "retained earnings", and SAR 26.1m from the account of "statutory reserve". Legal formalities in this regard have been completed subsequent to the year-end on 9 January 2024G.For further information, please refer to Section 4.6 ("**Overview of the Company and its Capital Growth**") and Section 6.8.2.3.2 ("**Proposed increase in share capital**") of this Prospectus;
- The Company has no information about any governmental, macroeconomic, financial, monetary, or political policies or any other factors that have affected or could materially affect (directly or indirectly) the operations of the Company except as disclosed in Section 2 ("**Risk Factors**") of this Prospectus;
- The Company does not have any significant assets under lease, except what has been disclosed in Section 6.8.2.1.2 ("**Right-of-use assets**"); and
- The Company has no contingent liabilities or guarantees, except for what has been disclosed in Section 6.8.2.1.1 ("**Property, plant and equipment**") and Section 6.8.2.6 ("**Contingent liabilities**").

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6.3 Corporate Information

The Fourth Milling Company is a Saudi Closed Joint Stock Company (the "Company'') owned by One Person, and registered in Dammam, Kingdom of Saudi Arabia under commercial registration numbered 2050110856 dated 10 Safar 1438H (corresponding to 10 November 2016G).

The national address of the Company is Building No. 7210, King Abdulaziz Road, King Abdulaziz Sea Port District, Dammam 32211, Kingdom of Saudi Arabia.

The Company's licensed activities include packing and milling of wheat, maize, Barley and rice, production of flour from rice, manufacture of flour and dough for bakeries, manufacture of concentrated fodder for animal, manufacture of cattle fodder, preparation, milling and pressing of animal feed, animal food and feed stores, storage in warehouse of grain silos, flour and agricultural products, storage of goods in foreign trade zones, wholesale of bakery products and trade of special and healthy food.

The Company was formed by the Public Investment Fund (the "Former Owner") pursuant to the resolution of the Council of Ministers No. (35) of 27 Muharram 1437H (corresponding to 9 November 2015G) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")), completed so in accordance with Royal Decree No. 62 dated 4 Shawwal 1435H (corresponding to 31 July 2014G).

On 17 Shawwal 1441H (corresponding to 9 July 2020G) the resolution of the Council of Ministers No. 631 states to transfer the ownership to Specialized Committee, and for the Specialized Committee to handle the task that was handled to Public Investment Fund as stated in The Council of Ministers' Resolution No. (118) dated 21 Safar 1440H (corresponding to 30 October 2018G).

On 25 Rabi Al-Thani 1443H (corresponding to 30 November 2021G), the Company's share capital of 47,390,317 Shares, the value of each share is 10 SAR, were wholly sold to Gulf Flour Milling Industrial Company ("the Shareholder") for the purchase price specified in the share sale and purchase agreement on the same date.

The Company has entered into a subsidized wheat purchase agreement with GFSA as GFSA imports wheat to Saudi Arabia for the purpose of producing subsidized flour. This Agreement shall enter into force on 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017G) and shall be terminated when the Former Owner sells its Shares in the Company. The agreement stipulates that the subsidized wheat subsidy price is calculated according to the monetary value per metric ton of subsidized wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020G), the agreement regulating the purchase and sale of subsidized and non-subsidized wheat has been renewed by GFSA, and this agreement is valid until the expiry date of the license of the main purchaser (the "Company").

The Company operates through its Head Office in Dammam and three branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

Table (6.1): The Company's operating locations

City	Date	Commercial Registration number
Head Office (Dammam)	10 Safar 1438H (corresponding to 10 November 2016G)	2050110856
Dammam	30 Jumada Al-Ula (corresponding to 27 February 2017G)	2050111821
Madinah	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017G)	4650082090
Kharj	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017G)	1011024354

Source: The audited financial statements for the financial year ended 31 December 2021G, 2022G and 2023G

6.4 Basis of Preparation

6.4.1 Statement of compliance

These financial statements for the year ended 31 December 2021G, 2022G and 2023G, of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("**IASB**"), that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**") (collectively referred to as "IFRS as endorsed in KSA").

6.4.2 Basis of measurement

These financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for employees' defined benefit liabilities which is recognized at the present value of future obligations using the projected unit credit method. These financial statements are presented in Saudi Riyals ("SAR") which is the functional and presentation currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

6.5 Material Accounting Policies Information

6.5.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

6.5.2 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
- Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3 - unobservable inputs that are considered with the lowest priority

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed.

6.5.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

6.5.3.1 Computer software

Computer software licenses are capitalized on the basis of the costs incurred when specific software was purchased and configured for use. Amortization is charged to the statement of profit or loss on a straight-line basis over the useful life of 6 to 10 years.

6.5.3.2 Trademark

Trademark by name of FOOM brand was acquired and assessed as having indefinite useful life. It is stated at cost less accumulated impairment, if any.

6.5.4 Property, plant and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use (if any) is included in the cost of the respective asset if the recognition criteria for a provision are met, which is not applicable for the Company.

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

Table (6.2): Useful life by Asset Category

Categories	Useful Lives
Buildings	25 years
Plant and Machinery	10-25 years
Computer equipment	6.67 years
Furniture and Fittings	6.67-10 years
Motor Vehicles	5 years
Capital Spare Parts	20 years

Source: The audited financial statements for the financial year ended 31 December 2021G, 2022G and 2023G

Depreciation of plant is calculated on the useful lives of the components of the principal asset. Certain inventories meeting the definition of property, plant and equipment are also depreciation on the useful lives of particular component.

The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

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

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

6.5.5 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

6.5.5.1 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

6.5.5.2 Right-of-use assets

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

6.5.5.3 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the year on which the event or condition that triggers the payment occurs.

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

6.5.5.4 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to low-value assets which are items that do not meet the Company’s capitalization threshold and are insignificant for the statement of financial position for the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over lease term.

6.5.6 Financial instruments – initial recognition and subsequent measurement

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

6.5.6.1 Financial assets

6.5.6.1.1 Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Company does not have trade receivables as the consideration is received in cash at the time the sale is made.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

6.5.6.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Out of above, only below is applicable to the Company:

Financial assets at amortized cost (debt instruments) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes bank balances, accounts receivables, amounts due from related parties and other receivables.

6.5.6.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; OR
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Company could be required to repay.

6.5.6.1.4 Impairment

The Company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss provision based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

6.5.6.2 Financial liabilities

6.5.6.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payables, short-term loans, long-term loans and lease liabilities.

6.5.6.2.2 Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

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

6.5.6.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

6.5.6.3 Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6.5.7 Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

6.5.8 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

6.5.9 Inventories

Cost is determined as follows:

Finished goods	Direct cost of raw materials as well as overheads, the latter of which is allocated based on the normal level of activity. Finished goods are stated at cost or net realizable value, whichever is lower with provision for any obsolete or slow-moving goods. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of inventory on the basis of weighted average method.
Wheat (Raw material)	Weighted average which is SAR 180 / metric ton
Other raw materials	Weighted average
Spare parts	Costs are assigned to individual items of inventory on the basis of weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced by its cost; the impairment loss is recognized immediately in statement of profit or loss.
Goods in-transit	Inventories are stated at cost plus freight and other related expense.

Source: The audited financial statements for the financial year ended 31 December 2021G, 2022G and 2023G

6.5.10 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Company assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

6.5.11 Employees' benefits

6.5.11.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position under accrued and other expenses.

6.5.11.2 Defined contribution plan

The Company has defined plans with General Organization for Social Insurance ("GOSI") where the Company and the employees contribute fixed percentage of their salary toward the retirement of its employees. The contribution paid during the year amounts to SAR 4.47 million (2022G: SAR 4.37 million).

6.5.11.3 Employees' defined benefit liabilities

The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit liabilities is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit liabilities is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

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

Past service costs are recognized in statement of profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit liabilities under '**direct costs**', '**general and administration expenses**' and '**selling and distribution expenses**' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income.

6.5.12 Revenue from contracts with customers

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

The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Majority of the customer sales are on cash or advance basis. The normal credit term is 30 to 60 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

6.5.12.1 Variable Consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers do not contain any provisions which may result in variable consideration.

6.5.12.2 Right of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover the goods from the customer.

6.5.12.3 Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Since all revenue is generated on cash basis, there is no financing component with amounts receivable from customers.

6.5.12.4 Non-cash considerations

Generally, there is no non-cash consideration against the sale of goods.

6.5.12.5 Contract balances

6.5.12.5.1 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

6.5.12.5.2 Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

6.5.12.5.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

6.5.12.6 Assets and liabilities arising from rights of return

6.5.12.6.1 Right of return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

6.5.12.6.2 Refund liabilities

A refund liability is recognized for the obligation to refund some, or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

6.5.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

6.5.14 Zakat and taxes

6.5.14.1 Zakat

Zakat is calculated in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the statement of profit or loss. Any differences in estimates are recorded when the final assessment is approved, at which point the provision is settled.

6.5.14.2 Income tax

Non-GCC Shareholders are subject to income taxes. The current income tax provision is calculated in accordance with the income tax regulations issued or effective at the end of the financial period in Kingdom of Saudi Arabia. Management periodically evaluates the positions taken in tax returns regarding cases in which the applicable tax regulations are subject to interpretation. It makes a provision, where appropriate, based on amounts expected to be paid to the tax authorities.

6.5.14.3 Withholding tax

The Company withhold taxes on transactions with non-resident parties in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

6.5.14.4 Value added tax ("VAT")

Expenses and assets are recognized net of the amount of value added tax, except:

When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

6.5.14.5 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

6.5.15 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023G (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

6.5.15.1 Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

6.5.15.2 Disclosure of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

6.5.15.3 IFRS 17 Insurance contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements.

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6.5.15.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

6.5.15.5 International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules.

6.5.15.6 New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

6.5.15.6.1 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024G and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

6.5.15.6.2 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but it is required to be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

6.5.15.6.3 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024G and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

6.5.16 Climate-related matters

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments.

6.6 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

6.6.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

6.6.1.1 Determining the lease term of contracts with renewal and termination options – Company as a lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of silos and land as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

6.6.2 Estimates and assumptions

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

6.6.2.1 Determining lease term for leases with termination option – Company as lessee

The Company has entered into lease agreements for land in relation to construct its offices and warehouses and to conduct its operations. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease's arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.

At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

6.6.2.2 Estimated useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation on a straight-line basis over their estimated useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at each annual reporting period and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

6.6.2.3 Provision for expected credit losses of trade receivables and amounts due from related parties

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

6.6.2.4 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

6.6.2.5 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

6.6.2.6 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

6.6.2.7 Zakat and income tax

Zakat and income tax has been computed based on the management's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. Zakat, Tax and Customs Authority ("ZATCA") continues to issue circulars to clarify certain zakat and income tax regulations which are usually enforced on all open years. Zakat and income tax provision as computed by the management could be different from zakat and income tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

6.6.2.8 Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their market value. For individually significant amounts this estimation is performed on an individual basis.

6.6.2.9 Employees' defined benefit plans

The cost of the employees' defined benefit liabilities and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

6.7 Principle Factors Affecting the Company's Performance

Below is a discussion of the most important factors that have affected or are expected to affect the Company's business, its financial position, and the results of operations thereof. These factors are based upon the information currently available to the Company and may not represent all the factors that could affect the Company's business. For further information please refer to Section 2 ("**Risk Factors**") and section ("**Important Notice**") in page (i) of this Prospectus.

6.7.1 Prices

Prices for the Company's main flour product that is sold in 45kg and bulk sizes are set by the GFSA at SAR 520 per ton and SAR 490 per ton respectively under the terms of Subsidized and Unsubsidized Flour Supply Agreement concluded with the Company on 15/04/1442H (corresponding to 30/11/2020G), and in accordance with the Wheat Pricing Policy issued by GFSA Board of Directors' Resolution No. 46 dated 15/10/1441H (corresponding to 07/06/2020G). The subsidy will end on 12/07/2025G. For all other sizes such as 10kg or consumer packs (i.e. 1kg. 1.5kg or 2kg) the prices are unregulated, and the Company is able to set prices. Furthermore, prices for bran and animal feed which are produced by the Company as part of the flour milling process are set by the Company according to prevailing market prices. The Company's performance can be impacted by changes to the prices of unregulated flour products, bran and animal feed.

6.7.2 Government subsidies

The Company purchases its principal raw material, wheat, from its Key Supplier, the General Food Security Authority, which is the competent regulator in KSA that sells wheat to milling companies at a subsidized price. Under the terms of the Company's purchase arrangements with GFSA, the Company can buy the wheat at subsidized prices on better terms than would be available for wheat purchases on the open market.

The Company cannot predict whether any restrictions or reforms related to these subsidies would be introduced that will reduce the Company's margins or adversely affect its ability to introduce new products profitably. Changes in the market could also force the Company to alter its approach to selling, marketing, distributing, and servicing the Company's customer base. Any of the factors above would have a material adverse effect on the Company's business, results of operations, financial condition, and prospects.

For more details about the risks related to government subsidies, please refer to Section 2.1.1 ("**Risks related to Government Subsidies and the Company's Reliance on GFSA for the Supply of Wheat**") of this Prospectus.

6.7.3 The Company's strategy

The Company's future performance and profitability depend on its ability to implement its strategy as highlighted in the Section ("**Company Strategy**") of this Prospectus. However, there can be no assurance the Company will be successful in this regard. The successful implementation of the Company's plans will depend on several factors including, most importantly, the Company's ability to obtain the required approvals for its products and customers, or to meet the requirements to obtain such approvals from GFSA and the competition that the Company faces from incumbent and new players in its product segments among other factors.

As a result of the above factors, the Company's revenues may not grow at the same rate as in the past, or the Company may incur costs without benefiting from the expected revenues of expansion plans. Accordingly, the Company's results of operations may be negatively affected if any of these factors significantly delay, prevent, or hinder the Company from achieving its strategy.

For further information please refer to Section 2.1.20 ("**Risks Related to the Company's Strategy**") of this Prospectus.

6.7.4 Risks related to the seasonality of revenue

The revenue of the Company are subject to seasonal variations. In general, flour sales are highest in the period leading up to Ramadan, back-to-school, and Hajj seasons, and lowest in the period after Ramadan and the summer. The Company will not be able to anticipate such seasonal variations in sales, which may affect the consistency of the Company's revenues.

Moreover, the ingredients of feed products produced by the Company may also be affected by seasonal variations. For example, bad weather conditions (such as natural disasters, floods, torrential rains, droughts, etc.) may affect the production process and cost of such products. Accordingly, the Company may have difficulty planning its business, which in turn could limit the Company's ability to accurately forecast its future revenues or set an accurate budget for its operational costs, which would adversely and materially affect the Company's business, results of operations, financial condition, and prospects.

For further information please refer to Section 2.1.21 ("**Risks Related to the Seasonality of Revenues**") of this Prospectus.

6.8 Results of Operations

6.8.1 Statement of profit and loss and other comprehensive income

Table (6.3): Statement of profit and loss and other comprehensive income for the financial years ended 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Revenue	336,298	578,319	565,637	72.0%	(2.2%)	29.7%
Direct Costs	(230,542)	(318,205)	(306,188)	38.0%	(3.8%)	15.2%
Gross profit	**105,756**	**260,115**	**259,449**	**146.0%**	**(0.3%)**	**56.6%**
Selling and distribution	(10,338)	(32,023)	(52,494)	209.8%	63.9%	125.3%
General and administration	(31,558)	(38,534)	(43,124)	22.1%	11.9%	16.9%
Total expenses	**(41,896)**	**(70,558)**	**(95,618)**	**68.4%**	**35.5%**	**51.1%**
Operating Profit	**63,860**	**189,557**	**163,831**	**196.8%**	**(13.6%)**	**60.2%**
Finance Costs	(15,288)	(14,928)	(7,882)	(2.4%)	(47.2%)	(28.2%)
Finance income	Not applicable	340	5,530	Not applicable	1525.9%	Not applicable
Other expense	Not applicable	Not applicable	(4,079)	Not applicable	Not applicable	Not applicable
Other income	1,697	1,919	284	13.1%	(85.2%)	(59.1%)
Profit before Zakat and Income Tax	**50,268**	**176,888**	**157,684**	**251.9%**	**(10.9%)**	**77.1%**
Zakat*	(83)	(2,991)	(2,746)	3503.6%	(8.2%)	475.0%
Deferred income tax	Not applicable	Not applicable	(5,806)	Not applicable	Not applicable	Not applicable
Income Tax*	(123)	(10,855)	(6,315)	8725.2%	(41.8%)	616.5%
Profit for the year	**50,063**	**163,041**	**142,817**	**225.7%**	**(12.4%)**	**68.9%**
Other Comprehensive loss						
Remeasurement loss on employees' defined benefit liabilities	Not applicable	(238)	(187)	Not applicable	(21.4%)	Not applicable
Total Comprehensive income for the year	**50,063**	**162,803**	**142,630**	**225.2%**	**(12.2%)**	**69.0%**
As of % of revenue					**Ppt.**	
Gross profit	31.4%	45.0%	45.9%	13.5	0.9	14.4
Operating profit	19.0%	32.8%	29.0%	13.8	(3.8)	10.0
Profit before zakat and income tax	14.9%	30.6%	27.9%	15.6	(2.7)	12.9
Profit for the year	14.9%	28.2%	25.2%	13.3	(2.9)	10.4

Source: The audited financial statements for the financial year ended 31 December 2022G and 2023G

* We have split zakat and income tax balances in 2021G to be consistent with the presentation in the financial statements for the financial year ended 31 December 2023G

Revenue

Revenue is generated from the sale of 3 product types, flour (accounting on average for c. 64% of total revenue), bran (c. 24%), and feed (c.12%), operating out of 3 main branches, Dammam, Kharj, and Madinah. Following the acquisition of the Company during November 2021G, the new Management launched a strategy and implemented a number of growth measures primarily focusing on the following key areas:

- Acquisition of the Foom brand from GFSA in March 2022G, leveraging the brand's strong reputation in the flour market.
- Improvement in sales mix by aligning the selling prices of the non-regulated flour products and bran and feed products with the market.
- Proactive approach in the market by engaging in modern trade customers (supermarkets, hypermarkets, etc.) and offering discounts and incentives to customers (for applicable products).

Revenue increased by 72.0% from SAR 336.3 million in 2021G to SAR 578.3 million in 2022G mainly driven by the increase in:

a- flour by SAR 126.4 million on the back of additional volumes sold (+209.1k tons) reflecting the effect of the acquisition of Foom brand from GFSA coupled with an increase in flour average gross sales price from SAR 537 per ton to SAR 559 per ton as a result of an increase in contribution to total revenue from non-regulated products (10kg and consumer packs);

b- increase in bran revenue by SAR 104.8 million as a result of the increase in volumes sold by 84.0k tons reflecting the new growth strategies implemented by Management and the increase in average gross sales prices from SAR 630 per ton to SAR 934 per ton in line with the general increase in market rates; and

c- increase in feed revenue by SAR 17.4 million mainly due to an increase in average gross sales price from SAR 816 per ton to SAR 1,044 per ton in line with the general increase in market rates during the period.

Revenue slightly dropped by 2.2% from SAR 578.3 million in 2022G to SAR 565.6 million in 2023G mainly due to the drop in feed revenue by SAR 17.0 million stemming from the drop in volumes by 14.9k tons due to high rainfall during the period causing a drop in demand for feed, partially offset by the increase in flour revenue by SAR 4.1 million driven by the increase in revenue from consumer packs and 10kg packs, associated with high prices.

Direct costs

Direct costs mainly comprised of raw material consumed in the production of flour, feed and bran, employees' costs, and depreciation charges among other direct costs.

Direct costs increased by 38.0% from SAR 230.5 million in 2021G to SAR 318.2 million in 2022G, due to the increase in costs of raw material consumed (+SAR 66.7 million) in line with the growth in production, coupled with the increase in the employees' costs (+SAR 10.0 million) mostly driven by bonuses paid in 2022G amounting to SAR 10.6 million (as compared to SAR 3.0 million in 2021G) to compensate for the strong growth in performance in 2022G.

Direct costs subsequently decreased from SAR 318.2 million in 2022G to SAR 306.2 million in 2023G due to decreasing employees' costs by SAR 11.3 million as bonuses expenses decreased from SAR 10.6 million to SAR 2.3 million over the same period, reflecting the high bonuses paid in 2022G.

Gross profit

Gross profit increased by 146.0% from SAR 105.8 million in 2021G to SAR 260.1 million in 2022G in line with the increase in revenue over the same period. Similarly, gross margin improved from 31.4% to 45.0% as a result of (i) the significant increase in the contribution profit of Bran (from 71.4% to 80.4%), following the increase in market rates, coupled with (ii) the higher absorption of fixed costs, mainly the employees' costs that decreased as a % of revenue from 13.1% to 9.4%, contributing to a 3.8 ppt increase in gross margin.

Gross profit remained relatively stable between 2022G and 2023G amounting to SAR 259.4 million. Nonetheless, gross margin improved from 45.0% in 2022G to 45.9% in 2023G as a result of the drop in employees' costs by SAR 11.3 million (as a % of revenue from 9.4% to 7.6%) attributed to the higher bonus paid in 2022G, offset by an increase in depreciation of right of use assets by SAR 4.8 million (as a % of revenue from 2.1% to 3.0%) during the period.

Selling and distribution

Selling and distribution expenses comprised mainly transportation and shipping charges, marketing and advertising costs, employees' costs, and sales commission to hypermarkets, among others.

Selling and distribution expenses increased by 209.8% from SAR 10.3 million in 2021G to SAR 32.0 million in 2022G mainly attributable to (i) the increase in transportation and shipping charges by SAR 13.5 million as Management offered to reimburse logistics costs for some key customers, (ii) the increase in employes' costs by SAR 3.2 million, due to the bonus paid in 2022G (amounting to SAR 1.9 million compared to SAR 298 thousands in 2021G), coupled with the increase in the basic salary per employee due to the hiring of more senior employees, (iii) incurring marketing and advertising costs amounting to SAR 2.2 million in connection to promoting the newly acquired Foom brand.

Selling and distribution expenses increased by 63.9% from SAR 32.0 million in 2022G to SAR 52.5 million in 2023G driven mainly by (i) the increase in marketing and advertising costs by SAR 6.9 million as Management allocated additional budget for the marketing of Foom brand, (ii) the increase in transportation and shipping charges by SAR 6.4 million reflecting the full year impact of the introduction of transportation and logistics as a way to increase sales and market share, and (iii) the sales commission paid to hypermarkets amounting to SAR 4.9 million in 2023G (2022G: nil) as part of Management strategy to increase its market share in the modern trade segment.

General and administration

General and administration expenses comprised mainly employees' costs and professional and consultation fees, among others.

General and administration expenses increased by 22.1% from SAR 31.6 million in 2021G to SAR 38.5 million in 2022G on the back of an increase in employees' costs by SAR 6.3 million driven by an increase in average monthly cost per employee by SAR 4.2k per employee following the hiring for several senior positions (CEO, CFO, departments heads and managers) in 2022G, coupled with the exceptional bonus paid in 2022G amounting to SAR 4.8 million compared to SAR 1.6 million in 2021G. This was partially offset by the decrease in insurance expense by SAR 1.1 million

General and administration further increased by 11.9% from SAR 38.5 million in 2022G to SAR 43.1 million in 2023G due to the increase in professional and consultation services by SAR 6.5 million mainly in relation to the consultancy fees paid to Bain & Co. for strategy development (SAR 5.0 million) coupled with legal advisory services in connection to the penalties imposed by GFSA (SAR 2.6 million), partially offset by a drop in employees' costs by SAR 1.4 million.

Finance costs

Finance costs related to the amortization of lease liabilities as per IFRS16.

Finance costs remained relatively stable between 2021G and 2022G, amounting to SAR 15.3 million and SAR 14.9 million in 2021G and 2022G, respectively.

Finance costs dropped from SAR 14.9 million in 2022G to SAR 7.9 million in 2023G reflecting the impact of the restatement as Management consolidated the impact of the restatement on finance cost for 2022G and 2023G, in 2023G following the reassessment of the lease term of Silos and lands to match the milling license maturity. Refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

Finance income

Finance income relate to income earned from a Murabaha deposit amounting approximately to SR80.0m with Bank of Riyadh, with maturity of one month and whereby the interest rate fluctuates between 5.3% and 5.5%, adjusting monthly.

Finance income from Murabaha deposits increased by 1,525.9% from SAR 340 thousand in 2022G to SAR 5.5 million in 2023G reflecting the full year impact of the bank deposit.

Other expenses

Other expenses amounted to SAR 4.1 million in 2023G and related to the penalties paid against the claim raised by GFSA for violating GFSA regulatory requirements relating to securing GFSA approvals when accepting customers and exceeding the approved weekly sales quota allocated by the GFSA. The original penalty was set at SAR 45.3 million, comprising SAR 24.3 million for revenue generated by breaching regulations and SAR 21.1 million in fines for regulatory breaches. The penalty was subsequently reduced to SAR 4.1 million, following an appeal submitted by the Company.

Other income

Other income related mainly to losses in inventory, and penalties and fees associated with the delay from suppliers.

Other income increased by 13.1.% from SAR 1.7 million in 2021G to SAR 1.9 million in 2022G on the back of the increase in the penalties and fines by SAR 180 thousand in connection to delays by suppliers coupled inventory gain amounting to SAR 113 thousand related to stock count.

Other income dropped by 85.2% from SAR 1.9 million in 2022G to SAR 0.3 million in 2023G mainly as a result of the decrease in penalties and fines by SAR 950 thousand, salary deductions by SAR 394 thousand, and inventory loss amounting to SAR 324 thousand.

Zakat

The Company was subject to zakat and income tax since 1 December 2021G as the Company was previously owned by the Government and as such was not subject to the rules of Zakat, Tax and Customs Authority (ZATCA). The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The Company was subject to zakat and income tax since 1 December 2021G as the Company was previously owned by the Government and as such was not subject to the rules of Zakat, Tax and Customs Authority (ZATCA). As a result, Zakat increased from SAR 83 thousand in 2021G to SAR 3.0 million as at 31 December 2022G.

Zakat decreased from SAR 3.0 million in 2022G to SAR 2.7 million in 2023G due to the decrease in the Zakat base due to payment of dividend of SAR 198.3 million in 2023G which offset the profits for the year amounting to \SAR 142.8 million..

Deferred income tax

Deferred taxes are recognized for all taxable temporary differences and all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which these assets can be utilized.

Deferred tax liabilities amounted to SAR 5.8 million in 2023G and related to the temporary differences between the cumulative effect of the restatement of property, plant and equipment (amounting to SAR 7.2 million) offset by provisions for inventories (amounting to SAR 1.1 million), provision for employees' defined benefit liabilities (amounting to SAR 261 thousand), and provision for ECL (amounting to SAR 59 thousand).

Income Tax

The Company is subject to income tax at the rate of 20% of taxable income share of foreign Shareholders calculated in accordance with income tax regulations enforced in the Kingdom of Saudi Arabia.

Current income tax increased from SAR 123 thousand in 2021G to SAR 10.9 million in 2022G as the Company was acquired in November 2021G and tax was imposed on the foreign Shareholders' share of profit before Zakat and income tax that increased by SR126.6m during the same period.

Current income tax decreased from SAR 10.9 million in 2022G to SAR 6.3 million in 2023G in line with the decrease in the profit before Zakat and income tax by SAR 19.2 million over the same period, coupled with settlements amounting to SAR 19.0 million during the same period.

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Profit of the year

Profit of the year increased by 225.7% from SAR 50.1 million in 2021G to SAR 163.0 million in 2022G reflecting the impact of the new strategies adopted by Management following the privatization in November 2021G.

Profit of the year decreased by 11.3% from SAR 163.0 million in 2021G to SAR 142.8 million in 2022G mainly driven by the increase in selling and distribution expenses by SAR 20.5 million and general and administration expenses by SR 4.6 million while gross profit remained stable during the period.

6.8.1.1 Revenue

6.8.1.1.1 Revenue by product

Table (6.4): Revenue by product for the financial years ended 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Flour	232,222	358,577	370,764	54.5%	3.4%	26.4%
Bran	54,524	159,359	161,428	192.3%	1.3%	72.1%
Feed	49,551	66,754	49,343	34.7%	(26.1%)	0.2%
Gross revenue	**336,298**	**584,825**	**586,350**	**73.9%**	**0.3%**	**32.0%**
Less: Discount and promotions	-	(6,370)	(15,898)	Not applicable	143.7%	Not applicable
Total	**336,298**	**578,319**	**565,637**	**72.0%**	**(2.2%)**	**29.7%**
Volumes sold (in tons)	**Var.**					
Flour	432,497	641,547	613,720	48.3%	(4.3%)	19.1%
Bran	86,568	170,582	176,608	97.0%	3.5%	42.8%
Feed	60,734	63,960	49,107	5.3%	(23.2%)	(10.1%)
Total	**579,799**	**876,088**	**839,434**	**51.1%**	**(4.2%)**	**20.3%**
Average sales price (SAR per ton)					**Var.**	
Flour	537	559	610	4.1%	9.1%	6.6%
Bran	630	934	917	48.3%	(1.8%)	20.6%
Feed	816	1,044	1,013	27.9%	(3.0%)	11.4%
Total	**580**	**668**	**699**	**15.2%**	**4.6%**	**9.8%**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

** Flour revenues represent revenues generated from all sizes (10 kg - 45 kg - consumer packages ranging in size from 1 kg to 10 kg)

* Average sales price is calculated based in the gross revenue per product, i.e. excluding returns and promotions and discount

Flour

Flour represents the main product type sold by the Company, accounting for 69.1%, 61.3% and 63.9% of total gross revenue in 2021G, 2022G, and 2023G, respectively.

Flour prices are regulated by GFSA, mainly the flour products sold in bulk or in 45kg packages as the Company has entered into a wheat sales and purchase agreement with the GFSA, whereby the Company purchases the wheat from the GFSA at a subsidized price of around SAR 180 per ton and sells the bulk and 45kg products at a regulated price, set by the GFSA, at around SAR 490 per ton and SAR 520 per ton, respectively. Prices for 10kg package and consumer packs (i.e. 1 kg, 1.5 kg and 2 kg) are not regulated.

Flour gross revenue increased by 54.5% from SAR 232.2 million in 2021G to SAR 358.7 million in 2022G driven by the increase across all product types, as a result of the new strategies implemented by the new Management following the privatization in November 2021G, which was reflected by (i) an increase in volumes sold during the same period from 432.5 thousand tons to 641.5 thousand tons mainly stemming from 45kg products. This was coupled with (ii) the increase in the average sales price of flour from SAR 537 per ton to SAR 559 per ton over the same period, driven by the increase in the price of the non-regulated products' prices and by the shift towards the higher priced 10kg and consumer packs products, accounting for 13.8% of flour revenue in 2022G, as compared to 6.4% in 2021G.

Flour gross revenue increased by 4.4% from SAR 358.7 million in 2022G to 374.6 million in 2023G driven by the increase in the average sales price of flour from SAR 559 per ton to SAR 610 per ton over the period reflecting a rise in the prices of non-regulated products and their higher contribution to total volumes sold (25.0% in 2023G as compared to 13.8% in 2022G). This was offset by the decline in the volumes sold from 641.5 thousand tons to 613.7 thousand tons driven by the drop in 45kg and bulk volumes sold by 60.9 thousand tons and 2.4 thousand tons, respectively, in response to the enforcement of GFSA regulatory requirements related to quota and customer registration, which impacted the sale of regulated products during the period.

Bran

Bran is a by-product of flour, that is extracted during the milling process. Bran is used for sale and to produce feed (which is the case for the Dammam branch). The prices of bran are not regulated and are based on market price. Bran revenue accounted for 16.2%, 27.2%, and 27.6% of total gross revenue in 2021G, 2022G, and 2023G, respectively.

Bran gross revenue increased by 192.3% from SAR 54.5 million in 2021G to SAR 159.4 million in 2022G stemming from the (i) increase in volumes sold from 86.7 thousand tons to 170.6 thousand tons across all branches reflecting the impact of the new strategies adopted by the new Management in terms of increasing market share and capturing new customers and (ii) the increase in prices from SAR 630 per ton to SAR 934 per ton in line with the global increase in commodities prices mainly in light of the Ukraine war, in addition to the increase due to the lift of subsidies on barley, a substitute of Bran during the period.

Bran revenue increased from SAR 159.4 million in 2022G to SAR 1,621.4 million in 2023G mainly due to a slight increase in volumes sold from 170.6 thousand tons to 176.6 thousand tons that was offset by the drop in average sales price over the period from SAR 934 per ton to SAR 917 per ton.

Feed

Feed is used for animal feed, particularly livestock, raw material of feed (bran and yellow corn). Feed is only produced and sold in the Dammam branch. Feed sales depend on Management's decision to either use the bran produced for sale or for the feed production.

Feed revenue accounted for 14.7%, 11.4%, and 8.5% of total gross revenue in 2021G, 2022G, and 2023G, respectively.

Feed gross revenue increased by 34.7% from SAR 49.6 million in 2021G to SAR 66.8 million in 2022G mainly driven by the significant increase in the average sales price from SAR 816 per ton to SAR 1,044 per ton over the same period, driven by the increase in commodities prices worldwide, coupled with a slight increase in volumes sold from 60.7 thousand tons to 64.0 thousand tons, the growth was partially offset by the discontinuation of the bulk product in 2022G (-SAR 4.6 million) following the loss of the main customer of this product.

Feed gross revenue decreased by 26.1% from SAR 66.8 million in 2022G to SAR 49.3 million in 2023G mainly as a result of the decline in volumes sold by 14.9 thousand tons, coupled with a slight drop in average sales price from SAR 1,044 per ton to SAR 1,013 per ton as the period was characterized by heavy rainfall, heavily impacting the demand on feed products, driving down its prices during this period.

Returns

Returns have been introduced by the new Management as a way to attract higher market share in the modern trade segment and were provided to hypermarkets. Returns increased from SR136k in 2022G to SR4.8m in 2023G reflecting the full year impact of this strategy as it was introduced during the end of 2022G and mainly related to flour products. Returns accounted for 0.8% of gross revenue during 2023G.

Discounts and promotions

Discounts are applied to the non-regulated products and are based on the discount policy implemented by Management in 2022G following the acquisition of the Foom brand and the shift in focus towards modern trade customers (supermarkets and hypermarkets). We understand from Management that discounts are contractual and depend on the number of orders, and the type of client (whereby wholesalers are granted lower discount rates than modern trade clients).

Discounts increased from SAR 6.4 million in 2022G to SAR 15.9 million in 2023G, (from 2.3% to 5.2% as a % of gross revenue) reflecting the change in mix toward higher contribution from modern trade clients and non-regulated products.

6.8.1.2 Revenue by branch

Table (6.5): Revenue by branch for the financial years ended 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G (Management information)	2022G (Management information)	2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Dammam	148,494	243,903	250,747	64.3%	2.8%	29.9%
Madinah	89,805	176,939	178,876	97.0%	1.1%	41.1%
Kharj	97,999	157,477	136,014	60.7%	(13.6%)	17.8%
Total	**336,298**	**578,319**	**565,637**	**72.0%**	**(2.2%)**	**29.7%**
As of % of Revenue					**Ppt.**	
Dammam	44.2%	42.2%	44.3%	(2.0)	2.2	0.2
Madinah	26.7%	30.6%	31.6%	3.9	1.0	4.9
Kharj	29.1%	27.2%	24.0%	(1.9)	(3.2)	(5.1)

Source: Management information.

The Company operates three branches in Dammam, Medina, and Kharj whereby each production facility is responsible for the production, packaging, and sales of flour bran products, in addition to feed products in the case of Dammam branch.

Dammam

Dammam branch operates three wheat production lines (to produce flour and bran products), and one feed production facility. Dammam branch revenue represented on average c. 43% of total revenue.

Dammam is the only feed production branch which had a direct impact on bran sales, since a portion of the bran produced in Dammam is used for feed production instead of being sold.

Dammam revenue increased by 64.3% from SAR 148.5 million in 2021G to SAR 243.9 million in 2022G driven by the increased in volumes sold from 243.9 thousand tons to 363.1 thousand tons coupled with the increase in average sales price from SAR 609 per ton to SAR 677 per ton reflecting the impact of the new strategies implemented by the new Management post-acquisition (mainly the acquisition of Foom brand), in addition to the increase in commodities prices globally.

Dammam revenue further increased by 2.8% from SAR 243.9 million in 2022G to SAR 250.7 million in 2023G driven by the increase in bran revenue by SAR 18.3 million, whereby Management opted to use the bran for sale instead of feed production considering the drop in feed average sales prices due to heavy rainfall during the period, causing prices of feed to drop. The increase in bran revenue was coupled by the slight increase in flour revenue by SAR 6.0 million on the back of the increase in volumes sold by 7.2 thousand tons and the increase in average sales price form SAR 549 per ton to SAR 567 per ton attributed to the non-subsidized product.

Madinah

Madinah branch operates two wheat production lines and represented on average c. 30% of the Company's revenue.

Madinah revenue significantly increased by 97.0% from SAR 89.8 million in 2021G to SAR 176.9 million in 2022G, stemming from flour (+SAR 39.5 million) and bran (+SAR 51.4 million) driven by the increase in volumes sold as a result of the new strategies implemented by the new Management post-acquisition, to gain market share, coupled with the increase in average sales price from SAR 578 per ton to SAR 718 per ton mainly in relation to the i) non-subsidized flour products following the acquisition of Foom brand, and ii) bran products whereby price significantly increased in 2022G in line with the increase in commodities prices.

Madinah revenue increased by 1.1% from SAR 176.9 million in 2022G to SAR 178.9 million in 2023G due to the increase in flour revenue by SAR 17.9 million stemming from the increase in demand for the non-subsidized products, for which prices increased during the period. The increase was partially offset by the decrease in bran revenue by SAR 16.0 million due to the transfer of a portion of the bran produced to Kharj branch.

Kharj

Kharj branch operates one wheat production line and represented on average c. 27% of the Company's revenue.

Kharj revenue increased by 60.7% from SAR 98.0 million in 2021G to SAR 157.5 million in 2022G on the back of the growth in flour revenue by SAR 38.2 million and bran revenue by SAR 21.3 million driven by the increase in volumes sold by 72.3 thousand tons and 9.2 thousand tons respectively reflecting the impact of the new strategies implemented by the new Management post-acquisition. This was coupled by the increase in average selling price from SAR543 per ton to SAR606 per ton mostly for the i) non-subsidized flour products, and ii) bran products whereby price significantly increased in 2022G as a result of the increase in commodities prices.

Kharj branch operations slowed down in 2023G as revenue decreased from SAR 157.5 million in 2022G to SAR 136.0 million in 2023G, largely driven by the significant decrease in the volumes sold by 51.6 thousand tons, impacted by the enforcement of regulations by the GFSA covering quota and customer registration resulting in a drop in flour revenue by SAR 17.3 million. Part of the decrease in quantities sold was offset by an increase in the selling price from SAR 606 to SAR 666 as a result of the change in the mix of products sold.

Direct Costs

Table (6.6): Direct Costs for the financial years ended 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Raw material consumed	128,656	195,314	193,082	51.8%	(1.1%)	22.5%
Employees' costs	44,184	54,155	42,815	22.6%	(20.9%)	(1.6%)
Depreciation on property, plant and equipment and right od use assets	37,192	41,008	47,228	10.3%	15.2%	12.7%
Fuel and power	11,607	14,981	14,512	29.1%	(3.1%)	11.8%
Maintenance	-	3,927	2,683	Not applicable	(31.7%)	Not applicable
Subscription	-	1,147	2,333	Not applicable	103.4%	Not applicable
Rent	586	595	675	1.5%	13.4%	7.3%
Insurance	2,884	3,881	3,192	34.6%	(17.8%)	5.2%
Transportation	852	888	59	4.2%	(93.4%)	(73.7%)
Provision for slow moving inventory	570	-	-	(100.0%)	Not applicable	(100.0%)
Other direct costs	2,680	1,127	1,069	(57.9%)	(5.1%)	(36.8%)

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
	229,210	**317,023**	**307,649**	**38.3%**	**(3.0%)**	**15.9%**
Finished goods at the beginning of the year	8,688	7,356	6,175	(15.3%)	(16.1%)	(15.7%)
Total production cost prepared for sale during the year	237,899	324,380	313,824	36.4%	(3.3%)	14.9%
Finished goods at the end of the year	(7,356)	(6,175)	(7,637)	(16.1%)	23.7%	1.9%
Total	**230,542**	**318,205**	**306,188**	**38.0%**	**(3.8%)**	**15.2%**
As of % of Revenue				**PPT**		
Raw material consumed	38.3%	33.8%	34.2%	(4.5)	0.4	(4.1)
Salaries and other benefits	13.1%	9.4%	7.6%	(3.8)	(1.8)	(5.6)
Depreciation on property, plant and equipment and right od use assets	11.1%	7.1%	8.4%	(4.0)	1.3	(2.7)
Fuel and power	3.5%	2.6%	2.6%	(0.9)	0.0	(0.9)
Maintenance	0.0%	0.7%	0.5%	0.7	(0.2)	0.5
Subscription	0.0%	0.2%	0.4%	0.2	0.2	0.4
Rent	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)
Insurance	0.9%	0.7%	0.6%	(0.2)	(0.1)	(0.3)
Transportation	0.3%	0.2%	0.0%	(0.1)	(0.1)	(0.2)
Provision for slow moving inventory	0.2%	0.0%	0.0%	(0.2)	0.0	(0.2)
Other direct costs	0.8%	0.2%	0.2%	(0.6)	0.0	(0.6)
	68.2%	**54.8%**	**54.4%**	**(13.3)**	**(0.4)**	**(13.7)**
Finished goods at the beginning of the year	2.6%	1.3%	1.1%	(1.3)	(0.2)	(1.5)
Total production cost prepared for sale during the year	70.7%	56.1%	55.5%	(14.7)	(0.6)	(15.2)
Finished goods at the end of the year	(2.2%)	(1.1%)	(1.4%)	1.1	(0.3)	0.8
Total	68.6%	55.0%	54.2%	(13.5)	(0.9)	(14.4)

Source: The audited financial statements for the financial year ended 31 December 2021G,2022G, and 2023G

Raw material consumed

Raw material consumed represented on average c. 35% of the Company's revenue over the historical period, and mainly comprised of wheat, yellow corn, in addition to flour additives and other feed ingredients, and packaging costs amongst others.

Raw material consumed increased by c. 52% from SAR 128.7 million in 2021G to SAR 195.3 million in 2022G across all categories of raw materials. This increase came in line with the Company's significant operational growth during the period, as production expanded to meet rising demand (utilization increased from 57.7% in 2021G to 87.0% in 2022G) as a result of Management's strategic initiatives that improved the Company's market position and increased its market share.

Raw material consumed slightly dropped from SAR 195.3 million in 2022G to SAR 193.1 million in 2023G mainly driven by the drop in wheat cost by SAR 4.5 million due to lower quantity of wheat milled from 844,786 tons to 818,332 tons coupled with drop in yellow corn SAR 3.1 million, slightly offset by the increase in packaging material by SAR 5.5 million.

Employees' costs

Employees' costs comprise mainly basic salaries, housing and other allowances, social insurance contribution, and other benefits amongst other costs

Employees' cost increased from by 22.6% from SAR 44.2 million in 2021G to SAR 54.2 million in 2022G mainly due to the increase in bonus and other benefits by SAR 7.5 million following bonuses distributed in 2022G as a result of exceeding the budget and recording high profits, coupled with higher allowances offered to employees. This was slightly offset by the drop in headcount from 424 as at 31 December 2021G to 357 as at 31 December 2022G as the contracts of seconded employees from GFSA expired and were not renewed in November 2022G.

Employees' costs decreased by 20.9% from SAR 54.2 million in 2022G to SAR 42.8 million in 2023G due to the decrease in bonus and other benefits by SAR 8.2 million as the bonus paid out in 2022G was considered exceptional.

Depreciation on property, plant, and equipment and right-of-use

Depreciation on property, plant, and equipment and right-of-use recorded within cost of revenue relates to the depreciation of production facilities and equipment and to the leased lands on which the Company has built its production facilities.

Depreciation on property, plant, and equipment and right-of-use increased by 10.3% from SAR 37.2 million in 2021G to SAR 41.0 million in 2022G mainly as a result of additions on equipment during the period.

Depreciation on property, plant, and equipment and right-of-use increased by 15.2% from SAR 41.0 million in 2022G to SAR 47.2 million in 2023G as Management consolidated the impact of the restatement of depreciation expense for 2022G and 2023G resulting in adjustment to total depreciation amounting to SAR 4.8 million in 2023G which pertains to the reassessment of the lease liabilities to match the milling license term, coupled with the reassessment of the useful life of the buildings built on leased lands to match the lease term instead of the economic life, resulting in an adjustment to total depreciation amounting to SAR 14.5 million. Refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

Fuel and Power

Fuel and Power expenses comprised of water and electricity costs incurred by the production facilities.

Fuel and Power costs increased by 29.1% from SAR 11.6 million in 2021G to SAR 15.0 million in 2022G in line with the growth in production during the period.

Fuel and Power costs remained relatively stable amounting to SAR 14.5 million in 2023G as the transfer of vehicles to direct costs was offset by lower wheat milled.

Fuel and power costs declined as a % of revenue from 3.5% in 2021G to 2.6% in 2022G and 2023G as the Company's revenue increased due to better sales mix due to increase in proportion of sales of unregulated products..

Maintenance

Maintenance relates to the preventative and regular maintenance on the production facilities and equipment. According to Management, planned maintenance is performed on a weekly basis, in addition to on-demand maintenance.

Maintenance fees were reclassified from 'others' and amounted to SAR 2.0 million in 2021G and increased to SAR 3.9 million in 2022G as minimal maintenance was performed in 2021G, therefore the Company had to increase maintenance works during 2022G.

Maintenance expenses then decreased by 31.7% from SAR 3.9 million in 2022G to SAR 2.7 million in 2023G as maintenance operations were normalized during the year.

Subscription

Subscriptions relate to the milling license expenses paid to GFSA. The Company did not incur subscriptions fees in 2021G as the Company was Government owned.

Subscription fees amounted to SAR 1.1 million in 2022G and increased by 103.4% to SAR 2.3 million in 2023G due to the change in production mix, as the Company focused more on consumer packs and 10kg packs.

Rent

Rent relates to the short-term housing lease of the labor directly engaged in the production facilities.

Rent expense remained relatively stable at an average of SAR 0.6 million over the historical period, amounting to SAR 586 thousand, SAR 595 thousand, and SAR 675 thousand during 2021G, 2022G, and 2023G, respectively

Insurance

Insurance relates to property, vehicle and equipment insurance, in addition to medical insurance of employees.

Insurance increased by 34.6% from SAR 2.9 million in 2021G to SAR 3.9 million in 2022G mainly on the back of the increase in insurance prices.

Insurance decreased by 17.8% from SAR 3.9 million in 2022G to SAR 3.2 million in 2023G in line with the decrease in the number of employees during the same period.

Transportation

Transportation cost relates to the transportation of raw materials and products between the branches and the transportation of employees.

Transportation remained stable and amounted SAR 0.9 million in 2021G and 2022G.

Transportation decreased by 93.4% from SAR 0.9 million in 2022G to SAR 59 thousand in 2023G due to reclassification to S&D costs.

Provision for slow-moving inventory

Provision for slow-moving inventory amounted SAR 0.6 million in 2021G and dropped to nil in 2022G and 2023G as the Company's provision was overstated based on the Company's policy for slow moving inventory

Other direct costs

Others direct costs mainly comprised security expenses and pest cleaning services, among other direct costs related to the production mills.

Other direct costs decreased by 57.9% from SAR 2.7 million in 2021G to SAR 1.1 million in 2022G due to the reclassification of maintenance fees from others to a separate line item.

Other direct costs remained relatively stable amounting to SAR 1.1 million during 2023G.

6.8.1.3 Selling and distribution expenses

Table (6.7): Selling and distribution expenses for the financial years ended 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Transportation and shipping charges	817	14,359	20,776	1,657.5%	44.7%	404.3%
Marketing and advertising costs	-	2,151	9,047	Not applicable	320.6%	Not applicable
Employees' costs	4,671	7,828	8,870	67.6%	13.3%	37.8%
Sales commissions to hypermarkets	-	-	4,892	Not applicable	Not applicable	Not applicable
Depreciation of property, plant and equipment and right of use assets	3,415	4,699	5,323	37.6%	13.3%	24.8%
Fuel and Power	960	1,632	1,658	70.0%	1.6%	31.4%

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Expected credit losses of accounts receivables	-	168	716	Not applicable	326.2%	Not applicable
Rent	67	58	46	(13.4%)	(20.7%)	(17.1%)
Insurance	329	445	425	35.3%	(4.5%)	13.7%
Other expenses	80	683	741	753.8%	8.5%	204.3%
Total selling and distribution expenses	**10,338**	**32,023**	**52,494**	**209.8%**	**63.9%**	**125.3%**
As of % of Revenue					**Ppt.**	
Transportation and shipping charges	0.2%	2.5%	3.7%	2.2	1.2	3.4
Marketing and advertising costs	0.0%	0.4%	1.6%	0.4	1.2	1.6
Employees' costs	1.4%	1.4%	1.6%	0.0	0.2	0.2
Sales commissions to hypermarkets	0.0%	0.0%	0.9%	0.0	0.9	0.9
Depreciation of property, plant and equipment and right of use assets	1.0%	0.8%	0.9%	(0.2)	0.1	(0.1)
Fuel and Power	0.3%	0.3%	0.3%	0.0	0.0	0.0
Expected credit losses of accounts receivables	0.0%	0.0%	0.1%	0.0	0.1	0.1
Rent	0.0%	0.0%	0.0%	0.0	0.0	0.0
Insurance	0.1%	0.1%	0.1%	0.0	0.0	0.0
Other expenses	0.0%	0.1%	0.1%	0.1	0.0	0.1
Total selling and distribution expenses	**3.1%**	**5.5%**	**9.3%**	**2.5**	**3.7**	**6.2**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Transportation and shipping charges

Transportation and shipping charges relates to shipping products to clients and transportation costs between branches.

Transportation and shipping charges significantly increased by 1,657.5% from SAR 817 thousand in 2021G to SAR 14.4 million in 2022G as Management introduced transportation to customers on 45kg products, in addition to the increase in transportation between branches in line with the growth in operations during the period.

Transportation and shipping charges further increased by 44.7% from SAR 14.4 million in 2022G to SAR 20.7 million in 2023G mainly driven by (i) additional transportation offered on consumer packs and (ii) increase in transportation between branches.

Transportation and shipping charges increased gradually as a % of revenue from 0.2% in 2021G to 2.5% in 2022G and 3.7% in 2023G reflecting Management's goal to capture additional market share.

Marketing and Advertising Costs

Marketing and Advertising Costs related mainly to marketing campaigns initiated associated with Foom, the new brand acquired, as part of the measures implemented by the new Management following the merger.

Marketing and advertising increased from nil in 2021G to SAR 2.2 million in 2022G as the Company aimed to promote the products that are now sold under the Foom brand.

Marketing and advertising costs further increased by 320.6% from SAR 2.2 million in 2022G to SAR 9.0 million in 2023G reflecting the full year impact of the additional budget allocated for the promotion of Foom products, in addition to additional expenses related to the promotion of consumer packs.

Marketing and advertising costs increased as a % of revenue form 0.4% in 2022G to 1.6% in 2023G reflecting the full year impact of marketing and advertising costs.

Employees' Costs

Employees' costs relate mainly to the sales teams. Employees' costs increased by 67.6% from SAR 4.7 million in 2021G to SAR 7.8 million in 2022G, this increase was due to a significant increase in bonuses by SAR 1.6 million, coupled with a SAR 1.2 million increase in base salaries as the average monthly basic salary per employee jumped from SAR 10.1 thousand to SAR 15.0 thousand. This escalation was part of the Company's strategic transformation in 2022G, which involved recruiting a senior sales team.

Employees' costs further increased by 13.3% from SAR 7.8 million in 2022G to SAR 8.9 million in 2023G, reflecting the full year impact of the change in employees, offset by the drop in bonus and other benefits that were higher during 2022G.

Sales commission to hypermarkets

Sales commission to hypermarkets was introduced in 2023G and amounted to SAR 4.9 million and related to agreements between the Company and a number of customers, mainly hypermarkets, whereby a commission is paid to the customer upon meeting sales targets, mainly relating to the consumer packs products.

Depreciation of property, plant and equipment and right of use assets

Depreciation of property, plant and equipment and right of use assets increased from SAR 3.4 million in 2021G to SAR 4.7 million in 2022G and further to SAR 5.3 million in 2023G due to increase the yearly depreciation charges.

Fuel and Power

Fuel and power pertain to electricity and water expenses in showrooms and sales offices.

Fuel and power expenses increased by 70.0% from SAR 960 thousand in 2021G to SAR 1.6 million in 2022G

Fuel and power expenses remained relatively stable between 2022G and 2023G at an average of SAR 1.6 million.

Expected Credit loss of account receivables

Expected Credit loss of account receivables amounted to SAR 168 thousand in 2022G following the introduction of credit sales during the period. Expected credit loss on accounts receivables increased to SAR 716 thousand in 2023G reflecting the full year impact of introducing credit sales and in line with the increase in accounts receivable during the period.

Rent

Rent expenses relates to the rent sales offices and showrooms.

Rent expenses amounted to SAR 67 thousand in 2021G, SAR 58 thousand in 2022G and SAR 46 thousand in 2023G.

Insurance

Insurance relates to medical insurance for sales employees and their families.

Insurance expenses remained relatively stable at an average of SAR 0.4 million over the historical period.

Other expenses

Other expenses comprised of sales offices expenses and expenses associated with the participation in seminars and sales conferences, amongst others.

Other expenses increased by 753.8% from SAR 80 thousand in 2021G to SAR 683 thousand in 2022G mainly as a result of adding brands to hypermarkets (SAR 146 thousand) coupled with maintenance expenses for the sales offices (SAR 130 thousand) and water expenses for the sales offices (SAR 91 thousand).

Other expenses remained relatively stable between 2022G and 2023G amounting to SAR 741 thousand as the increase in sales conferences costs (+SAR 182 thousand), miscellaneous costs (+SAR 94 thousand) and water (+SAR 41 thousand), this was partially offset by the drop in maintenance expenses (-SAR 87 thousand), trademark expenses (-SAR 68 thousand) and expenses associated with the addition of the Company's brands to hypermarket shelves (-SAR 64 thousand).

6.8.1.4 General and administrative expenses

Table (6.8): General and administrative expenses for the financial years ended 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Employees' costs	20,197	26,465	25,042	31.0%	(5.4%)	11.4%
Professional and consultation services	3,046	3,536	9,999	16.1%	182.8%	81.2%
Depreciation of property, plant and equipment and right of use assets	1,743	1,901	2,227	9.1%	17.1%	13.0%
Maintenance	-	986	1,337	Not applicable	35.6%	Not applicable
Insurance	2,148	1,060	1,030	(50.7%)	(2.8%)	(30.8%)
Communication	-	712	836	Not applicable	17.4%	Not applicable
Fuel and power	798	708	566	(11.3%)	(20.1%)	(15.8%)
Amortization of Intangible assets	63	40	34	(36.5%)	(15.0%)	(26.5%)
Board and committees' expenses, rewards and allowances	1,092	-	-	(100.0%)	Not applicable	(100.0%)
Transportation	40	-	-	(100.0%)	Not applicable	(100.0%)
Rent	20	-	-	(100.0%)	Not applicable	(100.0%)
Other Expenses	2,411	3,127	2,053	29.7%	(34.3%)	(7.7%)
Total general and administrative expenses	**31,558**	**38,534**	**43,124**	**22.1%**	**11.9%**	**16.9%**
As of % of Revenue					**PPT.**	
Employees' costs	6.0%	4.6%	4.4%	(1.4)	(0.1)	(1.6)
Professional and consultation services	0.9%	0.6%	1.8%	(0.3)	1.2	0.9
Depreciation of property, plant and equipment and right of use assets	0.5%	0.3%	0.4%	(0.2)	0.1	(0.1)
Maintenance	0.0%	0.2%	0.2%	0.2	0.1	0.2
Insurance	0.6%	0.2%	0.2%	(0.5)	0.0	(0.5)
Communication	0.0%	0.1%	0.1%	0.1	0.0	0.1
Fuel and power	0.2%	0.1%	0.1%	(0.1)	0.0	(0.1)

SAR in 000s	2021G	2022G	2023G	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Amortization of Intangible assets	0.0%	0.0%	0.0%	0.0	0.0	0.0
Board and committees' expenses, rewards and allowances	0.3%	0.0%	0.0%	(0.3)	0.0	(0.3)
Transportation	0.0%	0.0%	0.0%	0.0	0.0	0.0
Rent	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other Expenses	0.7%	0.5%	0.4%	(0.2)	(0.2)	(0.4)
Total general and administrative expenses	**9.4%**	**6.7%**	**7.6%**	**(2.7)**	**1.0**	**(1.8)**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Employees' costs

Employees' costs included under general and administrative expenses relates to administrative employees and comprised mainly basic salary, GOSI, and over time, among other incentives.

Employees' costs increased from SAR 20.2 million in 2021G to SAR 26.1 million in 2022G, driven by employee bonuses in 2022G due to the Company's growing performance, along with a SAR 1.9 million increase in base salaries from hiring senior administrative staff at higher wages.

Employee costs decreased by SAR 1.4 million, from SAR 26.4 million in 2022G to SAR 25.0 million in 2023G, due to the normalization of expenses, in particular the bonus that decreased by SAR 1.0 million as it was exceptional in 2022G, and allowances that decreased by SAR 0.9 million due to allowances paid to new recruitments in 2022G..

Employees' cost as a % of revenue dropped gradually from 6.0% in 2021G to 4.6% in 2022G and 4.4% in 2023G reflecting the growth in revenue during the period.

Professional and consultation services

Professional and consultation services relate mainly to a strategy project as part of the Company growth strategy, accounting advisory services, legal advisory services, as well as SAP related services.

Professional and consultation services increased by 16.1% from SAR 3.0 million in 2021G to SAR 3.5 million on the back of accounting advisory services provided to Management, partially offset by a drop in legal fees expenses by SAR 0.2 million attributed to the termination of a legal advisory contract.

Professional and consultation fees increased by 182.8% from SAR 3.5 million in 2022G to SAR 10. 0 million in 2023G on the back of SAR 5.0 million relating to a study conducted for a medium- and long-term strategy plan for the Company coupled with legal fees amounting to SAR 2.6 million paid to a legal firm in connection to with the penalty imposed by the GFSA for breaching regulations, partially offset by the drop in financial advisory expenses by SAR 1.4 million relating to the discontinuation of an accounting professional services contract as the Company hired an internal accounting team.

During the period of 2021G and 2022G, professional and consultation fees as a % of revenue declined from 0.9% to 0.6%, reflecting the revenue growth during this period. Subsequently, this ratio increased to 1.3% in 2023G, as revenue growth slowed down during the period.

Depreciation of property, plant and equipment and right of use assets

Depreciation of property, plant and equipment and right-of-use assets mainly related to head office furniture and fixtures.

Depreciation on property, plant and equipment and right-of-use assets gradually increased by 9.1% from SAR 1.7 million in 2021G to SAR 1.9 million in 2022G and further by 17.1% to SAR 2.2 million in 2023G in line with the additions recorded during the same period, in relation to furniture and fittings and computer equipment.

Maintenance

Maintenance relates to regular and on adhoc maintenance performed on offices.

Maintenance expenses was recorded in 2021G under "Others" and amounted to SAR 0.5 million. Maintenance expenses increased to SAR 1.0 million in 2022G in line with the head office regular needs for maintenance.

Maintenance expenses increased further by 35.6% to SAR 1.3 million driven by additional need for maintenance services at the head office.

Insurance

Insurance expenses mainly relates to health insurance with a small portion to insurance on equipment in the head office.

Insurance expenses decreased by 50.7% from SAR 2.1 million in 2021G to SAR 1.1 million in 2022G as the Company modified the insurance plan offered to its administrative employees.

Insurance expenses remained relatively stable in 2023G amounting to SAR 1.0 million.

Communication

Communication expenses relates to telephone and internet charges, among others.

Communication expenses were classified under "others" in 2021G and amounted to SAR 672 thousand.

Communication expenses amounted to SAR 712 thousand in 2022G, and subsequently increased by 17.4% to SAR 836 thousand in 2023G.

Fuel and Power

Fuel and power relate to electricity, water, and vehicles' fuel expenses.

Fuel and power dropped by 11.3% from SAR 798 thousand in 2021G to SAR 708 thousand in 2022G, and further by 2.8% to SAR 566 thousand in 2023G following the reassigning of several vehicles to the production factories, thus shifting their fuel costs to be accounted for under cost of revenue.

Amortization of intangible assets

Amortization of intangible assets relates to the Company's current ERP e-smart system.

Amortization of intangible assets decreased by 36.5% gradually from SAR 63 thousand in 2021G to SAR 40 thousand in 2022G and by 15.0% to SAR 34 thousand in 2023G driven by decline the net book value of software over the same period.

Board and committees' expenses, rewards and allowances

Board and committees' expenses, rewards and allowances comprise attendance fees, in addition to other compensations such as travel expenses to legal and Management fees.

Board and committees' expenses, rewards and allowances amounting to SAR 1.1 million in 2021G were reclassified under employees' costs and amounted to SAR 0.7 million and SAR 1.7 million in 2022G and 2023G, respectively.

Transportation

Transportation relates to fuel expenses of administrative employee.

Transportation expenses amounted to SAR 40 thousand in 2021G and nil in 2022G and 2023G.

Rent

Rent relates to labor housing in Madinah.

Rent amounted to SAR 20 thousand in 2021G and decreased to nil in 2022G and 2023G mainly due to the termination of the lease contract.

Other expenses

Others relates to cleaning, visa and iqama fees, security expenses, hospitality expenses and with-holding tax expenses, amongst others.

Others increased by 29.7% from SAR 2.4 million in 2021G to SAR 3.1 million in 2022G as a result of revaluation expenses in relation to the valuation of Company's assets in 2022G.

Others decreased by 34.3% to SAR 2.1 million in 2023G primarily due to a decrease in revaluation expenses by SAR 618 thousand and a reduction in miscellaneous expenses by SAR 440 thousand reflecting the additional payments made in 2022G.

6.8.1.5 Other income

Table (6.9): Other income for the financial years ended 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G (Management information)	2022G (Management information)	2023G (Management information)	Variance 2021G-2022G	Variance 2022G-2023G	CAGR 2021G-2023G
Penalties and fines	1,296	1,404	454	8.3%	(67.7%)	(40.8%)
Others	401	515	(170)	28.4%	(133.0%)	Not applicable
Other income	**1,697**	**1,919**	**284**	**13.1%**	**(85.2%)**	**(59.1%)**

Source: Management information

Penalties and fines

Penalties and fines relate to penalties and fines imposed on suppliers for not meeting deadlines and delivery date.

Penalties and fines remained relatively stable amounting to SAR 1.3 million and SAR 1.4 million in 2021G and 2022G, fines and penalties dropped by 67.7% to SAR 0.5 million in 2023G.

Others

Others comprised of deductions to employees' salaries in connection to delay, unapproved leaves, etc., in addition to inventory gains/losses arising from stock count, and one-off car insurance revenue and capital gain revenue.

Others increased by 28.4% from SAR 0.4 million in 2021G to SAR 0.5 million in 2022G stemming from inventory gains amounting to SAR 113 thousand in 2022G.

Others declined by 133.0% to losses amounting to SAR 170 thousand due to the inventory loss amounting to SAR 211 thousand.

6.8.2 Statement of Financial Position

Table (6.10): Statement of financial position as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Assets			
Non-current assets			
Property, plant and equipment	556,334	545,596	531,967
Right-of-use assets	399,151	385,513	362,491
Intangible assets	5,559	55,871	56,721
Total non-current assets	**961,043**	**986,979**	**951,179**
Current assets			
Inventories	95,967	80,324	55,968
Prepayments and other current assets	8,410	10,652	15,575

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Amounts due from related parties	Not applicable	969	22,767
Accounts receivables	Not applicable	2,786	5,211
Cash and cash equivalents	67,256	164,662	106,343
Total current assets	**171,633**	**259,393**	**205,864**
Total assets	**1,132,677**	**1,246,372**	**1,157,043**
Equity and liabilities			
Equity			
Share Capital	473,903	473,903	473,903
Proposed increase in share capital	Not applicable	Not applicable	66,097
Statutory reserve	9,611	26,079	-
Actuarial reserve	Not applicable	(238)	(425)
Retained earnings	153,745	238,986	143,439
Total equity	**637,259**	**738,730**	**683,013**
Non- current liabilities			
Non-current portion of lease liabilities	405,947	398,108	379,268
Employees' defined benefit liabilities	1,075	1,418	3,920
Deferred tax liabilities	Not applicable	Not applicable	5,806
Total non-current liabilities	**407,022**	**399,526**	**388,994**
Current liabilities			
Accounts payables	46,902	28,304	22,402
Accrued expenses and other liabilities	13,362	31,228	26,728
Amounts due to related parties	191	2,575	1,491
Current portion of lease liabilities	22,233	22,767	22,986
Advances from customers	5,503	9,396	10,509
Zakat and income tax provision	206	13,846	920
Total current liabilities	**88,396**	**108,116**	**85,035**
Total liabilities	**495,418**	**507,642**	**474,029**
Total equity and liabilities	**1,132,677**	**1,246,372**	**1,157,043**
Key performance indicators			
Days inventory outstanding (days) (1)	325	186	138
Days payables outstanding (days) (2)	132	50	43
Days receivables outstanding (days) (3)	Not applicable	2	4
Return on average assets	4.4%	13.1%	12.3%
Return on average equity	7.9%	22.1%	20.9%

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

(1) Inventory balance / cost of revenue (including raw material costs and movement of inventory, excluding salaries, depreciation, etc.) for the period * number of days in the period

(2) Accounts payable balance / cost of revenue (including raw material costs and movement of inventory, excluding salaries, depreciation, etc.) for the period * number of days in the period

(3) Gross trade receivables during the period / revenue for the period * number of days for the period

Table (6.11): Key performance indicators as at 31 December 2021G, 2022G, and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Key Performance Indicators			
Days inventory outstanding (days) (1)	325	186	138
Days payables outstanding (days) (2)	132	50	43
Days receivables outstanding (days) (3)	-	2	4
Liquidity ratio(4)	0.9	1.7	1.8
Debt ratio(5)	0.8	0.7	0.7
Working capital(6)	38,215	9,383	37,471
Trading index(7)	1.9	2.4	2.4
Average return on assets	4.4%	13.1%	12.3%
Average return on equity	7.9%	22.1%	20.9%

Source: Management information.

(1) Inventory balance/cost of revenue (including raw material costs and movement of inventory, excluding salaries & depreciation) for the period * number of days in the period.

(2) Accounts payable balance/cost of revenue (including raw material costs and movement of inventory, excluding salaries & depreciation) for the period * number of days in the period.

(3) Gross trade receivables during the period / revenue for the period * number of days for the period.

(4) Gross current assets (excluding inventory) / Total current liabilities.

(5) Gross liabilities (current and non-current) / equity.

(6) Current assets (excluding cash and cash equivalents) minus current liabilities (excluding the current part of lease obligations).

(7) Gross current assets / gross current liabilities.

Non-current assets

Non-current assets increased from SAR 961.0 million as at 31 December 2021G to SAR 987.0 million as at 31 December 2022G due to the increase in intangible assets by SAR 50.3 million following the acquisition of the trademark for the FOOM brand in March 2022G from GFSA for the cost of SAR 50.1 million, partially offset by the decrease in right-of-use assets by SAR 13.6 million and property, plant and equipment by SAR 10.7 million due to the annual depreciation charges.

Non-current assets decreased from SAR 987.0 million as at 31 December 2022G to SAR 951.2 million as at 31 December 2023G due to the decrease in right-of-use assets by SAR 23.0 million driven by the increase in the depreciation charges due to the restatement of the depreciation pertaining to the buildings built on leased lands as it was previously understated since the useful life was based on the economic life of the building instead of the lease term, coupled with the decrease in property, plant and equipment by SAR 13.6 million driven by the annual depreciation charge. The decrease was partially offset by the increase in intangible assets by SAR 850 thousand in line with the additions to software under development.

Current assets

Current assets increased from SAR 171.6 million as at 31 December 2021G to SAR 259.4 million as at 31 December 2022G mainly as a result of the increase in cash and cash equivalents by SAR 97.4 million due to the fixed deposit amounting to SAR 80.0 million generated from the operating activities and deposited at a local bank, coupled with the increase in trade receivables by SAR 2.8 million following the implementation of a credit policy to the clients particularly hypermarkets as the Company seeks to build market share in the modern trade segment, and prepayments and other current assets by SAR 2.2 million mainly due to the advances to suppliers. The increase was partially offset by the decrease in inventories by SAR 15.6 million driven by the decrease in spare parts and goods in transit by SAR 9.1 million and SAR 2.8 million respectively.

Current assets decreased from SAR 259.4 million as at 31 December 2022G to SAR 205.9 million as at 31 December 2023G due to the decrease in cash and cash equivalents by SAR 53.8 million mainly as a result of the dividends paid in 2023G amounting to SAR 198.3 million that were offset by the cash generated from operations amounting to SAR 168.8 million, coupled with the decrease in inventories by SAR 24.4 million due to the sale of spare parts to Gulf Flour Milling Company (the Parent Company), amounting to SAR 21.2 million, coupled with the reclassification of a portion of the spare parts to property, plant and equipment amounting to SAR 15.9 million that were determined to have a long-term useful life. The decrease was partially offset by the increase in prepayments and other current assets by SAR 4.9 million mainly related to the prepaid fee paid to Bain & Company for consultancy services, coupled with the increase in accounts receivable by SAR 2.4 million.

Equity

Total equity increased from SAR 637.3 million as at 31 December 2021G to SAR 738.7 million as at 31 December 2022G due to the increase in retained earnings by SAR 85.2 million in line with the increase in profits during the same period, partially offset by the payment of dividends of SAR 61.3 million. This was coupled by the increase in the statutory reserve by SAR 16.5 million representing the minimum requirement of 10% of the Company's net income during the same period.

Total equity decreased from SAR 738.7 million as at 31 December 2022G to SAR 683.0 million as at 31 December 2023G mainly driven by the decrease in retained earnings by SAR 95.5 million, in line with the decrease in the profits generated during the same period, coupled with the increase in the dividends paid that amounted to SAR 198.3 million, and the transfers amounting to SAR 40.0 million to the proposed increase in share capital. Additionally, the statutory reserve amounting to SAR 26.1 million was transferred to the proposed increase in share in capital, as it is no longer required by the Saudi Arabian Companies law.

Non-current liabilities

Non-current liabilities decreased from SAR 407.2 million as at 31 December 2021G to SAR 399.5 million as at 31 December 2022G due to the decrease in the non-current portion of lease liabilities by SAR 7.8 million driven by the settlements made during the period, partially offset by the increase in employees' defined benefit liabilities by SAR 343 thousand due to the increase in the current service cost and interest expense (amounting to SAR 284.5 thousand) and actuarial losses (amounting to SAR 238.1 thousand) partially offset by benefits paid (amounting to SAR 179.3 thousand).

Non-current liabilities decreased from SAR 399.5 million as at 31 December 2022G to SAR 389.00 million due to the decrease in the non-current portion of lease liabilities by SAR 18.8 million driven by the settlements made during the period (amounting to SAR 22.8 million) and the adjustment made to the term of the leased warehouse in Dammam (amounting to SAR 3.7 million), partially offset by the increase in employees' defined benefit liabilities by SAR 2.5 million due to the increase in the current service cost and interest expense (amounting to SAR 2.5 million). Additionally, the Company recognized deferred tax liabilities amounting to SAR 5.8 million as at 31 December 2023G related to the temporary tax differences between the taxable income and accounting income, to be paid in the future.

Current liabilities

Current liabilities increased from SAR 88.4 million as at 31 December 2021G to SAR 108.1 million as at 31 December 2022G due to the increase in accrued expenses and other liabilities by SAR 19.3 million driven by the accrued salaries and benefits that increased by SAR 14.7 million due to the bonus paid in 2022G, coupled with the increase in the Zakat and income tax by SAR 13.6 million as the Company was subject to Zakat following the privatization and acquisition of the Company in November 2021G, and to income tax on the profit share of the foreign Shareholders before Zakat. The increase was partially offset by the decrease in accounts payable by SAR 20.1 million, due to settlements made in connection to the raw materials supplied by GFSA.

Current liabilities decreased from SAR 108.1 million as at 31 December 2022G to SAR 85.0 million as at 31 December 2023G due to the decrease in the Zakat and income tax payable by SAR 13.0 million in line with the decrease in profit before Zakat and income tax by SAR 19.2 million during the same period and settlement amounting to SAR 19.0 million, coupled with the decrease in accrued expenses and other liabilities by SAR 6.0 million in line with the decrease in accrued salaries and benefits, and the decrease in accounts payable by SAR 4.4 million due to settlements made to Zad Company for Industry and Trade and Shoran Trading Company for the supply of packaging materials.

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6.8.2.1 Non-Current Assets

Table (6.12): Non-current assets as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Property, plant and equipment	556,334	545,596	531,967
Right-of-use assets	399,151	385,513	362,491
Intangible assets	5,559	55,871	56,721
Total non-current assets	**961,043**	**986,979**	**951,179**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

6.8.2.1.1 Property, plant and equipment

Table (6.13): Property, plant, equipment and right-of-use as at 31 December 2021G, 2022G and 2023G

SAR in 000s	Building (1)	Plant and machinery	Furniture and fittings	Computer Equipment	Motor Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2021G	**227,825**	**442,270**	**3,149**	**3,370**	**2,588**	**9,522**	**941,104**
Additions during the year	23	2,226	545	256	-	15,644	97,585
Transfers	5,340	5,611	-	1,444	-	(12,396)	-
As at 31 December 2021G	**233,189**	**450,108**	**3,694**	**5,069**	**2,588**	**12,770**	**707,417**
Additions during the year	2,565	9,734	308	439	-	10,637	23,684
Disposals during the year	-	(945)	(3)	-	-	-	(949)
Transfers	6,151	6,338	-	1,409	-	(13,899)	-
As at 31 December 2022G	**241,905**	**465,235**	**3,999**	**6,918**	**2,588**	**9,508**	**730,152**
Additions during the year	138	4,723	267	278	-	3,862	9,268
Reclassification	-	15,880	-	-	-	-	15,880
Transfers	365	5,462	52	-	-	(5,880)	-
As at 31 December 2023G	**242,408**	**491,300**	**4,318**	**7,196**	**2,588**	**7,490**	**755,300**
Accumulated depreciation							
As at 1 January 2021G	**15,377**	**87,590**	**1,691**	**1,085**	**475**	**-**	**138,095**
Charge for the year	6,786	22,306	249	498	489	-	42,350
As at 31 December 2021G	22,162	109,896	1,941	1,583	964	-	180,444
Restatement (2)	14,537	-	-	-	-	-	14,537
As at 31 December 2021G restated	**46,700**	**109,896**	**1,941**	**1,583**	**964**	**-**	**151,084**

SAR in 000s	Building (1)	Plant and machinery	Furniture and fittings	Computer Equipment	Motor Vehicles	Capital work in progress	Total
Charge for the year	8,956	23,376	286	862	489	-	33,969
Disposals	-	(493)	(3)	-	-	-	(496)
Balance on December 31, 2022G	**45,656**	**132,780**	**2,223**	**2,445**	**1,452**	**-**	**184,557**
Charge for the year	9,106	23,901	304	906	489	-	35,492
Reclassification	-	3,285	-	-	-	-	3,285
Balance on December 31, 2023G	**54,762**	**160,752**	**2,527**	**3,351**	**1,941**	**-**	**223,332**
Net Book Value:							
NBV as at 31 December 2021G (restated)	196,489	340,211	1,753	3,486	1,624	12,770	556,334
NBV as at 31 December 2022G (restated)	196,249	332,455	1,776	4,473	1,135	9,508	545,596
NBV as at 31 December 2023G	187,646	330,548	1,791	3,845	647	7,490	531,967

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

(1) Buildings are built on land leased from GFSA with an annual rental value of SAR 12.7 million. The initial term of the land lease of 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017G), which was adjusted in 2021G to match with the duration of flour milling license (30 November 2046G). The lease is renewable automatically subject to the renewal of the milling license. For more information about these modifications, refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

(2) During the year ended 31 December 2023, management determined that the useful life of the buildings that are built on leased lands in prior periods were erroneously based on the economic life of the buildings instead of the lease term. Consequently, the carrying value of buildings were overstated and the related accumulated depreciation was understated. For more information about these modifications, refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

As at 31 December 2023G, the Company has no temporary idle asset. Moreover, assets with cost amounting to SAR 164.9 million have been fully depreciated. During the year ended 31 December 2022G, the Company sold equipment with a total net carrying amount of SAR 452.5 million for a cash consideration of SAR 434.8 million. The net loss on the disposals were recognized as part of other operating income in the statement of profit or loss.

Buildings

Table (6.14): Buildings Details as of 2023G

SAR in 000s	Location	Net Book Value as of 31 December 2023G
Services and Supplies Building	Madinah	3,046
Administration Building	Madinah	6,927
Staff Housing Building	Madinah	3,728
Factory Building	Madinah	60,466
Warehouse Building	Madinah	3,783
Silo and Inventories building	Madinah	20,123
Total Buildings in Madinah		**98,075**

SAR in 000s	Location	Net Book Value as of 31 December 2023G
Services and Supplies Building	Kharj	12,600
Administration Building	Kharj	1,684
Factory Building	Kharj	42,999
Warehouse Building	Kharj	4,580
Silo and Inventories Building	Kharj	22,168
Total Buildings in Kharj		**84,032**
Administration Building	Dammam	874
Administration Building	Dammam	478
Staff Housing Building	Dammam	27
Factory Building	Dammam	285
Warehouse Building	Dammam	2,501
Silo and Inventories Building	Dammam	275
Total Buildings in Dammam		**5,539**
Net Book Value		**187,646**

Source: Management information

Buildings are built on land leased from GFSA with an annual rental value of SAR 12.7 million. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017G), which was adjusted in 2021G to match with the duration of flour milling license (30 November 2046G). The lease is renewable automatically subject to the renewal of the milling license. For more information about these modifications, refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

During the year ended 31 December 2023G, management discovered that the useful life of the buildings that are built on leased lands in prior periods were erroneously based on the economic life of the buildings instead of the lease term. Consequently, the carrying value of buildings were overstated and the related accumulated depreciation was understated by SAR 14.5 million. For more information about these modifications, refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

The net book value of buildings decreased from SAR 196.5 million as at 31 December 2021G to SAR 196.2 million as at 31 December 2022G yearly as a result of depreciation charge of SAR 9.0 million, partially offset by transfers from capital work in progress amounting to SAR 6.2 million and additions amounting to SAR 2.6 million.

The net book value of buildings decreased from SAR 196.2 million as at 31 December 2022G to SAR 187.6 million as at 31 December 2023G driven by the yearly depreciation charge amounting to SAR 9.1 million, partially offset by transfers from capital work in progress amounting to SAR 365 thousand and additions amounting to SAR 138 thousand.

Plant and machinery

Plant and equipment relates to the equipment used at the plants in Dammam, Madinah, and Kharj and comprised of the milling and packaging equipment used in the manufacturing and the production operations carried out by the Company in the normal course of business.

The net book value of plant and machinery decreased from SAR 340.2 million as at 31 December 2021G to SAR 332.5 million as at 31 December 2022G driven by the yearly depreciation charge amounting to SAR 22.3 million, partially offset by additions amounting to SAR 9.7 million and transfers from capital work in progress amounting to SAR 6.3 million.

The net book value of plant and machinery decreased from SAR 332.5 million as at 31 December 2022G to SAR 330.5 million driven by the yearly depreciation charge amounting to SAR 23.9 million, partially offset by reclassification of spare parts from inventories to plant and machinery, amounting to SAR 15.9 million, which were determined as long-term and therefore capitalized within the Company's fixed assets, coupled with additions amounting to SAR 4.7 million and transfers from capital work in progress amounting to SAR 5.5 million.

Furniture and fitting

Furniture and fitting comprise of the furniture in the Company's mills as well as the Company's offices.

The net book value of furniture and fitting remained relatively stable at an average of SAR 1.7 million over the historical period, driven by yearly additions offset by the yearly depreciation charge.

Computer equipment

The net book value of computer equipment increased from SAR 3.5 million as at 31 December 2021G to SAR 4.5 million as at 31 December 2022G driven by transfers from capital work in progress amounting to SAR 1.4 million, partially offset by the yearly depreciation charge amounting to SAR 862 thousand.

Motor vehicles

The net book value of computer equipment decreased from SAR 4.5 million as at 31 December 2022G to SAR 3.8 million as at 31 December 2023G driven by the yearly depreciation charge amounting to SAR 906 thousand.

Capital work in progress

Capital work in progress mainly comprised of projects undertaken by the Company mainly related to maintenance and safety.

Capital work in progress decreased from SAR 12.8 million as at 31 December 2021G to SAR 9.5 million as at 31 December 2022G driven by the completed projects related to implementing security and safety works in Kharj, and the medium voltage machines project in Dammam.

Capital work in progress decreased from SAR 9.5 million as at 31 December 2022G to SAR 7.5 million as at 31 December 2023G driven by the completion of the modernizing the SCAPA system with MMC panels projects in Dammam.

Capital work in progress as of 31 December 2023G mainly consist of:

- Project relating to implementing security and safety works in Dammam Branch to comply with the requirements of the HCIS (please refer to Section 12.4 ("**Material Government Consents, Licenses and Certificates**") related to renewal of the civil defense license, expected to be completed by June 2024G, the capital works costs for this project amounted to 1.6 million SAR as of December 31, 2023G;
- Supply and installation of control systems and cameras project, expected to be completed by March 2024G, the capital works costs for this project amounted to 391 thousand SAR as of December 31, 2023G;
- Supply and installation of temperature and humidity sensitivity projects in Madinah Branch, expected to be completed by June 2024G, the capital works costs for this project amounted to 391 thousand SAR as of December 31, 2023G; and
- Flour silo coating project in Kharj Branch, expected to be completed by March 2024G, the capital works costs for this project amounted to 207 thousand SAR as of December 31, 2023G.

The capital commitment related to these projects amounted to SAR 3.1 million as at 31 December 2023G.

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6.8.2.1.2 Right-of-use assets

Table (6.15): Right-of-use assets and the movements during the year as at 31 December 2021G, 2022G and 2023G

SAR in 000s	Silos	Lands	TOTAL
Cost			
As at 31 December 2021G (before restatement)	136,671	194,601	331,272
Lease reassessment (1)	67,086	44,692	111,777
As at 31 December 2021G (restated)	**203,756**	**239,293**	**443,049**
Additions during the year	-	-	-
As at 31 December 2022G (restated)	**203,756**	**239,293**	**443,049**
Lease modification(2)	-	(3,736)	(3.736)
As at 31 December 2023G	203,756	235,557	439,313
Accumulated Depreciation			
As at 31 December 2021G	**27,334**	**16,564**	**43,898**
Charge for the year	5,467	8,172	13,638
As at 31 December 2022G	**32,801**	**24,736**	**57,537**
Charge for the year	8,647	10,638	19,285
As at 31 December 2023G	**41,448**	**35,374**	**76,822**
Net Book Value			
As at 31 December 2021G (restated)	**176,422**	**222,729**	**399,151**
As at 31 December 2022G (restated)	**170,955**	**214,557**	**385,513**
As at 31 December 2023G	**162,308**	**200,183**	**362,491**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

(1) During the year ended 31 December 2023, management of the Company has identified that they have not reassessed the value of lease liabilities after obtaining flour milling license in 2021. As a consequence, right-of-use assets and lease liabilities were understated. The error has been corrected by restating each of the affected financial statement line items for the prior period opening balance. For more information about these modifications, refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

(2) The lease term of the warehouse in Dammam was adjusted to not match the duration of the flour milling license.

The Company entered into a lease agreement with GFSA for the rental of silos for the purpose of storing wheat, flour, and feed. The term of the lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017G), which was adjusted in December 2021G to match with the duration of flour milling license up to 30 November 2046G and is automatically renewable for a similar period subject to renewal of Company's milling license. The lease reassessment resulted in the increase of the cost of right-of-use assets by SAR 111.8 million. The estimated useful life of leased assets for amortizing right of use assets purposes is 25 years. For more information about these modifications, refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

The Company has entered into land leases for 3 business units. These leases do not transfer ownership of the assets to the lessor at the end of the lease. The estimated useful lives of leased assets for amortizing right of use assets purposes is based on the lease term of 25 years, ending on 30 November 2046G.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of motor vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Silos

Table (6.16): Silos as of 31 December 2021G, 2022G, and 2023G

SAR in 000s	Expiration Date	As of 31 December 2021G			As of 31 December 2022G			As of 31 December 2023G		
		Cost	Accumulated depreciation	NBV	Cost	Accumulated depreciation	NBV	Cost	Accumulated depreciation	NBV
Dammam	1 December 2046G	115,810	3,589	112,222	112,222	3,589	108,633	106,546	5,676	100,869
Madinah	1 December 2046G	60,612	1,878	58,733	58,733	1,878	56,855	55,763	2,971	52,792
Total Silos		176,422	5,467	170,955	170,955	5,467	165,488	162,308	8,647	153,661

Source: Management information

Silos are leased from GFSA for the purpose of storing wheat, flour, and feed. The term of the lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017G), which was adjusted at 31 December 2021G to match the term of the flour milling license (up to 30 November 2046G). As such, the estimated useful life of leased assets for amortizing right of use assets purposes is 25 years.

The net book value of silos decreased from SAR 176.4 million as at 31 December 2021G to SAR 171.0 million as at 31 December 2022G and further to SAR 162.3 million as at 31 December 2023G as a result of depreciation for the period amounting to SAR 5.5 million and SAR 8.6 million, respectively.

Lands

Table (6.17): Lands as of 31 December 2021G, 2022G, and 2023G

SAR in 000s	Expiration Date	As of 31 December 2021G			As of 31 December 2022G			As of 31 December 2023G		
		Cost	Accumulated depreciation	NBV	Cost	Accumulated depreciation	NBV	Cost	Accumulated depreciation	NBV
Dammam	31 December 2036G	4,868	243	4,625	1,964	-	1,964	1,079	181	898
Dammam	31 December 2041G	61,204	1,443	59,760	58,146	3,060	55,086	50,492	2,658	47,834
Dammam	14 April 2043	-	-	-	2,661	243	2,417	4,488	135	4,353
Madinah	1 December 2046G	136,079	4,229	131,850	131,848	4,229	127,620	125,192	6,658	118,535
Kharj	1 December 2046G	20,578	639	19,939	19,939	639	19,299	18,932	1,007	17,925
Total Silos		**222,729**	**6,555**	**216,174**	**214,558**	**8,172**	**206,386**	**200,183**	**10,638**	**189,544**

Source: Management information

The Company has entered into land leases for its branched in Dammam, Madinah and Kharj. These leases do not transfer ownership of the assets to the lessor at the end of the lease. The estimated useful lives of leased assets for amortizing right of use assets purposes is determined based on the lease term of 25 years and ending on 30 November 2046G.

The net book value of lands decreased from SAR 222.7 million as at 31 December 2021G to SAR 214.6 million as at 31 December 2022G and further to SAR 200.2 million as at 31 December 2023G as a result of depreciation for the period amounting to SAR 8.2 million in 2021G and SAR 10.6 million in 2022G, respectively.

6.8.2.1.3 Intangible assets

Table (6.18): Intangible assets as at 31 December 2021G, 2022G and 2023G

SAR in 000s	Software	Intangible assets under implementation	Trademark	Total
Cost:				
As at 31 December 2020G	345	3,408	-	3,753
Additions	39	2,040	-	2,078
As at 31 December 2021G	**384**	**5,448**	**-**	**5,832**
Additions during the year	5	246	50,103	50,353
As at 31 December 2022G	**389**	**5,694**	**50,103**	**56,185**
Additions during the year	16	867	-	883
As at 31 December 2023G	**405**	**6,560**	**50,103**	**57,068**
Accumulated Amortization:				
As at 31 December 2020G	210	-	-	210
Charge for the year	63	-	-	63
As at 31 December 2021G	**273**	**-**	**-**	**273**
Charge for the year	40	-	-	40
As at 31 December 2022G	**314**	**-**	**-**	**314**
Charge for the year	34	-	-	34
As at 31 December 2023G	**347**	**-**	**-**	**347**
Net Book Value:				
As at 31 December 2021G	**111**	**5,448**	**-**	**5,559**
As at 31 December 2022G	**75**	**5,694**	**50,103**	**55,871**
As at 31 December 2023G	**58**	**6,560**	**50,103**	**56,721**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Software

Software represents the Company's current ERP e-smart system.

The net book value of software decreased from SAR 111 thousand as at 31 December 2021G to SAR 75 thousand as at 31 December 2022G to SAR 58 thousand as at 31 December 2023G driven by the yearly amortization charge amounting to SAR 40 thousand in 2021G and SAR 34 thousand in 2022G.

Intangible assets under implementation

Intangible assets under implementation represents the SAP program that was implemented in February 2024G.

Intangible assets under implementation increased from SAR 5.4 million as at 31 December 2021G to SAR 5.7 million as at 31 December 2022G to SAR 6.6 million as at 31 December 2023G driven by yearly additions amounting to SAR 246 thousand and SAR 867 thousand in 2022G and 2023G respectively.

Trademark

The Company has acquired the brand name ("FOOM") from GFSA in March 2022G, granting the Company the exclusive selling rights of the Foom brand flour products in the Kingdom.

The purchased trademark is recognized as having an indefinite useful life and is recorded at its cost minus any accumulated impairment losses. The Company conduct annual impairment assessments on the trademark, and as of December 31, 2022G and December 31, 2023G, no impairment was detected.

The Company has performed its impairment test for intangible asset with indefinite useful life on 31 December 2023G. The recoverable amount of all the CGUs of SAR 66 million as at 31 December 2023G has been determined based on a value-in-use calculation using cash flow projections from financial budgets reviewed by senior management covering a five-year period. The weighted average cost of capital ("WACC") applied to cash flow projections is 11.7%. As at 31 December 2023G, the value-in-use of the CGUs was higher than the value of the Foom brand acquired by the Company, indicating no impairment of trademark.

6.8.2.2 Current Assets

Table (6.19): Current assets as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Inventories	95,967	80,324	55,968
Prepayments and other current assets	8,410	10,652	15,575
Amounts due from related parties	-	969	22,767
Accounts receivables	-	2,786	5,211
Cash and cash equivalents	67,256	164,662	106,343
Total current assets	**171,633**	**259,393**	**205,864**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

6.8.2.2.1 Inventories

Table (6.20): Inventories as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Spare parts and others	80,968	71,893	36,789
Raw materials	24,579	22,001	28,151
Finished goods	7,356	6,175	7,637
Other inventories	2,962	153	5
Less: allowance for slow moving inventory	(19,898)	(19,898)	(12,753)
Less: allowance for scrap items	-	-	(3,861)
Total inventories	**95,967**	**80,324**	**55,968**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

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Spare parts and others

Spare parts and others comprised replacement parts used to maintain and upkeep the Company's machinery and production facilities.

Spare parts and others decreased from SAR 81.0 million as at 31 December 2021G to SAR 71.9 million as at 31 December 2022G as they were used for repair and maintenance.

Spare parts and others decreased from SAR 71.9 million as at 31 December 2022G to SAR 36.8 million as at 31 December 2023G due to the sale of spare parts to Gulf Flour Milling Industrial Company amounting to SR18.0m, coupled with the reclassification of spare parts amounting to SAR 15.9 million to property, plant and equipment. These reclassified items were deemed to have a useful life of more than one year and met the criteria for recognition as property, plant, and equipment under IAS 16 standards.

Raw materials

Raw materials comprised of wheat, corn, flour and feed additives, in addition to packaging materials.

Raw materials decreased from SAR 24.6 million as at 31 December 2021G to SAR 22.0 million as at 31 December 2022G mainly driven by the decline in wheat (by SAR 1.7 million) and flour additives (by SAR 1.2 million), coupled with the decrease in corn (by SAR 614 thousand), in line with higher demand and consumption of flour and feed during the same period.

Raw materials increased from SAR 22.0 million as at 31 December 2022G to SAR 28.2 million as at 31 December 2023G mainly driven by corn (by SAR 3.0 million) in line with the increase in corn prices compared to prior years.

Finished goods

Flour represents a fine powder resulting from grinding wheat and is primarily used in the production of bread and other baked goods. The inventory balance of flour decreased from SAR 7.0 million as at 31 December 2021G to SAR 3.9 million as at 31 December 2022G, mainly due to an effort by management to optimize its inventory management. Flour subsequently increased to SAR 5.8 million as at 31 December 2023G mainly related to the increased production of the packed products.

Feed included a mixture of corn and soya bean meal, among other feed ingredients mixed in specific proportions based on formulas determined by the Company. Feed increased from SAR 123 thousand as at 31 December 2021G to SAR 1.2 million as at 31 December 2021G in line with the pick-up in sales, which increased production. Feed subsequently decreased to SAR 273 thousand as at 31 December 2023G due to lower demand for feed due to the rains which impacted customer demand.

Bran is typically a by-product of flour production and was either sold to the market in bulk or packs or used in various feed products. The balance increased from SAR 218 thousand as at 31 December 2021G to SAR 1.1 million as at 31 December 2022G in line with the increase in sales and operations during the period. The balance further increased to SAR 1.5 million as at 31 December 2023G.

Other inventories

Other inventories relate to goods in transit and decreased from SAR 3.0 million as at 31 December 2021G to SAR 153 thousand as at 31 December 2022G to SAR 5 thousand as at 31 December 2023G.

Table (6.21): Movement in allowance for slow moving inventory as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	19,329	19,898	19,898
Provision during the year	570	-	-
Transferred to property, plant and equipment	-	-	(3,285)
Reclassed as allowance for scrap items	-	-	(3,861)
At end of the year	**19,898**	**19,898**	**12,753**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Allowance for slow moving inventory

Allowance for slow moving inventory and scrap items remained relatively stable as at 31 December 2021G and 31 December 2022G at SAR 19.9 million, and decreased to SAR 12.8 million as at 31 December 2023G due to the reclassification of the provision amounting to SAR 3.3 million taken against spare parts to depreciation, related to the spare parts deemed to have a useful life of more than one year and met the criteria for recognition as property, plant, and equipment under IAS 16 standards, coupled with the reclassification of the provision amounting to SAR 3.9 million to present it separately as it relates to scrap items.

6.8.2.2.2 Prepayments and other current assets

Table (6.22): Prepayments and other current assets as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Advance to suppliers	-	3,676	10,199
Margin against letter of guarantees	2,571	2,941	2,626
Prepaid expenses	1,824	2,035	2,499
Deposits	-	340	141
Staff loans and advances	7	21	54
Other receivables	-	-	56
Margin against letter of credits	4,008	1,639	-
Prepayments and other current assets	**8,410**	**10,652**	**15,575**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Advances to suppliers

Advances to suppliers related to advance payments made to suppliers of raw material, spare parts and packaging material, amongst others.

Advances to suppliers increased from SAR 3.7 million as at 31 December 2022G to SAR 10.2 million as at 31 December 2023G due to the prepaid balance of SAR 2.6 million paid to Bain and Co. for consultancy services, coupled with the increase in advance paid to suppliers for machines and transportation equipment by SAR 3.7 million.

Margin against letter of guarantees

Margin against letter of guarantee pertained to financial arrangements in which the Company provided funds in advance to local banks (else called cash margin) in exchange for the issuance of letter of guarantee to import goods from suppliers.

Margin against letter of guarantee remained relatively stable over the historical period, fluctuating between SAR 2.6 million as at 31 December 2021G, SAR 2.9 million as at 31 December 2022G and SAR 2.6 million as at 31 December 2023G mainly corresponding to letter of guarantees in favor of a supplier of spare parts.

Prepaid expenses

Prepaid expenses mainly comprised of prepaid medical insurance and bank services, amongst others.

Prepaid expenses increased from SAR 1.8 million as at 31 December 2021G to SAR 2.0 million as at 31 December 2022G due to the increase in the prepaid medical insurance in line with the increase in the insurance rates over the same period and the restructuring of the staff base in 2022G.

Prepaid expenses increased from SAR 2.0 million as at 31 December 2022G to SAR 2.5 million as at 31 December 2023G as a result of the prepaid bank services amounting to SR0.8m related to withdrawing services offered by SABB.

Deposits

Deposits mainly relate to finance income to be earned on the time deposit that was deposited in 2022G, amounting to SAR 80.0 million as at 31 December 2022G and SAR 83.0 million as at 31 December 2023G.

Deposits decreased from SAR 340 thousand as at 31 December 2022G to SAR 141 thousand as at 31 December 2023G depending on the period for which interest is being calculated.

Staff loans and advances

Staff loans and advances increased from SAR 7 thousand as at 31 December 2021G to SAR 21 thousand as at 31 December 2022G to SAR 54 thousand as at 31 December 2023G due to the increase in the number of loans and advances granted to employees.

Other receivables

Other receivables relate to accrued revenue in relation to insurance claim and amounted to SAR 56 thousand as at 31 December 2023G.

Margin against letter of credits

Margin against letter of credit pertained to financial arrangements in which the Company provided funds in advance to local banks in exchange for the issuance of letter of credit to import goods from suppliers.

Margin against letter of credits decreased from SAR 4.0 million as at 31 December 2021G to SAR 1.6 million as at 31 December 2022G to nil as at 31 December 2023G due to the expiry of a letter relating to one of the suppliers.

6.8.2.2.3 Amounts due from related parties

Table (6.23): Amounts due from related parties as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Gulf Flour Milling Industrial Company	-	-	21,191
Abdullah Al-Othaim Markets Company	-	577	1,286
Pure Food Cooperation	-	-	172
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	-	318	72
Riyadh Industries Company	-	74	48
Due from related parties	**-**	**969**	**22,767**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Due from related parties correspond to balances due from the Parent Company (Gulf Flour Milling Industrial Company), the ultimate shareholder (Abdullah Al-Othaim Markets Company) and the affiliates (Pure Food Cooperation, Zod Factory for Pastries and Bakeries, and Riyadh Industries Company).

The balance increased from SAR 969 thousand as at 31 December 2022G to SAR 21.2 million as at 31 December 2023G as a result of the sale of spare parts to the Gulf Flour Milling Industrial Company, at a total amount of SAR 21.2 million. The sale was approved by the Board of Directors in December 2023G, and the balance is expected to be settled during the first half of 2024G.

The transactions with related parties are operational in nature, except for the transaction with the Parent Company in connection to the sale of spare parts. The Company confirms that the transaction with Gulf Flour Milling Industrial Company was conducted at arms-length.

6.8.2.2.4 Accounts Receivables

Table (6.24): Accounts receivables as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Accounts receivables	-	2,954	6,095
Less: Provision for expected credit loss	-	(168)	(884)
Accounts receivables	**-**	**2,786**	**5,211**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Table (6.25): Movement in provision for expected credit losses as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	-	-	168
Charge for the year	-	168	716
At the end of the year	**-**	**168**	**884**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Accounts receivables

Accounts receivables are non-interest bearing and are generally on terms of 30 to 60 days. Unimpaired receivables are expected, based on past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

As at 31 December 2023G, accounts receivable are concentrated by 5 customers, which represent more than 67% of the total gross accounts receivables.

Historically, the Company's revenue consisted solely of cash basis transactions. The Company introduced credit facilities on a limited basis to some customers in 2022G, mainly to supermarkets and hypermarkets.

Accounts receivables increased from SAR 2.9 million as at 31 December 2022G to SAR 6.1 million as at 31 December 2023G mainly related to increased sales of consumer packs during the same period.

Provision for expected credit loss

The Company applies the simplified approach in calculating ECL. Accordingly, the Company does not track the changes occurring in credit risks but instead recognizes a loss provision based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix based on historical credit loss experience, which is adjusted for future Account Receivables factors and the economic environment.

The Company considers a financial asset to be in default when it is past due for 180 days after its contractual due date. However, in certain cases the Company may consider a financial asset to be in default when internal or external information indicates that it is unlikely that the Company will receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset shall be written off when there is no reasonable expectation of recovering the contractual cash flows.

Provision for expected credit loss increased from SAR 168 thousand as at 31 December 2022G to SAR 884 thousand as at 31 December 2023G, following the increase in accounts receivable over the same period.

6.8.2.2.5 Cash and cash equivalents

Table (6.26): Cash and cash equivalents as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Fixed deposit	-	80,000	82,968
Cash at bank	67,256	84,617	23,288
Cash in hand	-	44	88
Cash and cash equivalent	**67,256**	**164,662**	**106,344**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Cash and cash equivalent increased from SAR 67.3 million as at 31 December 2021G to SAR 164.7 million as at 31 December 2022G, due to the fixed deposit made by the Company amounting to SAR 80.0 million. The fixed deposit matures in 1 month and is renewable upon each maturity date.

Cash and cash equivalent subsequently decreased to SAR 106.3 million mainly as a result of the decrease in cash at bank (related to short-term deposits earning floating interest rate) form SAR 84.6 million to SAR 23.2 million, as a result of the dividends paid in 2023G amounting to SAR 198.3 million that were offset by the cash generated from operations of SAR 168.8 million.

6.8.2.3 Equity

Table (6.27): Equity as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Share capital	473,903	473,903	473,903
Proposed increase in share capital	-	-	66,097
Statutory reserve	9,611	26,079	-
Actuarial reserve	-	(238)	(425)
Retained earnings	153,745	238,986	143,439
Total equity	**637,259**	**738,730**	**683,013**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

6.8.2.3.1 Share Capital

On 25 Rabi Al-Thani 1443H (corresponding to 30 November 2021G), the Company's authorized, issued and paid-up share capital of 47,390,317 Shares, the value of each share is 10 SAR, were wholly sold to Gulf Flour Milling Industrial Company ("**the Shareholder**") for the purchase price specified in the share sale and purchase agreement on the same date.

The ultimate Shareholders of the Gulf Flour Milling Industrial Company are details as follows:

Table (6.28): The Ultimate shareholding of the company as at 31 December 2021G, 2022G and 2023G

Ultimate shareholder	Number of Shares	Share Value	Total
Abdullah Alothaim Markets Company	50,000	1,000	50,000,000
United Feed Manufacturing Company	50,000	1,000	50,000,000
Allana International Limited Company	50,000	1,000	50,000,000
	150,000	**1,000**	**150,000,000**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

6.8.2.3.2 Proposed increase in share capital

During the year, the shareholder of the Company passed a resolution of the extraordinary General Assembly of the Company at their meeting held on 14 Jumada Al-Akhirah 1445H (corresponding to 27 December 2023G) on the increase in the Company's share capital from SAR 473.9 million to SAR 540.0 million through the transfer of SAR 40.0 million from the account of "retained earnings", and SAR 26.1 million from the account of "statutory reserve". Legal formalities in this regard have been completed subsequent to the year-end on 9 January 2024G.

6.8.2.3.3 Statutory reserve

In accordance with Saudi Arabian Companies law and Company's By-Laws, the Company must transfer at least 10% of its net income in each year to the statutory reserve. As per the Company's By-Laws, the Company may resolve to discontinue such transfers when the reserve equals 30% of the capital. This reserve is not available for distribution.

It is worth noting that the Company's General Assembly approved amending the Company's bylaws in November 2023G to cancel the policy related to the statutory reserve in accordance with the Companies Law, and therefore the Company is not required to form any statutory reserve as of the date of this prospectus.

Statutory reserve increased from SAR 9.6 million as at 31 December 2021G to SAR 26.1 million as at 31 December 2022G, representing 10% of the Company's net income.

Statutory reserve subsequently decreased to nil as at 31 December 2023G as it was transferred to the proposed increase in capital in 2023G.

6.8.2.3.4 Actuarial reserve

Actuarial reserve relates to the actuarial loss and remeasurement loss due to the change in financial assumptions related to employees' defined benefit liabilities.

Actuarial reserve amounted to SAR 238 thousand as at 31 December 2022G and SAR 425 thousand as at 31 December 2023G.

6.8.2.3.5 Retained earnings

Retained earnings increased from SAR 153.7 million as at 31 December 2021G to SAR 239.0 million as at 31 December 2022G mainly due to the profit generated during the year amounting to SAR 163.0 million, partially offset by the distribution of dividends amounting to SAR 61.3 million and transfers to statutory reserve amounting to SAR 16.5 million.

Retained earnings decreased from SAR 239.0 million as at 31 December 2022G to SAR 143.4 million due to the distribution of dividends amounting to SAR 198.3 million, coupled with the transfers made to the proposed increase in capital amounting to SAR 40.0 million. This was partially offset by the total comprehensive income generated during the year amounting to SAR 142.6 million.

6.8.2.4 Non-current liabilities

Table (6.29): Non-current liabilities as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Non-current portion of lease liabilities	405,947	398,108	379,268
Employees' defined benefit liabilities	1,075	1,418	3,920
Deferred tax liabilities	-	-	5,806
Total non-current liabilities	**407,022**	**399,526**	**388,994**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

6.8.2.4.1 Non-current portion of lease liabilities

Table (6.30): Lease liabilities as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	241,965	428,180	420,875
Additions	78,890	-	-
Lease modification	111,777	-	(3,736)
Annual finance charges	15,288	14,928	7,882
Paid during the year	(19,741)	(22,233)	(22,767)
At the end of the year	**428,180**	**420,875**	**402,254**
Current	22,233	22,767	22,986
Non-current	**405,947**	**398,108**	**379,268**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G.

Lease liabilities relate to the lease of silos and lands. The opening balance was adjusted in 2021G by SAR 111.8 million to reflect the correction of the lease term to match with the duration of the flour milling license. For more information about these modifications, refer to Section 6.9 ("**Restatement of Prior Period Financial Statements**").

In 2023G, lease liabilities were adjusted by SAR 3.7 million to reflect the correction of the lease term of the warehouse in Dammam to not match the duration of the flour milling license.

The long-term portion of the lease liabilities decreased from SAR 405.9 million as at 31 December 2021G to SAR 398.1 million as at 31 December 2022G to SAR 379.3 million as at 31 December 2023G, in line with the yearly settlements amounting to SAR 22.2 million as at 31 December 2022G and SAR 22.8 million as at 31 December 2023G, coupled with the lease modification impact of the warehouse in Dammam by SAR 3.7 million.

Employees' defined benefits obligation

Table (6.31): Employees' defined benefits obligation as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G (Audited)	31 December 2022G (Audited)	31 December 2023G (Audited)
At the beginning of the year	816	1,075	1,418
Current service cost	353	282	2,418
Interest expense	-	32	60
Remeasurements	-	238	187
Benefits paid	(94)	(179)	(162)
At the end of the year	**1,075**	**1,418**	**3,920**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G.

The Company has defined benefit plan (unfunded), which is a final salary plan in Kingdom of Saudi Arabia and require to recognize the provision for employees' end-of-service benefits for the amounts payable at the statement of financial position date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit liabilities in respect to employees' end-of-service benefits payable under relevant local regulations and contractual arrangements.

Up to the time of acquisition of the Company by its Former Owner, all the employees of the Company were seconded from GFSA which used to charge the Company the cost of end of service benefits payable to seconded employees of the Company in accordance with the agreement made in that regard.

Employees' defined benefit obligations increased from SAR 1.1 million as at 31 December 2021G to SAR 1.4 million as at 31 December 2022G to SAR 3.9 million as at 31 December 2023G driven by the increase in current service costs in line with the increase in the number of employees at year-end and the full-year impact of sponsoring employees directly. Deferred tax liabilities

Table (6.32): Deferred tax liabilities as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Property, plant and equipment	-	-	7,233
Provision for employees' defined benefit liabilities	-	-	(261)
Provision for expected credit losses	-	-	(59)
Provision for inventories	-	-	(1,107)
Total	**-**	**-**	**5,806**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Table (6.33): Movement in deferred tax liabilities during the year as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	-	-	-
Charge for the year recorded in profit or loss	-	-	5,806
At the end of the year	**-**	**-**	**5,806**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Deferred taxes are recognized for all taxable temporary differences and all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which these assets can be utilized.

Deferred tax liabilities amounted to SAR 5.8 million as at 31 December 2023G and related to the temporary differences between the cumulative effect of the restatement of property, plant and equipment (amounting to SAR 7.2 million) offset by provisions for inventories (amounting to SAR 1.1 million), provision for employees' defined benefit liabilities (amounting to SAR 261 thousand), and provision for ECL (amounting to SAR 59 thousand).

6.8.2.5 Current liabilities

Table (6.34): Current liabilities as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Accounts payables	46,902	26,838	22,402
Accrued expenses and other liabilities	13,362	32,694	26,728
Amounts due to related parties	191	2,575	1,491
Current portion of lease liabilities	22,233	22,767	22,986
Advances from customers	5,503	9,396	10,509
Zakat and income tax provision	206	13,846	920
Total current liabilities	**88,396**	**108,116**	**85,035**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

6.8.2.5.1 Accounts payables

Accounts payables comprised of payables to suppliers mostly related to the purchases of raw materials, packaging and suppliers of services. The Company's main supplier of wheat is GFSA which on average accounted for around 75% of total payables. The pre-agreed credit terms with GFSA is around 1 month from the date of the invoice.

Accounts payable decreased significantly from SAR 46.9 million as at 31 December 2021G to SAR 26.8 million as at 31 December 2022G due to settlements made to GFSA.

The balance further decreased to SAR 22.4 million as at 31 December 2023G mainly driven by the settlements made to suppliers for packaging materials.

6.8.2.5.2 Accrued expenses and other liabilities

Table (6.35): Accrued expenses and other liabilities as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Accrued employees' costs	10,719	25,413	9,664
Accrued rent	-	2,221	5,130
Accrual for professional fees	-	-	4,988
Value added tax ("VAT") payable	1,753	1,022	3,117
Accrued utilities expense	-	687	1,073
Accrual for General Organization for Social Insurance ("GOSI")	-	1,929	100
Other accruals	890	1,422	2,657
TOTAL	**13,362**	**32,694**	**26,728**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Accrued employees' costs

Accrued employees' costs primarily relate to accrued annual bonuses, accrued vacation, and other employee-related accruals.

Accrued employees' costs increased from SAR 10.7 million as at 31 December 2021G to SAR 25.4 million as at 31 December 2022G due to the increase in the overall compensation in 2022G, in particular the accrual relating to the bonus.

Accrued employees' costs decreased from SAR 25.4 million as at 31 December 2023G due to the decrease in bonus accrual in 2023G, as 2022G included exceptional bonuses that were distributed to compensate for the significant growth in sales over that period.

Accrued rent

Accrued rent pertains to the short-term rental of labor housing and accrued rent related to the lands and silos leased from GFSA resulting from delayed invoicing. .

Accrued rent increased from SAR 2.2 million as at 31 December 2022G to SAR 5.1 million as at 31 December 2023G as a result of accruing rent from two new lease contracts signed towards the end of 2023G, coupled with increase in accrued rent payable to GFSA due to delay in invoicing.

Accrual for professional fees

Accrual for professional fees relate to the 50% of the fee to be settled to Bain & Company for their consultancy services, and amounted to SAR 5.0 million as at 31 December 2023G.

Value added tax ("VAT") payable

Value added tax ("VAT") payable (15%) fluctuated between SAR 1.8 million as at 31 December 2021G to SAR 1.0 million as at 31 December 2022G to SAR 3.1 million as at 31 December 2023G.

Accrued utilities expense

Accrued utilities expense increased from SAR 687 thousand as at 31 December 2022G to SAR 1.1 million as at 31 December 2023G.

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Accrual for General Organization for Social Insurance ("GOSI")

Accrual for General Organization for Social Insurance ("GOSI") accrual amounted to nil as at 31 December 2021G as it was classified within accounts payable in 2021G.

Accrual for General Organization for Social Insurance ("GOSI") accrual decreased from SAR 1.9 million as at 31 December 2022G to SAR 100 thousand as at 31 December 2023G due to settlements over the same period.

Other accruals

Other accruals mainly relate to withholding taxes and payable to one of the Company's employee.

Other accruals increased from SAR 891 thousand as at 31 December 2021G to SAR 1.4 million as at 31 December 2022G to SAR 2.7 million as at 31 December 2023G due the increase in withholding tax.

6.8.2.5.3 Amounts due to a related party

Table (6.36): Amounts due to a related party as at 31 December 2021G, 2022G and 2023G

SAR in 000s	2021G	2022G	2023G
United Feed Manufacturing Company	190	2,575	1,491
Amounts due to a related party	**190**	**2,575**	**1,491**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

Amounts due to a related party relate to balance due to United Feed Manufacturing Company (ultimate shareholder) and is operating in nature as it relates to the purchase of bran.

Amounts due to a related party increased from SAR 190 thousand as at 31 December 2021G to SAR 2.6 million as at 31 December 2022G due to the increase in purchases made from United Feed Manufacturing Company.

Amounts due to a related party decreased from SAR 2.6 million as at 31 December 2022G to SAR 1.5 million as at 31 December 2023G due to settlements made to United Feed Manufacturing Company.

6.8.2.5.4 Current portion of lease liabilities

Table (6.37): Lease Liabilities as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
At the beginning of the year	241,965	428,180	420,875
Additions	78,890	-	-
Lease modification	111,777	-	(3,736)
Annual finance charges	15,288	14,928	7,882
Paid during the year	(19,741)	(22,233)	(22,767)
At the end of the year	**428,180**	**420,875**	**402,254**
Current	**22,233**	**22,767**	**22,986**
Non-current	405,947	398,108	379,268

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G and Management Information.

Lease liabilities relate to the lease of silos and lands. The opening balance was adjusted in 2021G by SAR 111.8 million to reflect the correction of the lease term to match with the duration of the flour milling license. In 2023G, lease liabilities were adjusted by SAR 3.7 million to reflect the correction of the lease term of the warehouse in Dammam to match the duration of the flour milling license.

The short-term portion of the lease liabilities remained relatively stable at an average of around SAR 22.7 million over the historical period.

6.8.2.5.5 Advances from customers

Advances from customers were primarily related to the advance consideration received from customers for the sale of goods. Wholesalers and large customers typically pay upfront of placing orders and receiving them. The Company in such cases, records an advance from customers, which are respectively recorded as revenues once orders are delivered.

Advances from customers increased from SAR 5.5 million as at 31 December 2021G to SAR 9.4 million as at 31 December 2022G in line with the growth in the business.

Advances from customers remained relatively stable and slightly increased from SAR 9.4 million as at 31 December 2022G to SAR 10.5 million as at 31 December 2023G.

6.8.2.5.6 Zakat and income tax provision

Table (6.38): Zakat and income tax provision as at 31 December 2021G, 2022G and 2023G

SAR in 000s	Zakat	Income tax	Total
As at 1 January 2021G	-	-	-
Charge for the year	83	123	206
Payments during the year	-	-	-
As at 31 December 2021G	**83**	**123**	**206**
Charge for the year	2,991	10,855	13,846
Payments during the year	(83)	(123)	(206)
As at 31 December 2022G	**2,991**	**10,855**	**13,846**
Charge for the year	(2,991)	6,315	9,061
Payments during the year	2,746	(18,997)	(21,988)
As at 31 December 2023G	**2,746**	**(1,826)**	**920**

Source: The audited financial statements for the financial year ended 31 December 2022G, and 2023G

The Company was subject to zakat and income tax since 1 December 2021G as the Company was previously owned by the Government and as such was not subject to the rules of Zakat, Tax and Customs Authority (ZATCA).

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The Company is subject to income tax at the rate of 20% of taxable income share of foreign Shareholders calculated in accordance with income tax regulations enforced in the Kingdom of Saudi Arabia.

The Company has submitted its zakat and income tax return for a period from 1 December 2021G to 31 December 2021G and for the year ended 31 December 2022G, however assessment has not been raised by ZATCA.

Zakat and income tax provision increased from SAR 206 thousand as at 31 December 2021G to SAR 13.8 million as at 31 December 2022G due to the full year impact of the Company's acquisition in November 2021G.

Zakat and income tax provision decreased from SAR 13.8 million as at 31 December 2022G to SAR 920 thousand as at 31 December 2023G as a result of the settlement of prior-period Zakat and income tax amounting to SAR 2.7 million and SAR 19.0 million respectively.

6.8.2.6 Contingent liabilities

During the review period, the Company had contingent liabilities arose during its normal business cycle, and related to letters of credit and letters of guarantee which amounted to SAR 6.6 million as at 31 December 2021G, SAR 4.6 million as at 31 December 2022G and SAR 2.6 million as at 31 December 2023G.

The value of letters of credit and letters of guarantee amounted to SAR 6.6 million as of 31 December 2021G for the purchase of spare parts from Ocrim Co. (at a value of SAR 3.0 million), RGM Company (at a value of SAR 1.0 million) and lease payments to the Saudi Grains Organization (at a value of SAR2.6 million).

The value of letters of credit and letters of guarantee amounted to SAR 4.6 million as of 311 December 2022G to purchase spare parts from Ocrim Co. (at a value of SAR 1.0 million), Arizone Company (at a value of SAR 1.0 million) and lease payments to the Saudi Grains Organization (at a value of SAR 2.6 million).

The value of letters of credit and letters of guarantee amounted to SAR 2.6 million as of 31 December 2023G for lease payments to the Saudi Grains Organization (at a value of SAR 2.6 million).

6.8.3 Statement of Cash Flows

Table (6.39): Statement of cash flows as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Operating activities			
Profit for the year before zakat and income tax	50,268	176,888	157,684
Adjustments to reconcile profit to net cash flows:			
Depreciation of property, plant and equipment	30,328	33,969	35,492
Depreciation of right-of-use assets	12,022	13,638	19,285
Amortization of intangible assets	63	40	34
Finance cost on lease liabilities	15,288	14,928	7,882
Finance income	-	(340)	(5,530)
Loss on disposal of property, plant and equipment	-	18	-
Provision for slow moving inventory	570	-	-
Provision of expected credit losses of accounts receivables	-	168	716
Provision for employees defined benefit obligations	258	285	2,477
	108,798	**239,594**	**218.040**
Changes in operating assets and liabilities:			
Inventories	(1,335)	15,643	11,760
Prepayments and other current assets	1,582	(1,902)	(5,122)
Amounts due from related parties	-	(969)	(21,798)
Accounts receivables	-	(2,954)	(3,140)
Trade payables and other current liabilities[1]	(53,232)	Not applicable	Not applicable
Accounts payables[1]	-	(20,064)	(5,902)

SAR in 000s	31 December 2021G	31 December 2022G	31 December 2023G
Accrued expenses and other liabilities(1)	Not applicable	19,332	(4,500)
Amounts due to related parties	190	2,385	(1,084)
Advances from customers	635	3,893	1,112
Cash from operations	**57,640**	**254,957**	**189,367**
Zakat and income tax paid	-	(206)	(21,988)
Employees' defined benefit liabilities paid	-	(179)	(162)
Net cash flows from operating activities	**57,640**	**254,572**	**167,217**
Investing activities			
Purchase of property, plant and equipment	(18,695)	(23,684)	(9,268)
Purchase of intangible assets	(2,078)	(50,353)	(883)
Finance income received	-	-	5,730
Proceeds from disposal of property, plant and equipment	-	435	-
Net cash flows used in investing activities	**(20,773)**	**(73,602)**	**(4,421)**
Financing activities			
Payments of principal portion of lease liabilities	(4,452)	(7,305)	(14,884)
Finance costs paid	(15,288)	(14,928)	(7,882)
Dividend paid	-	(61,332)	(198,347)
Net cash flows used in financing activities	**(19,741)**	**(83,565)**	**(221,113)**
Net (decrease) increase in cash and cash equivalents	**17,126**	**97,406**	**(58,318)**
Cash and cash equivalents at the beginning of the year	50,130	67,256	164,662
Cash and cash equivalents at the end of the year	**67,256**	**164,662**	**106,343**

Source: The audited financial statements for the financial year ended 31 December,2022G, and 2023G

(1) The financial figures for financial year 2021G were extracted from the audited financial statements for the financial year ended 2022G, while the financial figures for financial years 2022G and 2023G were extracted from the audited financial statements for the financial year ended 2023G, which provided a reclassification of i) the change in the Accounts Receivables balance and ii) the change in the Accrued Expenses and Other Liabilities separately.

Net cash flow from / (used) in operating activities

Net cash flow from operating activities increased from SAR 42.4 million in 2021G to SAR 254.6 million in 2022G driven by the increase in profit for the year before Zakat and income tax by SAR 126.6 million following the increase in revenue and operations over the same period, coupled with the decrease in working capital requirements due to the decrease in trade payable settlements, and increase in accrued expenses and other liabilities.

Net cash flow from operating activities decreased from SAR 254.6 million in 2022G to SAR 167.2 million in 2023G due to the decrease in profit for the year before Zakat and income tax by SAR 19.2 million in line with the decrease in revenue, coupled with the increase in working capital requirements highlighted by the increase in due from Gulf Flour Milling Industrial Company in connection to the sale of spare parts.

Net cash flow from / (used) in investing activities

Net cash flow used in investing activities increased from SAR 20.1 million in 2021G to SAR 73.6 million in 2022G as a result of the purchase of intangible assets by SAR 48.3 million for the acquisition of the trademark 'FOOM' in 2022G, coupled with the increase in purchase of property, plant and equipment due to the yearly additions.

Net cash flow used in investing activities subsequently decreased to SAR 4.4 million in 2023G due to additions of property and equipment amounting to SAR 9.3 million, and additions to the software under implementation of SAR 883 thousand, offset by finance income received amounting to SAR 5.7 million.

Net cash flow from / (used) in financing activities

Net cash flows used in financing activities increased from SAR 19,7 million in 2021G to SAR 83.6 million in 2022G and further to SAR 221.1 million due to dividends paid amounting to SAR 61.3 million in 2022G and SAR 198.3 million in 2023G.

6.9 Restatement Of Prior Period Financial Statements

During the year ended 31 December 2023G, the Company restated certain amounts and balances included in the prior periods financial statements to reflect appropriate accounting treatment and classification. The details of each of such restatements have been summarized below:

Restatement - 1

During the year ended 31 December 2023G, management of the Company has identified that they have not reassessed the value of lease liabilities after obtaining flour milling license in 2021G. As a consequence, right-of-use assets and lease liabilities were understated. The error has been corrected by restating each of the affected financial statement line items for the prior period opening balance, whereby right-of-use assets and lease liabilities were increased by SAR 111.8 million as at 31 December 2021G and 31 December 2022G.

Restatement - 2

During the year ended 31 December 2023G, management discovered that the useful life of the buildings that are built on leased lands in prior periods were erroneously based on the economic life of the buildings instead of the lease term. Consequently, the carrying value of buildings were overstated and the related accumulated depreciation was understated, whereby the property, plant and equipment and retained earnings was decreased by SAR 14.5 million as at 31 December 2021G and by SAR 16.5 million as at 31 December 2022G.

The above-mentioned errors have been corrected by restating each of the affected statement of profit and loss and other comprehensive income by increasing direct costs, selling and distribution expenses and general and administration expenses by SAR 1.6 million, SAR 188 thousand, and SAR 56 thousand respectively, resulting in decreasing profit for the year by (SAR 1.9 million).

6.9.1 Impact of the restatement on the statement of financial position

Impact of the restatement on the statement of financial position as at 1 January 2022G:

SAR in 000s	Previously stated	Restatement	Restated
Right-of-use-assets	287,373	111,777	399,151
Lease Liabilities	316,403	111,777	428,180
Property, plant and equipment	570,871	(14,537)	556,334
Retained earnings	168,282	(14,537)	153,745

Source: The audited financial statements for the financial year ended 31 December 2023G

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Impact of the restatement on the statement of financial position as at 31 December 2022G:

SAR in 000s	Previously stated	Restatement	Restated
Right-of-use-assets	273,735	111,777	385,513
Lease Liabilities	309,097	111,777	420,875
Property, plant and equipment	562,012	(16,417)	545,596
Retained earnings	255,402	(16,417)	238,986

Source: The audited financial statements for the financial year ended 31 December 2023G

6.9.2 Impact of the restatement on the statement of profit and loss and other comprehensive income

Impact of the restatement on the statement of profit and loss and other comprehensive income in 2022G

SAR in 000s	Previously stated	Restatement	Restated
Direct Costs	316,570	1,635	318,205
Selling and distribution expenses	31,836	188	32,023
General and administration expenses	38,478	56	38,534
Profit for the year	164,921	(1,879)	163,041
Earnings per share	3,48	(0.04)	3,44

Source: The audited financial statements for the financial year ended 31 December 2023G

6.9.3 Impact of restatement on the statement of cash flow

There is no impact on the statement of cash flow.

6.10 Events Subsequent to the Reporting Date

During the year, the Company's Shareholder approved the decision of the Company's Extraordinary General Assembly at its meeting held on 14 Jumada al-Akhirah 1445H (corresponding to 27 December 2023G) to increase the Company's capital from SAR 473,903,170 to SAR 540,000,000 by transferring SAR 40,017,406 from the "**Retained Earnings**" account and SAR 26,079,424 from the "**Statutory Reserve**" account, respectively. The regulatory procedures related to such matter were completed after the end of the year on 27 Jumada Al-Akhirah 1445H (corresponding to 9 January 2024G). Notwithstanding the above, there have been no significant subsequent events since the year ended 31 December 2023G that may have a material impact on the financial position of the Company as presented in the financial statements.

7. DIVIDEND DISTRIBUTION POLICY

Under Article 107 of the Companies Law, a Shareholder is vested with all rights and liabilities equally attached to Shares, including, in particular, the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend distributing any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is not obligated to declare any dividends, and any decision to declare dividends will depend on, inter alia, the Company's past and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the restrictions to which the process of distributing dividends is subject to financing and debt agreements, the Zakat, as well as the other legal and regulatory considerations. For example, Shares give their holders the right to receive the dividends announced by the Company as of the date of this Prospectus and in the following Fiscal Years. Despite the Company's intention to distribute annual dividends to its Shareholders, there are neither guarantees that such dividends will actually be distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

The Company intends to distribute dividends to its Shareholders with the aim of enhancing the value of their investments therein based on the dividends achieved by the Company in proportion to its financial position, capital expenses, investment requirements, the results of the Company's activities, the Company's current and future cash needs, expansion plans, and other factors including market condition, analysis of investment opportunities, requirements to reinvest such dividends, cash and capital requirements, business expectations and the impact of any such distributions on any legal and regulatory considerations.

In addition, investors wishing to invest in the Offer Shares shall be aware that the dividend distribution policy may change from time to time.

Although the Company intends to distribute dividends to its Shareholders, there are no guarantees of an actual dividend distribution, nor is there any guarantee regarding the amounts that shall be paid in any year.

Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Dividends shall be distributed in Saudi Riyals.

According to the Company's Bylaws, and after deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- The Ordinary General Assembly, when determining the amount of Shares in the net dividends, may decide to form other reserves to the extent that achieves the interest of the Company or ensures the distribution of fixed dividends as much as possible to the Shareholders. The Ordinary General Assembly may deduct amounts from the net profits to achieve social purposes for the Company's employees.
- The General Assembly shall determine the percentage to be distributed to Shareholders from the net profits after deducting reserves, if any.
- The Company may distribute interim dividends to Shareholders in accordance with the controls issued by the competent authority.

The following is a summary of share dividends declared and distributed by the Company during the financial years ended 31 December 2021G, 31 December 2022G, and 31 December 2023G.

Table (7.1): The dividends declared and distributed by the Company during the financial years ended 31 December 2021G, 31 December 2022G, and 31 December 2023G.

	31 December 2021G (SAR)	31 December 2022G (SAR)	31 December 2023G (SAR)	As at the date of this Prospectus (SAR)
Declared dividends for the period	161,332,000	98,346,682	81,000,000	N/A
Declared dividends during the period	-	61,332,000	198,346,682	81,000,000
Dividends Paid during the year	-	61,332,000	198,346,682	81,000,000
Net Profits for the Period	50,062,638	163,041,428	142,816,987	N/A
Ratio of Declared Dividends to Company's Net Profits (%)	322.2%	60.3%	56.7%	N/A

Source: Company's Management information and the audited financial statements for the financial years ended 31 December 2022G and 31 December 2023G.

Dividends for the financial year ended 31 December 2021G were distributed in accordance with the Resolution of the Board of Directors dated 20/01/1444H (corresponding to 18/08/2022G) in an amount of SAR 29,000,000; in accordance with the Resolution of the Board of Directors dated 05/05/1444H (corresponding to 29/11/2022G) in an amount of SAR 32,332,000; and pursuant to the Resolution of the Board of Directors dated 24/07/1444H (corresponding to 15/02/2023G) in an amount of SAR 100 million. Dividends for the financial year ended 31 December 2022G were distributed in accordance with the Resolution of the Board of Directors dated 06/02/1445H (corresponding to 22/08/2023G) in an amount of SAR 50 million, and in accordance with the Resolution of the Board of Directors dated 08/05/1445H (corresponding to 22/11/2023G) in an amount of SAR 48,346,682.30. Dividends for the financial year ended 31 December 2023G were distributed in accordance with the Resolution of the Board of Directors dated 27/07/1445H (corresponding to 08/02/2024G) to distribute interim dividends in an amount of SAR 14,000,000. Dividends for the financial year ended 31 December 2023G were distributed in accordance with the Resolution of the Board of Directors dated 01/11/1445H (corresponding to 09/05/2024G) and the Resolution of the General Assembly dated 04/11/1445H (corresponding to 12/05/2024), in an amount of SAR 67,000,000.

Shares entitle their holders to receive any dividends declared by the Company as of the date of this Prospectus and for subsequent financial years. The Offer Shares shall not be entitled to any dividends declared prior to the date of this Prospectus, as the first entitlement of the Offer Shares to dividends declared by the Company shall be as of the date of this Prospectus and for subsequent financial years.

8. USE OF PROCEEDS

Total proceeds from the Offering are estimated at around 858,600,000 Saudi Riyals of which approximately twenty-three million Saudi Riyals (SAR 23,000,000) (VAT excluded) will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Bookrunner, the Legal Advisor, the Auditor, the Receiving Agents, and the Market Study Consultant, as well as marketing, printing, distribution, and translation fees, regulatory fees, and other costs and expenses related to the Offering.

The Net Proceeds from the Offering of approximately 835,600,000 Saudi Riyals will be distributed to the Selling Shareholder. The Company will not receive any part of the net proceeds from the Offering, and the Selling Shareholder shall be responsible for all costs, fees, and expenses related to the Offering.

9. CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, the Current Shareholder owned the entire Shares of the Company. Following the completion of the Offering, the Current Shareholder will own 70% of the Company's Shares.

The table below sets out the capitalization of the Company as derived from the audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G, and 31 December 2023G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto contained in Section 19 ("**Financial Statements and Independent Auditor's Reports**") of this Prospectus.

Table (9.1): Capitalization and Indebtedness of the Company

SAR	FY2021G	FY2022G	FY2023G
Short-Term Loans	0	0	0
Long-Term Loans - Current Portion	0	0	0
Long-Term Loans - Non-Current Portion	0	0	0
Total Interest-Bearing Loans	0	0	0
Short-Term Lease Liabilities	22,233,169	22,766,573	22,986,091
Long-Term Lease Liabilities	405,946,866	398,108,189	379,268,327
Total Loans and Lease Obligations	428,180,035	420,874,762	402,254,418
Share Capital	473,903,170	473,903,170	473,903,170
Shareholders' Current Account	0	0	0
Statutory Reserve	9,611,152	24246,079,	0
Insurance Reserve	-	-238,078	-425,315
Merger Reserve	0	0	0
Hedging Reserve	0	0	0
Proposed Capital Increase	0	0	66,096,830
Retained Earnings	153,744,614	238,985,770	143,438,669
Total Equity	637,258,936	738,730,286	683,013,354
Total Capitalization (Total Loans and Lease Obligations + Total Equity)	1,065,438,971	1,159,605,048	1,085,267,772
Total Loans and Lease Obligations / Total Capitalization	40.2%	36.3%	37.1%

Source: Company's Management information and the audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G, and 31 December 2023G.

The members of the Board of Directors confirm that:

- As at the date of this Prospectus, none of the Company's Shares is under option.
- As at the date of this Prospectus, the Company does not have any debt instruments.
- The Company's existing cash balances and cash flows are sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least twelve (12) months following the date of this Prospectus, subject to no material adverse change affecting the Company's business.

10. EXPERTS' STATEMENT

All Advisors and the Independent Auditor, listed on page (vi) have provided and not withdrawn, as at the date hereof, their written consent to publish their names, addresses, and logos attributed thereto, as well as their statements and reports in this Prospectus. Neither the Advisors, the Independent Auditor nor any of their employees, forming part of the team serving the Company, or relatives have any shareholding or interest of any kind in the Company, as at the date of this Prospectus, in a manner that would impair their independence.

11. DECLARATIONS

The members of the Board of Directors declare the following:

1- The Issuance does not constitute a breach of the relevant laws and regulations in the Kingdom.
2- The Issuance does not constitute a breach of any contract or agreement entered into by the Issuer.
3- All material legal issues concerning the Issuer have been disclosed in the Prospectus.
4- All terms and conditions that may affect the decisions of the investors to invest in the Offer Shares have been disclosed.
5- Except as disclosed in Section 12.11 ("**Litigation**") of this Prospectus, the Issuer is not subject to any claims, or any type of legal proceedings that could individually or collectively have a material effect on its business or financial position.
6- The members of the Board of Directors of the Issuer are not subject to any claims or any type of legal proceedings that could individually or collectively have a material effect on the Issuer's business or financial position.
7- This Prospectus contains all the information to be included under the OSCOs requirements and does not omit any other fact that would have any impact on the application for the Securities Registration and Offering.
8- None of the members of the Board of Directors nor any member of the Executive Management nor the Secretary nor any of their relatives nor Affiliates have a direct or indirect interest whatsoever in the Company's Shares, nor any interest in any other matter which may impact the Company's businesses. For further details, please refer to Section 5.7 ("**Direct and Indirect Interests of Board Members, Board Secretary, and Senior Executives**").
9- Except as disclosed in Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus, none of the members of the Board of Directors nor do any of the Senior Executives, Secretary, or their relatives or Affiliates, have any interest in any written or verbal contract or arrangement contemplated or expected to be conducted with the Company.
10- As at the date of this Prospectus, there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company. For further details, please refer to Section 5.6 ("**Conflict of Interest**") of this Prospectus.
11- Except as disclosed in Section 4.7 ("**Overview of the Shareholders**") of this Prospectus, neither they nor any of their relatives or affiliates have any Shares or interest of any kind in the Company, as at the date of this Prospectus.
12- The Directors and the CEO shall have no right to vote on a contract or proposal in which they have an interest.
13- The Company possesses the necessary regulations and policies needed to prepare the annual financial statements in conformity with IFRS-KSA issued pursuant to IASB, and other standards and pronouncements that are endorsed by SOCPA, and within the deadlines set in the OSCOs. Furthermore, the Company possesses the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the OSCOs and within the timeframes set out in the OSCOs.
14- The Company has sufficient working capital for at least twelve (12) months immediately following the date of this Prospectus.
15- Except as disclosed in Section 12.8 ("**Credit Facilities and Loans**") of this Prospectus, the Company has not issued any debt instruments, nor does it have any term loans or any other outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments).
16- As at the date of this Prospectus, there is no intention to materially change the nature of the Company's business, and there has been no interruption in the business of the Company that may significantly affect or have affected its financial position in the last twelve (12) months.
17- No commissions, discounts, brokerages or other non-cash compensations were granted to any of the Directors by the Company within the three (3) years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.

18- There has been no material adverse change in the financial or trading position of the Company in the three (3) years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus.

19- The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Article 21 of the Corporate Governance Regulations. Furthermore, the members of the Board of Directors shall conduct annual reviews of the Company's internal control measures.

20- The audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G have been prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA. The financial information contained in this Prospectus has been extracted without any material deviation from said financial statements and are presented in a manner consistent with these financial statements.

21- None of the Directors or the CEO will vote on resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.

22- The Directors have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.

23- The Company has submitted and will submit to the CMA all documents required under the Capital Market Law and the OSCOs.

24- Except as disclosed in Section 12.8 ("**Credit Facilities and Loans**") and Section 2 ("**Risk Factors**") of this Prospectus, there is no pledge, mortgage or financial burden on any of the Company's assets.

25- As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other existing arrangement involving the employees in the capital of the Company. For further details, please refer to Section 5.8.1 ("**Employee Shares**").

26- All employees of the Company are under its sponsorship.

27- Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts conducted for the account of the Company.

28- The Directors shall notify the Board of any direct or indirect personal interest they may have in the transactions and contracts conducted for the account of the Company, and this notification shall be recorded in the minutes of the Board of Directors meeting.

29- There are no research and development policies adopted by the Company, as at the date of this Prospectus.

30- No Shares of the Company are under option, as at the date of this Prospectus.

31- The Directors, Secretary and Senior Executives have not at any time been declared bankrupt or been subject to bankruptcy proceedings.

32- None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five (5) years preceding the date of this Prospectus.

33- No powers exist giving any of the Directors the right to borrow money from the Company.

34- All necessary approvals were obtained for the offering of the Company's Shares in the stock market and for it to become a public joint stock company.

35- The Company is able to prepare the required reports in a timely manner, according to the implementing regulations issued by CMA.

36- As at the date of this Prospectus, the persons whose names appear in Section 4.7 ("**Overview of the Shareholders**") of this Prospectus are the direct and indirect legal and beneficial owners of the Company's Shares.

The Directors further declare complying with the provisions of Articles 71, and 72 of the Companies Law and Article 40 of the Corporate Governance Regulations with respect to contracts with Related Parties as follows:

1- All transactions entered into by the Company with Related Parties shall be entered into on an arm's length basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, or (if required by law), the Company's General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the General Assembly.
2- All transactions entered into with Related Parties and described in Section 12.7 (Transactions and Contracts with Related Parties) of this Prospectus, including determining the financial consideration for the engagement, have been carried out in a legal manner and on appropriate and fair commercial bases same as the transactions carried out with other third parties.
3- As at the date of this Prospectus, the members of the Board of Directors have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company. The members of the Board of Directors further undertake to fulfill the requirements in the future, in accordance with Articles 27, 71, and 72 of the Companies Law, and Chapter 6 of Part Three of the Corporate Governance Regulations.
4- Neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

1- The Directors the CEO shall not have the right to vote on decisions relating to their fees and remuneration.

The Board of Directors also declares that:

1- The internal control, accounting and IT systems of the Company are sufficient and adequate.
2- This Prospectus contains all the information to be included under the OSCOs requirements and does not omit any other fact that would have any impact on the application for the Securities Registration and Offering.
3- Third-party information and data included in this Prospectus, including the information obtained or derived from the market study conducted by the Market Study Consultant, is reliable and the Company has no reason to believe that such information is materially inaccurate; and the statistical information used in Section 3 ("**Market and Industry Information**") of this Prospectus, which was obtained from external sources, represents the latest information available at the respective source.
4- That all terms and conditions that may affect the decisions of the Subscribers to invest in Offer Shares have been disclosed.
5- The Company currently has no intention to sign any new contracts with Related Parties except to renew contracts with the Related Parties previously concluded and referred to in this Prospectus. In the event that the Company wishes to sign new contracts with Related Parties in the future, the Company shall comply with Articles 27, 71, and 72 of the Companies Law and Article 44 of the Corporate Governance Regulations.
6- That all increases and decreases in the capital of the Company are in compliance with the laws and regulations applicable in the Kingdom.
7- The Company does not have any securities (contractual or otherwise) or any assets where the value is subject to fluctuation which would adversely and materially affect the assessment of the financial position.
8- There are no mortgages, rights or encumbrances on the Company's properties, as at the date of this Prospectus.
9- Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations.

10- Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company' operations or financial position.

11- The Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly, to ensure continued insurance coverage and it takes all appropriate security measures as per applicable industry practices.

12- All agreements which the Company considers to be material or important or which have an impact on the decisions of investors to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.

13- Except as disclosed in Section 2 ("**Risk Factors**") hereof, and to the best of their knowledge and belief, there are no other material risks that may affect prospective investors' decision to invest in the Offer Shares.

14- Except as disclosed in Section 12.4 ("**Material Government Consents, Licenses and Certificates**") hereof, and as at the date of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its activities.

15- The Company is not a party to any litigation, claims, lawsuits or current investigations that could materially affect its business operations or financial position.

16- The audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, have been prepared in accordance with IFRS-KSA, and other standards and pronouncements that are endorsed by SOCPA. No material amendments have been made thereto except for financial and statistical information herein which have been subject to rounding.

17- All necessary approvals have been obtained from lenders to offer 30% of the Company Shares in order for the Company to be a public joint-stock company.

18- The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.

19- As at the date of this Prospectus, there has been no breach of the contractual terms and conditions under the agreements entered into with the entities providing loans, facilities and financing, and the Company complies with all the terms and conditions thereof.

The Board members further declare that:

1- They shall record all Board of Directors resolutions and deliberations by means of written minutes of meetings, which shall be signed thereby.

2- They shall disclose the details of any Related-Party transactions in accordance with the Companies Law, the Corporate Governance Regulations and the Capital Market Authority laws and regulations.

12. LEGAL INFORMATION

12.1 Declarations Related to Legal Information

The Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements to which the Company is party.
- All material legal information relating to the Company has been disclosed in this Prospectus.
- Except as disclosed in Section 12.11 ("**Litigation**") of this Prospectus, the Company is not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its financial position.
- The Members of the Board of Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its financial position.
- The Members of the Board of Directors and Executive Management declare that they have not been involved, individually or collectively, in any activities that are similar to, or competing with, the Company's or its Subsidiaries', and undertake to abide by the requirements of Articles 27 and 71 of the Companies Law and Chapter 6 of Section 3 of the Corporate Governance Regulation.

12.2 The Company

Fourth Milling Company is a single person Saudi joint stock company registered in the Commercial Register under CR No. 2050110856 dated 10/02/1438H (corresponding to 10/11/2016G), and issued in the city of Dammam in the Kingdom of Saudi Arabia, pursuant to Ministerial Resolution No. G/14 dated 11/01/1438H (corresponding to 12/10/2016G). The Company operates in accordance with the main license to operate flour mills No. 04 issued pursuant to GFSA Governor's Resolution No. 7294 dated 12/04/1442H (corresponding to 27/11/2020G), pursuant to the Resolution of the Board of Directors of the GFSA No. (189) dated 09/03/1442H (26/10/2020G), and pursuant to the Ministerial Resolution No. 632 dated 17/10/1441H (corresponding to 09/06/2020G). The Company's Head Office, according to the Commercial Register, is located in the city of Dammam, Zip Code No. 32211 and P.O. Box No. 0065846. The Company's current Capital is five hundred and forty million (540,000,000) Saudi Riyals, which was paid in full, divided into five hundred and forty million (540,000,000) Ordinary Shares with a fully paid nominal value of one (1) Saudi Riyal per share.

In accordance with its commercial register, the Company's activities are as follows:

1- Wheat packing and milling.

2- Manufacture of concentrated animal fodder.

3- Wholesale of bakery products.

4- Trade of special and healthy food.

5- Storage in ports, customs, or free zones.

(For further details, please see Section 4.6 ("**Overview of the Company and Growth of its Capital**") of this Prospectus).

12.3 Shareholder Structure

The following table sets out ownership of Shares and Shareholders in the Company before and after the Offering:

Table (12.1): Overview of Substantial Shareholders of the Company Pre- and Post-Offering

Shareholder Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Par Value (SAR)	Direct Ownership	No. of Shares	Par Value (SAR)	Direct Ownership
Gulf Flour Milling Industrial Company	540,000,000	540,000,000	100%	368,000,000	368,000,000	70%
Public	-	-	-	162,000,000	162,000,000	30%
Total	**540,000,000**	**540,000,000**	**100%**	**540,000,000**	**540,000,000**	**100%**

Source: the Company

Details regarding the ownership of each shareholder are set out in Section 4.7 ("**Overview of the Shareholders**") of this Prospectus.

12.4 Material Government Consents, Licenses and Certificates

The Company (including its branches) has obtained several regulatory and operational licenses and certificates from the competent authorities, including the General Food Security Authority (GFSA), the Saudi Food and Drug Authority (SFDA), the Ministry of Industry and Mineral Resources, the Ministry of Commerce, the Chamber of Commerce, the General Directorate of Civil Defense, and the Ministry of Municipal Rural Affairs and Housing. These licenses and certificates are renewed periodically. The members of the Board of Directors declare that the Company has obtained all material licenses and approvals required to conduct its business. Set out below is an overview of the regulatory authority for the activity of mills and flour production as at the date of this Prospectus.

The Regulatory Authority for the Activity of Mills and Flour Production

The Company was issued a license by virtue of GFSA Governor's Resolution No. 7294 dated 12/04/1442H, (corresponding to 27/11/2020G) based on the Resolution of GFSA's Board of Directors No. 189 dated 09/03/1442H (corresponding to 26/10/2020G), and pursuant to the Ministers Resolution No. 632 dated 17/10/1441H (corresponding to 09/06/2020G), which is the main license No. 04 to operate Flour Mills. The Company also obtained the Conditional Secondary License No. 4.1 issued by the Resolution of GFSA's Board of Directors No. 194 dated 30/11/1443H (corresponding to 29/06/2022G).

The General Food Security Authority (previously known as the General Organization for Grain Silos and Flour Mills) was established by Royal Decree No. M/14 issued on 25/03/1392H and amended by Royal Decree No. M/3 dated 12/02/1406H, after which decision No. 35 dated 27/01/1437H was issued by the Council of Ministers, which approved taking the necessary measures to establish four joint-stock companies for flour mills, and approved amending the name of the General Organization for Grain Silos and Flour Mills to the "Saudi Grains Organization (SAGO)" and reorganized it. Therefore, The Council of Ministers Resolution No. 328 dated 02/08/1437H was issued approving the organization of the Saudi Grains Organization (currently, the General Food Security Authority), provided that the organization undertakes the management, operation, and development of silos, in addition to the tasks of organizing, monitoring and supervising the activity of mills for the production of flour. On 24/06/1444H, the Council of Ministers issued its Resolution No. 440 to convert the Saudi Grains Organization into a general authority under the name of the General Food Security Authority (GFSA). GFSA will continue to carry out the operational activities of storage silos - including the purchase of wheat and strategic storage - until a decision is made to transfer such activities to the Saudi Agricultural and Livestock Investment Company (SALIC).

Main License No. 04:

GFSA granted the Company the Main License No. 04 to carry out the following licensed activities:

- The establishment and operation of:
  - Dammam Branch – 405 thousand tons of flour / year
  - Madinah Branch - 360 thousand tons of flour / year
  - Al-Kharj Branch - 180 thousand tons of flour / year.

Throughout the year, including the storage and milling of wheat as well as the storage and packaging of flour and byproducts.

The tables below set out the current key licenses and certifications obtained by the Company:

Table (12.2): Details of the Milling Licenses Obtained by the Company and Issued by GFSA

No	Issuer	License No	Expiration Date
1.	General Food Security Authority (GFSA)	License No. 04 issued by the Resolution of the Board of Directors of GFSA No. 189 dated 09/03/1442H (corresponding to 26/10/2020G) and pursuant to the Ministerial Resolution No. 632 dated 17/10/1441H (corresponding to 09/06/2020G).	25 years starting from 16/04/1443H (corresponding to 21/11/2021G).
2.	General Food Security Authority (GFSA)	Conditional Secondary License No. 4.1 dated 30/11/1443H (corresponding to 12/06/2022G) issued by the Resolution of the Board of Directors of GFSA No. 194 dated 30/11/1443H (corresponding to 29/06/2022G) to facilitate the issuance of licenses and approvals.	The earlier of: • 05/02/1450H (corresponding to 28/06/2027G). • The date by which the Conditional Secondary License is replaced with a Secondary License that is non-conditional pursuant to Article 1 of Conditional Secondary License's terms and conditions provided the latter is not terminated nor suspended prior to the end of its term.

Source: the Company

Table (12.3): Details of the Key Commercial Registration Certificates Obtained by the Company

No	Branch	Location	Commercial Registration	Registration Date	Expiry Date
1.	Fourth Milling Company	Dammam	2050110856	10/02/1438H (corresponding to 10/11/2016G)	10/02/1446H (corresponding to 14/08/2024G)

Source: the Company

Table (12.4): Details of the Key Commercial Registration Certificates of the Company's Branches

No	Branch	Location	Commercial Registration	Registration Date	Expiry Date
1.	Fourth Milling Company	Dammam	2050111821	30/05/1438H (corresponding to 27/02/2017G)	29/05/1447H (corresponding to 20/11/2025G)
2.	Fourth Milling Company	Madinah	4650082090	30/05/1438H (corresponding to 27/02/2017G)	29/05/1446H (corresponding to 01/12/2024G)
3.	Fourth Milling Company	Al-Kharj	1011024354	30/05/1438H (corresponding to 27/02/2017G)	29/05/1447H (corresponding to 20/11/2025G)

Source: the Company

Table (12.5): Details of the Key Certificate of Membership in the Chamber of Commerce Obtained by the Company

No	Company	Issuer	Membership No.	Issuance Date	Expiry Date
1.	Fourth Milling Company	AlSharqia Chamber	211945	14/03/1438H (corresponding to 13/12/2016G)	10/02/1446H (corresponding to 14/08/2024G)

Source: the Company

Table (12.6): Details of the Key Certificates of Membership in the Chambers of Commerce Obtained by the Company's Branches

No	Branch	Issuer	Membership No.	Issuance Date	Expiry Date
1.	Fourth Milling Company in Madinah	Madinah Chamber	7011047185	14/03/1438H (corresponding to 13/12/2016G)	29/05/1446H (corresponding to 01/12/2024G)
2.	Fourth Milling Company in Al-Kharj	Al-Kharj Chamber	104011238914	14/03/1438H (corresponding to 13/12/2016G)	29/05/1446H (corresponding to 01/12/2024G)

Source: the Company

Table (12.7): Details of the Key Municipality Licenses Obtained by the Company's Branches*

No	Branch	Location	License No.	Expiry Date
1.	Fourth Milling Company in Madinah	Madinah	42065171343	08/10/1446H (corresponding to 06/04/2025G)
2.	Fourth Milling Company in Al-Kharj	Al-Kharj	41022592243	28/02/1446H (corresponding to 01/09/2024G)

Source: the Company

*It should be noted that the Company's head office and its branch in Dammam are located in King Abdulaziz port in Dammam, which is subject to the regulations and requirements of the General Authority of ports, and therefore it is not necessary to obtain municipal licenses for the Company and its branch in Dammam.

Table (12.8): Details of the Key Civil Defense Licenses Obtained by the Company

No	Company	Location	License No.	Issuance Date	Expiry Date
1.	Fourth Milling Company*	Dammam	-	-	-

Source: the Company

* The Company is currently taking the necessary measures to renew the expired license. In Dammam, the Civil Defense permit covering the administration building, warehouse and factory has expired and cannot be renewed, as observations were made with respect to the firefighting and fire alarm systems in an inspection report prepared by Higher Commission for Industrial Safety ("HCIS") under the safety and Fire Protection instructions for industrial facilities. Accordingly, a fire protection project must be developed in accordance with the 2017G Safety and Fire Protection Regulations ("**SAF**") directives. In FY2023G, the Company appointed a consultant accredited by the General Directorate of Civil Defense to address the noted observations, including the preparation of the initial engineering work package and submission thereof to HCIS. However, remediation work was suspended during 2023G, as the consultant was not prequalified by HCIS. The Company then appointed a new Fire Protection Consultant approved by the HCIS who will prepare the deficiency analysis report, then the initial engineering work package, review the installation package and take over site supervision, testing and operation ("outputs"). The project will then be installed by a firefighting contractor pre-qualified by the HCIS, whereby remediation work is expected to be completed in approximately 9 months. Prior to the preparation of the initial engineering work package, the consultant is currently preparing a deficiency analysis report scheduled to be submitted on 7 April 2024G. In the meantime, the Company has received an extension from HCIS for a period of 12 months to complete remediation work.

Table (12.9): Details of the Key Civil Defense Licenses Obtained by the Company Branches

No	Branch	Location	License No.	Issuance Date	Expiry Date
1.	Fourth Milling Company*	Dammam	68	02/09/1443H (corresponding to 03/04/2022G)	24/09/1443H (corresponding to 25/04/2022G)
2.	Fourth Milling Company	Madinah	45-457104100-2	14/09/1445H (corresponding to 24/03/2024G)	14/09/1446H (corresponding to 14/03/2025G)
3.	Fourth Milling Company	Al-Kharj	45-000710684-4	27/11/1445H (corresponding to 04/06/2024G)	27/11/1446H (corresponding to 25/05/2025G)

Source: the Company

* The Company is currently taking the necessary measures to renew the expired license. In Dammam, the Civil Defense permit covering the administration building, warehouse and factory has expired and cannot be renewed, as observations were made with respect to the firefighting and fire alarm systems in an inspection report prepared by Higher Commission for Industrial Safety ("HCIS") under the safety and Fire Protection instructions for industrial facilities. Accordingly, a fire protection project must be developed in accordance with the 2017G Safety and Fire Protection Regulations ("**SAF**") directives. In FY2023G, the Company appointed a consultant accredited by the General Directorate of Civil Defense to address the noted observations, including the preparation of the initial engineering work package and submission thereof to HCIS. However, remediation work was suspended during 2023G, as the consultant was not prequalified by HCIS. The Company then appointed a new Fire Protection Consultant approved by the HCIS who will prepare the deficiency analysis report, then the initial engineering work package, review the installation package and take over site supervision, testing and operation ("outputs"). The project will then be installed by a firefighting contractor pre-qualified by the HCIS, whereby remediation work is expected to be completed in approximately 9 months. Prior to the preparation of the initial engineering work package, the consultant is currently preparing a deficiency analysis report scheduled to be submitted on 7 April 2024G. In the meantime, the Company has received an extension from HCIS for a period of 12 months to complete remediation work.

Table (12.10): Details of the Key Environmental Licenses Obtained by the Company Branches

No	Branch	License No.	Issuance Date	Expiry Date
1.	Fourth Milling Company in Dammam	7652	21/05/1444H (corresponding to 15/12/2022G)	13/05/1447H (corresponding to 04/11/2025G)
2.	Fourth Milling Company in Madinah	6094	08/03/1443H (corresponding to 14/10/2021G)	03/03/1446H (corresponding to 06/09/2024G)
3.	Fourth Milling Company in Al-Kharj*	25904	25/10/1442H (corresponding to 06/06/2021G)	20/10/1445H (corresponding to 29/04/2024G)

Source: the Company

* The Company is currently taking the necessary measures to renew the expired license.

Table (12.11): Details of Licenses obtained by the Company and its Branches issued by the SFDA

No	Branch	Location	License Name	Activity / Product	License No. / Registration No.	Issuance Date	Expiry Date
1.	Fourth Milling Company	Madinah	Establishment License Certificate	Feed Manufacturing - Packaging	AFE000329	19/11/1442H (corresponding to 29/06/2021G)	23/12/1445H (corresponding to 29/06/2024G)
2.	Fourth Milling Company	Madinah	Registration of an Animal Feed Product Certificate	Raw Feed – Animal Bran	RFM20213275	08/02/1443H (corresponding to 15/09/2021G)	04/04/1448H (corresponding to 15/09/2026G)
3.	Fourth Milling Company	Al-Kharj	Establishment License Certificate	Feed Manufacturing - Packaging	AFE00032	27/11/1442H (corresponding to 07/07/2021G)	01/01/1446H (corresponding to 07/07/2024G)
4.	Fourth Milling Company	Al-Kharj	Registration of an Animal Feed Product Certificate	Raw Feed – Animal Bran	RFM20213274	08/02/1443H (corresponding to 15/09/2021G)	04/04/1448H (corresponding to 15/09/2026G)
5.	Fourth Milling Company	Dammam	Establishment License Certificate	Feed Manufacturing - Packaging - Feed Storage and Feed Addition - Import of Feed Additives	AFE000360	13/02/1443H (corresponding to 20/09/2021G)	17/03/1446H (corresponding to 20/09/2024G)
6.	Fourth Milling Company	Dammam	Registration of an Animal Feed Product Certificate	Raw Feed – Animal Bran	RFM20213498	26/02/1443H (corresponding to 03/10/2021G)	22/04/1448H (corresponding to 03/10/2024G)

Source: the Company

Table (12.12): Details of Industrial Licenses Obtained by the Company

No	Branch	Location	Resolution No.	Issuance Date	Expiry Date
1.	Fourth Milling Company Madinah Branch	Madinah	441102122269	08/07/1431H (corresponding to 20/06/2010G)	19/11/1450H (corresponding to 03/04/2029G)
2.	Fourth Milling Company Al-Kharj Branch	Al-Kharj	441102121113	15/10/1441H (corresponding to 07/06/2020G)	28/02/1447H (corresponding to 16/02/2026G)
3.	Fourth Milling Company Dammam Branch	Dammam	451110128525	14/05/1441H (corresponding to 09/01/2020G)	10/03/1450H (corresponding to 01/08/2028G)

Source: the Company

Table (12.13): Details of ISO Certifications Obtained by the Company

No	Branch	ISO Number	Certificate Number	Issuance Date	Expiry Date
1.	Fourth Milling Company Madinah Branch	ISO 22000:2018	IND.22.0172/FM/U	22/04/1444H (corresponding to 16/11/2022G)	24/05/1447H (corresponding to 15/11/2025G)
2.	Fourth Milling Company Al-Kharj Branch	ISO 22000:2018	IND.22.0171/FM/U	22/04/1444H (corresponding to 16/11/2022G)	24/05/1447H (corresponding to 15/11/2025G)
3.	Fourth Milling Company Dammam Branch	ISO 22000:2018	IND.22.0170/FM/U	22/04/1444H (corresponding to 16/11/2022G)	24/05/1447H (corresponding to 15/11/2025G)

Source: the Company

12.5 Material Agreements

The Company has entered into several material agreements and contracts with multiple parties. This Section sets out summaries of agreements and contracts which may, to the best of the Company's Board members' knowledge, be material and significant with respect to the Company's business, or that may impact investors' decision to subscribe for the Offer Shares. The summaries of agreements and contracts referred to below do not include all terms and conditions and cannot be considered as a substitute for the terms and conditions of these agreements. However, they include the conditions that may be material or important in relation to the Company's business, or that may affect the Investors' decision to subscribe for the Offer Shares.

12.5.1 Material Supply Contracts with Key Suppliers

The Company deals with several Key Suppliers. As of December 31, 2023G, the Company had eight (8) short-term contracts concluded with its Key Suppliers, who rank among the Company's 10 largest Suppliers (in terms of procurement costs). As for the Company's other Key Suppliers, the Company sends supply requests thereto, and then concludes a short-term contract with them (for a period not exceeding 6-8 months), or under purchase orders.

The Company's Key Suppliers supply it with wheat, flour additives, and packaging materials. The purchasing costs of the Company from its Key Suppliers represent eighty-one point forty-three percent (81.43%) of the Company's total purchasing costs as of December 31, 2023G.

The Company's business relies on the production and sale of flour products by purchasing wheat (the principle raw material for the Company's products) from the GFSA pursuant to the Wheat Supply Agreement concluded between the Company and the GFSA. The Company's total purchasing costs for wheat under this Agreement represent sixty-nine point fifty-six percent (69.56%) of the Company's total purchases as of December 31, 2023G.

Moreover, the Company imports flour additives from The Specialists Commercial Affairs, IMCD Arabia Trading LLC, and Muehlenchemie GmbH & Co, pursuant to purchase orders between the Company and each of these three (3) suppliers. Supplies under these purchase orders represented two point zero seven percent (2.07%) of the total cost of the Company's purchases as of December 31, 2023G.

Likewise, the Company imports packaging materials from Zad Food Industries LLC, under purchase orders. Supplies under these arrangements represented 4.5% of the total cost of the Company's purchases as of December 31, 2023. (For more information, please see Section 4.8.3.1 of this Prospectus ("**Suppliers**")).

The table below summarizes the Wheat Supply Agreement between the Company and GFSA.

Table (12.14): Wheat Supply Agreement between the Company and GFSA dated 15/04/1442H (corresponding to 30/11/2020G)

Parties:	GFSA (as seller) and the Company (as purchaser).
Contract Date:	15/04/1442H (corresponding to 30/11/2020G)
Subject Matter:	Sale and purchase of subsidized and unsubsidized wheat
Duration:	Effective from its execution until the expiration of the Milling License (i.e. 22/02/1468H (corresponding to 31/12/2045G). In the event the term of the Milling License is renewed, the new expiration date thereof shall be the expiration date of this Agreement.
Price and Payment:	The price of wheat shall be calculated in accordance with the pricing policy issued by GFSA's board resolution (as the regulator of the wheat flour sector) number 46 dated 15/10/1441H (corresponding to 07/06/2020G). The Company must pay the price set out in each invoice, in addition to the applicable VAT to GFSA by way of a bank transfer within a period not exceeding thirty (30) days from receiving an invoice from GFSA. In the event the Company does not fulfill its payment obligations, GFSA reserves the right to withhold further wheat deliveries.
GFSA Obligations:	GFSA shall transport and deliver wheat to the Company in quantities that allow the Company to: • Fulfill the Company's production capacity as specified in the Main Milling License (as amended from time to time). • Produce sufficient flour to meet the demand of its subsidized flour customers at the dates agreed on between the Company and its customers. • Title, risk of loss, and cost of insurance to the wheat shall pass from GFSA to the Company at the point of delivery, free of liens and encumbrances. • In the event that GFSA delivers a wheat order that is non-compliant with the specification, GFSA shall remedy the situation as soon as possible (within a period not exceeding five (5) business days). • In the event that any given order weighted less, by more than 1%, than the weight recorded in the delivery certificate, GFSA shall deliver an additional quantity to cover the deficit as soon as possible (within a period not exceeding five (5) business days), provided that such deficit is notified to GFSA by the Company at the earliest of i) twenty-four (24) hours of receipt, or ii) before two (2:00) pm in the next business day following the receipt.
Company Obligations:	• Pays of purchase price and the applicable VAT. • Weighs the delivered wheat upon receipt thereof from GFSA, and records the weight thereof in the delivery certificate. • Maintains a list of the subsidized wheat customers approved by GFSA, refers requests from non-listed customers who want to purchase subsidized flour to GFSA, and inspects such customers' sites to ensure compliance with the applicable Implementing Regulations of the Flour Production Mills Law. • Immediately notifies GFSA in writing if the Company was not able to fulfill any quantities of subsidized flour and returns the subsidized wheat or flour (as applicable) to GFSA or a third party designated by GFSA. The Company shall be paid for returned wheat or flour (as applicable) within thirty (30) days of the delivery of subsidized wheat or flour by GFSA. As long as the Government subsidizes, the Company shall: • Within the first five (5) business days of each Gregorian month, provide a monthly report to GFSA about its subsidized flour sales; and • Within the first fifteen (15) days of each Gregorian year, provide a yearly report to GFSA about its consolidated sales of subsidized wheat and flour to subsidized-flour customers.
Indemnities:	Parties are not responsible to indemnify each other for indirect or consequential damages incurred by such other Party regardless of its type. Each Party shall indemnify the other Party from and against all losses, not recoverable under insurance policies, arising in connection with the performance of the defaulting Party's obligations under the Agreement, provided that such losses are not caused by gross negligence, willful misconduct, or a breach of obligations by the aggrieved Party.

Termination:	GFSA may terminate the Agreement by providing at least six (6) months' notice if the subsidy to the wheat discontinued prior the expiration of the Agreement. Either Party may terminate the Agreement: • In the event of a material breach by one party that is not remedied within thirty (30) days from a notice by the non-breaching party. If the material breach was caused by reasons beyond the control of the breaching party despite exerting reasonable efforts to remedy the breach, the breaching party shall be given an additional thirty (30) days' period to remedy the breach; • If a final decision by a competent court or a governmental authority is issued, providing that the Company provided bribery to any person associated with this agreement or to obtain this agreement; • If the other Party becomes bankrupt, insolvent, or is wound-up or liquidated; • If a force majeure event continued for a period exceeding the grace period (6 months); or • In the event of expiration, termination, or cancelation of the Main Milling License.
Force Majeure:	A Party is not required to perform its obligations under the agreement to the extent that it is prevented from doing so by a force majeure event for a duration not exceeding six (6) months of the occurrence of the force majeure event, provided that the affected Party notifies the other party within five (5) business days of the force majeure occurrence and has taken steps to mitigate its effect. Notwithstanding the above, the Company shall not be relieved of its obligations to pay any amounts for delivered wheat prior to the occurrence of the force majeure event.
Assignment and Subcontracting:	Neither Party may assign, with or without consideration, the agreement partially or entirely without the prior written consent of the other Party.
Governing Law:	Laws of the Kingdom.
Dispute Resolution:	Any dispute arising under the agreement that cannot be resolved amicably within sixty (60) days from the date of notification by one of the Parties to the other shall be referred to the competent court in the Kingdom, and its judgment shall be final. In all cases, no dispute shall prevent the parties from undertaking their obligations under the agreement.

Source: the Company

12.5.2 Compensation and Claims Agreement between the Company and the Ministry of Finance dated 25/04/1443H (corresponding to 30/11/2021G)

On 25/04/1443H (corresponding to 30/11/2021G), the Company entered into a Compensation and Claims Agreement ("**CCA**") with the Ministry of Finance ("**MoF**"), in connection with the privatization of the Company. As the price of wheat sold to, and the price of flour sold by, the Company are subsidized, net production revenues for each ton of regulated flour sold by the Company are effectively fixed based on a price differential between wheat purchased and flour sold at SAR 320 per ton. To address the risk that the Company's actual gross revenues in a financial year fall short of its expected revenues (based on direct recurring raw material costs actually utilized for the production of Regulated Flour by the Company plus the Price Differential), the MoF undertakes to compensate the Company for Minimum Revenue Shortfalls. The MoF also undertakes to compensate the Company for any License Fee Excess, and to purchase the Total Assets of the Company following a Government Risk Event, Excess Purchase, or Company Breach.

The table below is a summary of the key provisions of the CCA concluded between the Company and the MoF:

Table (12.15): CCA between the Company and the MoF Dated 25/04/1443H (corresponding to 30/11/2021G)

Parties:	The Ministry of Finance of the Kingdom of Saudi Arabia and the Company.
Contract Date:	25/04/1443H (corresponding to 30/11/2021G)
Subject Matter:	The MoF undertakes to compensate the Company for "Minimum Revenue Shortfalls". The MoF also undertakes to compensate the Company for any "License Fee Excess", and to purchase the "Total Assets" of the Company following a "Government Risk Event" or "Company Breach", or in an "Excess Purchase Scenario".
Term:	The Agreement and any liability of the MoF in connection with the Company shall terminate under the Compensation and Claims Agreement after twelve (12) years from the date of concluding the said Agreement, except in relation to any Compensation Claim already notified to the MoF prior to that date.

Compensation for Minimum Revenue Shortfalls:	The MoF will compensate the Company if a Change in Framework results in a Minimum Revenue Shortfall. Change in Framework means the amendment, modification, termination, or repeal (including any change in interpretation or application by a Government Authority in Saudi Arabia) of any of: (i) the Flour Mills Law, (ii) the Implementing Regulations, (iii) the Pricing Policy, or (iv) the License Period. Minimum Revenue Shortfall means, in any financial year or relevant period, the shortfall between: (a) the aggregate reasonably and efficiently incurred direct raw materials costs (excluding any exceptional, extraordinary, non-recurring, or one-off costs) actually utilized during the period for the production of Regulated Flour, and (b) the aggregate gross revenues (excluding discounts) actually received by the Company during the period from the sale of Regulated Flour. The Company must provide notice to the MoF of any Minimum Revenue Shortfall no later than thirty (30) days after the Company becomes aware, or should reasonably have become aware of such Minimum Revenue Shortfall. It is also a condition precedent to recovering any Minimum Revenue Shortfall that the Company serves a valid Compensation Notice to the MoF within fifteen (15) Business Days of receiving the Compensation Accounts (being "the Company's latest available audited financial statements and balance sheet… evidencing the amount of the Minimum Revenue Shortfall, Initial Actual Loss Payment, or License Fee Excess (as applicable)"), which shall include (inter alia) reasonable particulars of the Compensation Claim and any Savings (and evidence thereof).
Compensation for License Fee Excess:	The MoF shall compensate the Company for the amount of any License Fee Excess, being the amount of any increase in the then-current License Fee as a result of an amendment or modification to the equation for calculating the License Fee as set out in a resolution of GFSA's board and replicated in Annex (5) of the CCA. It is a condition precedent to recovering any License Fee Excess that the Company serves a valid Compensation Notice to the MoF within fifteen (15) Business Days of receiving the Compensation Accounts, which shall include (inter alia) reasonable particulars of the Compensation Claim and any Savings (and evidence thereof).
Purchase of Total Assets following a Government Risk Event under the CCA:	On the occurrence of a Government Risk Event, the MoF is required to purchase the Total Assets for an "Initial Actual Loss Payment" - being the Calculated Internal Value as on the date of the Government Risk Event. Total Assets means both "Owned Assets" (assets owned by the Company and used predominantly for the purpose of the Business) and "Leased Assets" (subject to certain conditions). The MoF is subsequently required to use all reasonable endeavors within 24 months of the Purchase Date to tender and sell the Total Assets on an arms' length basis, and must account to the Company for the Tender Price Excess - being the delta between (i) the Tender Price, and (ii) the Initial Actual Loss Payment, plus any costs and expenses incurred by the MoF in relation to the Tender Process (provided that (i) is higher than (ii)). The Initial Actual Loss Payment and the Tender Price Excess together constitute the Actual Loss. Government Risk Events means any of the following events: • Expropriation or nationalization of the Total Assets by an Authority, provided that such events are declared by a final and binding decision, which can no longer be contested by supervisory application made by a court or arbitral or other body of competent jurisdiction; • The termination of the Milling License by GFSA for reasons other than in accordance with the terms of the Milling License or Applicable Law, or for public interest, provided that the proper exercise of any rights of an Authority in response to any breach of any Applicable Law by the Company shall not constitute a Government Risk Event; • Any action by GFSA that results in the Milling License ceasing to remain in force, provided that the proper exercise of any rights of an Authority in response to any breach of any Applicable Law by the Company shall not constitute a Government Risk Event; • The termination of any Ancillary Agreement (which includes the Wheat Supply Agreement, the Silo Lease Agreements and the Land Lease Agreements) by GFSA for reasons not attributable to the Company, with the exception of a Qualifying Wheat Supply Agreement Termination; or • The revocation or termination of Wheat Import Approval by GFSA for reasons not attributable to the Company in circumstances in which the Wheat Supply Agreement has previously been terminated for reasons not attributable to the Company, Provided that in any case: • It is not caused or contributed to by a Company Breach or any other action, omission, negligence, or circumstance for which the Company or Gulf Industrial Flour Milling Company is responsible; • It is not caused by or contributed to by a Force Majeure Event; • It has not been agreed by the Parties; • It is not caused or contributed to by the Kingdom complying with or adhering to any regulations, standards and/or guidelines issued by an International Organization; and/or • The Company (or, where applicable, the Gulf Industrial Flour Milling Company) has made all commercially reasonable efforts in accordance with good industry practice to reduce and mitigate the effects of such events. It is also a condition precedent to receiving the Initial Actual Loss Payment that the Company serves a valid Compensation Notice to the MoF within fifteen (15) Business Days of receiving the Compensation Accounts, which shall include (inter alia) reasonable particulars of the Compensation Claim and any Savings (and evidence thereof).

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Purchase of Total Assets following a Company Breach:	The Government Party is required to purchase the Total Assets following a Company Breach for an amount equal to 80% of the Reference Price. The following events constitute a Company Breach: • The Milling License or any Ancillary Agreement is terminated by GFSA for reasons attributable to the Company; • The termination of the Milling License or any Ancillary Agreement is caused by or contributed to by a Force Majeure Event; or • A financial institution commences the process of enforcing a share pledge over any or all of the Company's share capital in connection with the Transaction Financing.
Purchase of Total Assets following an Excess Purchase:	If the aggregate of all Minimum Revenue Shortfall Compensation Claims and License Fee Compensation Claims exceeds 25% of the Final Consideration, the MoF has the right (but not the obligation) to purchase the Total Assets for an amount equal to the Reference Price.
Calculated Internal Value, Fair Market Value, and the Reference Price:	The Calculated Internal Value means the Final Consideration (as defined in the Share Purchase Agreement), plus Cumulated Capital expenditures, less Cumulated Depreciation, less Impairment of Owned Assets, less Disposals (each as defined in the CCA). The Fair Market Value is defined as the fair market value of the Owned Assets (based on a discounted cash flow approach or a market approach) and the Leased Assets (with specific requirements for capital leases and operating leases), in a sale between a willing seller and a willing purchaser, with no compulsion to sell, and for the purposes of calculating the Fair Market Value following a Government Risk Event or Excess Purchase, assuming the relevant Government Risk Event or Excess Purchase never occurred. The Reference Price is the lower of the Calculated Internal Value and the Fair Market Value.
Savings:	Any Minimum Revenue Shortfall, Actual Loss, Company Breach Payment, or Excess Purchase Payment shall be reduced by the amount of Savings realized by the Company between the Completion Date (as defined in the Share Purchase Agreement) and the date of the relevant Compensation Notice, Government Risk Event, Company Breach, or Excess Purchase (as applicable).
Force Majeure:	In order for an event or circumstance to qualify as a Force Majeure Event, it must satisfy the conditions set out in the definition, and "directly cause a Party to be unable to comply with all or a material part of its obligations under the Ancillary Agreements and or the Milling License." The Company is not entitled to compensation for any Actual Loss, Minimum Revenue Shortfall, or License Fee Excess suffered if a Government Risk Event or Change in Framework is caused by or contributed to by a Force Majeure Event.
Limitations of Liability:	The aggregate liability of the MoF in respect of all Minimum Revenue Shortfall Compensation Claims or License Fee Compensation Claims shall not exceed the lower of: (a) 80% of the Final Consideration (as defined in the Share Purchase Agreement); and (b) the Transaction Financing Amount. The MoF's aggregate liability for any Minimum Revenue Shortfall or License Fee Excess in any calendar year shall not exceed 20% of the Final Consideration. Amounts in excess of the twenty percent (20%) cap will be payable in the following calendar year, subject again to the twenty percent (20%) cap.
Assignment:	Neither Party may assign, transfer, charge or otherwise deal with any of its rights under the CCA without prior written consent. However, the MoF may assign, transfer, or novate its rights and obligations under the CCA (in whole or part) to any Authority, and the Company may assign, transfer, charge, or pledge all of its rights and benefits to a single financial institution in connection with the Transaction Financing.
Governing Law:	Laws of the Kingdom.
Dispute Resolution:	Other than any disputes with respect to the "Payment Determination Process" (which are to be referred to an Independent Expert as set out in Schedules 2 and 3), disputes shall be referred to the competent court in the Kingdom, and its judgment shall be conclusive and binding.

Source: the Company

12.6 Lease Agreements

12.6.1 Flour Mill Lease Agreements

Number	Description of Leased Premises	Location	Lessor	Lessee	Rent Commence-ment Date	Duration	Renewal
1	Madinah Production facility constructed on land in Madinah with a total area of 828,643 sqm	Madinah, Tabuk Road	GFSA	The Company	16/04/1443H (corresponding to 21/11/2021G)	As of the lease start date until the expiration date of the Milling License, i.e. 25 years, starting on 16/04/1443H (corresponding to 21/11/2021G)	The lease contract is automatically renewed if the Company's Milling License is extended.
2	Dammam Facility - Sublease Production facility constructed on land with a total area of 58,016.58 sqm	Dammam	GFSA	The Company	16/04/1443H (corresponding to 21/11/2021G)	As of the lease start date until the expiration date of the Milling License, i.e. 25 years, starting on 16/04/1443H (corresponding to 21/11/2021G)	The lease contract is automatically renewed if the Company's Milling License is extended.
3	Dammam Support Services Warehouse - Sublease Mill established on a land with a total area of 44,000 sqm	King Abdulaziz Port, Dammam	GFSA	The Company	16/04/1443H (corresponding to 21/11/2021G)	As of the lease start date until the expiration date of the Milling License, i.e. 25 years, starting on 16/04/1443H (corresponding to 21/11/2021G)	The lease contract is automatically renewed if the Company's Milling License is extended.
4	Dammam Headquarters - Sublease Mill established on a land with a total area of 13,664.75 sqm	Dammam	GFSA	The Company	16/04/1443H (corresponding to 21/11/2021G)	As of the lease start date until the expiration date of the Milling License, i.e. 25 years, starting on 16/04/1443H (corresponding to 21/11/2021G)	The lease contract is automatically renewed if the Company's Milling License is extended.
5	Al-Kharj Mill established on a land with a total area of 225,841 sqm	AlSubhaa District, Al-Kharj	GFSA	The Company	16/04/1443H (corresponding to 21/11/2021G)	As of the lease start date until the expiration date of the Milling License, i.e. 25 years, starting on 16/04/1443H (corresponding to 21/11/2021G)	The lease contract is automatically renewed if the Company's Milling License is extended.

Source: the Company

12.6.2 Office Lease Agreements

Table (12.16): Jeddah Office Unit - Lease

Parties:	Adel Abbas Ali Sharbatli (as the lessor) and the Company (as the lessee)
Contract Execution Date:	27/04/1445H (corresponding to 09/01/2024G)
Duration:	As of 28/02/1445H (corresponding to 13/09/2023G) until 30/08/1446H (corresponding to 03/09/2024G), and the contract is renewed automatically.
Leased Premises:	Office unit
Rental Fees:	SAR 41,975

Termination:	The lease contract is considered terminated in the following cases: 1- If the property is said to be likely to collapse pursuant to a report from the Civil Defense or an official authorized by the approved government authority. 2- There has been a change in building regulations, making the buildings unusable. 3- The buildings were confiscated by the government. 4- In the event of a force majeure. 5- If the Company becomes bankrupt or liquidated for any reason, as of the date the lessor learns of this, or as of the expiration of the original or renewed term of the contract, whichever is sooner. 6- Either Party may terminate the Lease if the other Party breaches any terms under the Lease and fails to remedy such breach after 15 days of notice thereof. The Lessor may also terminate the Lease if: 1- The Lessee fails to make a rent payment (or any part thereof) within 30 days from the date of the payment notice. 2- The Lessee has sublet or assigned the Lease (in whole or in part). 3- The Lessee makes any changes to the Premises leading to damaging the Premises to an extent beyond repair, causes damage voluntarily or by way of gross negligence, or allows third parties to cause such damage. 4- The Lessee has used the Premises for purposes unrelated to those specified in the Lease, or in violation of any of the laws and regulations in force in the Kingdom. 5- The Lessee has breached any obligations under the Lease and has not corrected the said breach within 30 days of being notified thereof.
Assignment and Subcontracting:	The Company may not sublet the building or assign the Lease in whole or in part.
Governing Law:	Laws of the Kingdom.
Dispute Resolution:	Any dispute that arises between the two parties under the contract and cannot be resolved amicably, shall be referred to the competent court in the Kingdom.

Source: the Company

12.6.3 Silo Leases

The tables below summarize the provisions of the main leases concluded by the Company in relation to renting grain silos in Madinah and Dammam.

Table (12.17): Madinah Operational Silo Lease

Parties:	GFSA (as the lessor) and the Company (as the lessee).
Contract Execution Date:	15/04/1442H (corresponding to 30/11/2020G)
Duration:	From the effective date of the contract, i.e. 15/04/1442H (corresponding to 30/11/2020G) and remains valid until the expiration date of the Company's Milling License. In the event the term of the Milling License is extended, the term of the Operational Silo Lease shall automatically be extended by the same period.
Use:	The Company shall use the silos for: • The import, storage, and milling of wheat; • The production, packaging, distribution, and sale of flour, compound feed, and bran; and • Any other purpose or authorized works as licensed to the Lessee.
Other Material Provisions:	• The Company shall provide the GFSA with an unconditional and irrevocable bank guarantee equivalent to 15% of the annual rent at least 15 days before the commencement of the relevant year. This guarantee shall be maintained throughout the term of the Operational Silo Lease. • The Company may not make any additions or modifications to the silos without the prior written consent of the GFSA. Title to any additions or modifications shall vest with the GFSA at the end of the lease period. • The Company shall, at its cost, obtain and maintain comprehensive general liability insurance to cover legal liability to third parties for loss of and/or damage to property, including associated loss of revenues and death and/or bodily injury arising out of the Company's performance of its obligations under the Lease, and such other insurance normal commercial practice and prudence dictate for the performance of its obligations under the Lease. The Company shall procure that the GFSA is named as an additional insured party on all insurance policies. • The Company undertakes to regularly maintain the operating silos and related equipment.

Termination:	GFSA may terminate the Operational Silo Lease prior to the expiry of the term thereof pursuant to a thirty (30) days' written notice to the Company in each of the following situations: • The Company fails to pay the rent or provide the guarantee within 30 days of receiving a warning thereof; • There is evidence that the Company bribed or attempted to bribe any person, directly or indirectly, in connection with the Operational Silo Lease; • The Company has subleased all or part of the operational silos without the GFSA's prior written consent; or • The Company becomes bankrupt, initiates insolvency proceedings, is placed under administration, or is wound-up or liquidated. Either Party may terminate the Operational Silo Lease at any time prior to the expiry of the term thereof, pursuant to a written notice to the other Party in each of the following situations: • It is proven that any of the covenants and warranties provided by the other Party at the beginning of each year are materially inaccurate; • Either Party breaches any of its material obligations under the Operational Silo Lease agreement, and such breach is not remedied within thirty (30) days after notice from the non-breaching Party. An additional thirty (30) days are offered if the breaching Party was unable to remedy the breach for reasons falling outside its control, and if the breaching Party has exercised reasonable efforts to remedy such breach; • The Milling License expires, is canceled, or terminated; • A force majeure event continues beyond the grace period; or • All or part of the Company's assets are confiscated or nationalized by a governmental authority, in accordance with a compensation and guarantees agreement entered into by the Company and the Ministry of Finance.
Indemnities:	• Neither Party is responsible to indemnify the other Party for indirect losses of any type. • Each Party shall be responsible to indemnify the other Party from and against all losses suffered or incurred as a result of claims by third parties, or damage to persons or property due to that Party's performance under the Operational Silo Lease Agreement; provided that the Party shall not be liable for any such losses to the extent caused by negligence or willful misconduct by the other Party, and/or to the extent that such losses are recoverable under the insurances to be obtained and maintained by the Company under the Operational Silo Lease Agreement.
Assignment and Subcontracting:	• The Company may not sublease the silos without the prior written consent of the GFSA. • The Company may neither assign the Operational Silo Lease, nor the silos or any part thereof by sale, gift, assignment, or mortgage without the prior written approval of the GFSA. • The Operational Silo Lease Agreement does not apply these restrictions on the assignment or other disposal of the silos to the GFSA.
Governing Law:	Laws of the Kingdom.
Dispute Resolution:	Any dispute arising between the Parties under the Operational Silo Lease that cannot be resolved amicably within sixty (60) days from the date of notification thereof by either Party to the other shall be referred to the competent court in the Kingdom, and its judgment shall be final. In all cases, no dispute shall prevent the Parties from undertaking their other obligations under the Operational Silo Lease.

Source: the Company

Table (12.18): Dammam Operational Silo Lease

Parties:	GFSA (as the lessor) and the Company (as the lessee).
Contract Execution Date:	15/04/1442H (corresponding to 30/11/2020G)
Duration:	From the effective date of the contract, i.e. 15/04/1442H (corresponding to 30/11/2020G) and remains valid until the expiration date of the Company's Milling License. In the event the term of the Milling License is extended, the term of the Operational Silo Lease shall automatically be extended by the same period.
Use:	The Company shall use the silos for: • The import, storage, and milling of wheat; • The production, packaging, distribution, and sale of flour, compound feed, and bran; and • Any other purpose or authorized works as licensed to the Lessee.

Other Material Provisions:	• The Company shall provide the GFSA with an unconditional and irrevocable bank guarantee equivalent to 15% of the annual rent at least 15 days before the commencement of the relevant year. This guarantee shall be maintained throughout the term of the Operational Silo Lease. • The Company may not make any additions or modifications to the silos without the prior written consent of the General Food Security Authority. Title to any additions or modifications shall vest with the GFSA at the end of the lease period if not removed by the Company. • The Company shall, at its cost, obtain and maintain comprehensive general liability insurance to cover legal liability to third parties for loss of and/or damage to property, including associated loss of revenues and death and/or bodily injury arising out of the Company's performance of its obligations under the lease, and such other insurance normal commercial practice and prudence dictate for the performance of its obligations under the lease. The Company shall procure that the GFSA is named as an additional insured party on all insurance policies. • The Company undertakes to regularly maintain the operating silos and related equipment.
Termination:	The GFSA may terminate the Operational Silo Lease prior to the expiry of the term thereof pursuant to a thirty (30) days' written notice to the Company in each of the following situations: • The Company fails to pay the rent or provide the guarantee within 30 days of receiving a warning thereof; • There is evidence that the Company bribed or attempted to bribe any person, directly or indirectly, in connection with the Operational Silo Lease; • The Company has subleased all or part of the operational silos without the GFSA's prior written consent; or • The Company becomes bankrupt, initiates insolvency proceedings, is placed under administration, or is wound-up or liquidated. Either Party may terminate the Operational Silo Lease at any time prior to the expiry of the term thereof, pursuant to a written notice to the other Party in each of the following situations: • It is proven that any of the covenants and warranties provided by the other Party at the beginning of each year are materially inaccurate; • Either Party breaches any of its material obligations under the Operational Silo Lease agreement, and such breach is not remedied within thirty (30) days after notice from the non-breaching Party. An additional thirty (30) days are offered if the breaching Party was unable to remedy the breach for reasons falling outside its control, and if the breaching Party has exercised reasonable efforts to remedy such breach; • The Milling License expires, is canceled, or terminated in accordance with its terms; • A force majeure event continues beyond the grace period; or • All or part of the Company's assets are confiscated or nationalized by a governmental authority, in accordance with a compensation and guarantees agreement entered into by the Company and the Ministry of Finance.
Indemnities:	• Neither Party is responsible to indemnify the other Party for indirect losses of any type. • Each Party shall be responsible to indemnify the other Party from and against all losses suffered or incurred as a result of claims by third parties, or damage to persons or property due to that Party's performance under the Operational Silo Lease Agreement; provided that the Party shall not be liable for any such losses to the extent caused by negligence or willful misconduct by the other Party, and/or to the extent that such losses are recoverable under the insurances to be obtained and maintained by the Company under the Operational Silo Lease Agreement.
Assignment and Subcontracting:	• The Company may not sublease the silos without the prior written consent of General Food Security Authority. • The Company may neither assign the Operational Silo Lease, nor the silos or any part thereof by sale, gift, assignment, or mortgage without the prior written approval of the GFSA. • The Operational Silo Lease Agreement does not apply these restrictions on the assignment or other disposal of the silos to the GFSA.
Governing Law:	Laws of the Kingdom.
Dispute Resolution:	Any dispute arising between the Parties under the Operational Silo Lease that cannot be resolved amicably within sixty (60) days from the date of notification thereof by either Party to the other shall be referred to the competent court in the Kingdom, and its judgment shall be final. In all cases, no dispute shall prevent the Parties from undertaking their other obligations under the Operational Silo Lease.

Source: the Company

12.6.4 Residential Lease Agreements

Table (12.19): Dammam Residential Lease

Parties:	Abhar Construction Real Estate Company, a one-person company (as the lessor) and the Company (as the lessee)
Contract Execution Date:	25/09/1445H (corresponding to 04/04/2024G)
Duration:	As of 20/08/1445H (corresponding to 13/09/2023G) until 29/08/1446H (corresponding to 28/02/2025G), and the contract is renewed automatically.
Leased Premises:	Four floors
Rental Fees:	SAR 558,000.
Termination:	The Lease contract is considered terminated in the following cases: • The buildings/property are prone to collapse. • There has been a change in building regulations, making the buildings unusable. • The buildings are confiscated by the government. • In the event of a force majeure. • Either Party may terminate the Lease if the other party breaches any terms under the Lease and fails to remedy such breach after 15 days of notice thereof. The Lessor may also terminate the Lease if: • The Lessee fails to make a rent payment (or any part thereof) within 30 days from the date of the payment notice. • The Lessee has sublet or assigned the Lease (in whole or in part). • The Lessee makes any changes to the Premises leading to damaging the Premises to an extent beyond repair, causes damage voluntarily or by way of gross negligence, or allows third parties to cause such damage. • The Lessee has used the Premises for purposes unrelated to those specified in the Lease, or in violation of any of the laws and regulations in force in the Kingdom. • The Lessee has breached any obligations under the Lease and has not corrected the said breach within 30 days of being notified thereof.
Assignment and Subcontracting:	The Company may not sublet the building or assign the Lease in whole or in part.
Governing Law:	Laws of the Kingdom.
Dispute Resolution:	Any dispute that arises between the two Parties under the contract and cannot be resolved amicably shall be referred to the competent court in the Kingdom.

Source: the Company

Table (12.20): Al-Kharj Residential Lease

Parties:	Saud Abdulaziz Abdullah AlJadoo' (as the lessor) and the Company (as the lessee)
Contract Execution Date:	17/04/1445H (corresponding to 01/11/2023G)
Duration:	As of 19/06/1444H (corresponding to 01/01/2024G) until 30/06/1446H (corresponding to 31/12/2024G), and the contract is renewed automatically.
Leased Premises:	Eight office units
Rental Fees:	SAR 130,000.

Termination:	The Lease contract is considered terminated in the following cases: • The Lessor becomes aware of the Lessee's bankruptcy/financial distress. • The buildings/property are prone to collapse. • There has been a change in building regulations, making the buildings unusable. • The buildings are confiscated by the government. • In the event of a force majeure. • Either Party may terminate the Lease if the other party breaches any terms under the Lease and fails to remedy such breach after 15 days of notice thereof. The Lessor may terminate the Lease if: • The Lessee fails to make a rent payment (or any part thereof) within 30 days from the date of the payment notice. • The Lessee has sublet or assigned the Lease (in whole or in part). • The Lessee makes any changes to the Premises leading to damaging the Premises to an extent beyond repair, causes damage voluntarily or by way of gross negligence, or allows third parties to cause such damage. • The Lessee has used the Premises for purposes unrelated to those specified in the Lease, or in violation of any of the laws and regulations in force in the Kingdom. • The Lessee has breached any obligations under the Lease and has not corrected the said breach within 30 days of being notified thereof.
Assignment and Subcontracting:	The Company may not sublet the building or assign the Lease in whole or in part.
Governing Law:	Laws of the Kingdom.
Dispute Resolution:	Any dispute that arises between the two Parties under the contract and cannot be resolved amicably shall be referred to the competent court in the Kingdom.

Source: the Company

12.7 Transactions and Contracts with Related Parties

The Directors confirm that none of the contacts with Related Parties described under this Section contain preferential conditions and have been concluded in accordance with laws and regulations on a suitable and fair, arm's-length basis. Except as disclosed in this section of the Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party, including the Financial Advisor and the Legal Advisor in respect of the Offering.

Moreover, the Directors acknowledge their intention to comply with Articles 27 and 71 of the Companies Law, as well as Article 41 of the Corporate Governance Regulations issued in relation to contracts with Related Parties. All transactions and contracts with Related Parties of the Company were approved by the Shareholders in the General Assembly, at the Company's General Assembly on 14/09/1445H (corresponding to 24/03/2024G) (for more information, please see Section 2.1.20 of this Prospectus ("**Risks related to the Company's Related Party Transactions**").

The total value of Related Party Transactions amounted to SAR 190,052, SAR 3,543,998, and SAR 24,257,579 for the financial years ended 31 December 2021G, 2022G, and 2023G, respectively.

The nature of the Company's transactions with Related Parties is represented in contracts for the supply of flour and bran and a contract for the sale of spare parts.

Table (12.21): Details of the Transactions and Contracts with Related Parties

Related Party	Nature of Transaction	Interested Party	Nature of Relationship	Transaction Value (SAR)		
				During FY2021G	During FY2022G	During FY2023G
Abdullah AlOthaim Markets Company*	Ongoing transactions to purchase the "FoomFlour" product from the company.	Mr. Bader AlAujan and Mr. Marwan Ibrahim	Mr. Bader AlAujan is Vice Chairman of the Board of Directors of the Related Party in question. Mr. Marwan Ibrahim is the Chief Financial Officer of the Related Party in question.	-	576,853	1,285,554
United Feed Manufacturing Company*	Ongoing transactions to purchase the bran product from the company.	Mr. Tariq AlJammaz and Mr. Kamel ElKhatib	Mr. Tariq AlJammaz is Vice President of Al Muhaidib Group, which owns 50% of the Related Party's capital. Mr. Kamel ElKhatib is the CEO of the Related Party.	190,052	2,574,702	1,490,643
Riyadh Food Industries Company*	Ongoing transactions to purchase the "FoomFlour" product from the company.	Mr. Bader AlAujan and Mr. Marwan Ibrahim	Mr. Bader AlAujan is the Vice Chairman of the Board of Directors of Abdullah AlOthaim Markets Company, which owns 55.55% of the Related Party's capital. Mr. Marwan Ibrahim is the Chief Financial Officer of Abdullah AlOthaim Markets Company, which owns 55.55% of the related party's capital.	-	74,411	47,507
Zod Factory for Pastries and Bakeries*	Ongoing transactions to purchase the "FoomFlour" product from the company.	Mr. Bader AlAujan and Mr. Marwan Ibrahim	Mr. Bader AlAujan is the Vice Chairman of the Board of Directors of Abdullah AlOthaim Markets Company, which owns 100% of the Related Party's capital. Mr. Marwan Ibrahim is the Chief Financial Officer of Abdullah AlOthaim Markets Company, which owns 100% of the related party's capital.	-	318,032	71,531
Pure Food Company*	Ongoing transactions to purchase the "FoomFlour" product from the company.	Mr. Prashant Vatkar and Mr. Syed Rizwan Ahmed	Mr. Prashant Vatkar is the Managing Director of Indian Farmers Fertiliser Cooperative Limited (IFFCO), which owns 30% of the related party's capital. Mr. Syed Rizwan Ahmed is a member of the Board of Directors of the Related Party in question, as well as the Executive Director of IFFCO, which owns 30% of the share capital of the related party.	-	-	171,642
Gulf Industrial Flour Milling Company	Single transaction sale of spare parts	Mr. Marwan Ibrahim, Mr. Bader AlAujan, Mr. Prashant Vatkar, Mr. Syed Rizwan Ahmed, Mr. Tariq AlJammaz, and Mr. Kamel ElKhatib.	Each a member in the Related Party's Board of Directors.	-	-	21,190,702

Source: the Company

*This table shows the effective amounts of the transactions and not the value provided for under the agreements. Moreover, the numbers in this table include the Value-Added Tax. Moreover, transactions with related parties were approved at the General Assembly meetings held on 20/01/1444H (corresponding to 18/08/2022G), 19/11/1444H (corresponding to 08/06/2023G), and 14/09/1445H (corresponding to 24/03/2024G).

12.7.1 Products Purchase Contracts Entered into with Abdullah AlOthaim Markets Company

The Company concluded a product supply contract with Abdullah AlOthaim Markets Company on 01/01/2023G for a term of one Gregorian year (automatically renewed). Abdullah AlOthaim Markets Company is a Related Party, given that the members of the Company's Board of Directors Mr. Bader AlAujan and Mr. Marwan Ibrahim have an interest in the transactions conducted with Abdullah AlOthaim Markets Company; Mr. Bader AlAujan being the Vice-Chairman of the Board of Directors of Abdullah AlOthaim Markets Company and Mr. Marwan Ibrahim being the Chief Financial Officer of Abdullah AlOthaim Markets Company. This contract does not provide for any preferential terms and conditions.

The Company did not enter into any supply contracts with Abdullah AlOthaim Markets Company in FY2021G. The total value of the transactions conducted by virtue of the supply contract concluded between the Company and Abdullah AlOthaim Markets Company amounted to SAR 576,853 and SAR 1,285,554 as at FY2022G and FY2023G, respectively. Abdullah AlOthaim Markets Company settles the supply fees for each contract within 30 days as of the date on which the related invoice is received.

12.7.2 Bran Products Purchase Contracts Entered into with United Feed Manufacturing Company (UFMC)

The Company conducted several transactions with UFMC which is a Related Party, given that the members of the Company's Board of Directors Mr. Tariq AlJammaz and Mr. Kamel AlKhatib have an interest in the transactions conducted with UFMC; Mr. Tariq AlJammaz being the Vice-President of Al Muhaidib Group which holds 50% ownership in UFMC and Mr. Kamel AlKhatib being the Chief Executive Officer of UFMC. These transactions do not imply any preferential terms and conditions.

The total value of the supply contracts entered into between the Company and UFMC amounted to SAR 190,052, SAR 2,574,702 and SAR 1,490,643 as at FY2021G, FY2022G and FY2023G, respectively. UFMC settles the supply fees for each contract within 30 days as of the date on which the related invoice is received.

12.7.3 FOOM Flour Purchase Contract Entered into with Riyadh Food Industries Company

The Company conducted several flour purchase transactions with Riyadh Food Industries Company which is a Related Party, given that Mr. Bader AlAujan is the Vice-Chairman of the Board of Directors of Abdullah AlOthaim Markets Company and Mr. Marwan Ibrahim is the Chief Financial Officer of Abdullah AlOthaim Markets Company which holds 55.55% in Riyadh Food Industries Company. These transactions do not imply any preferential arrangements.

The Company did not conduct any supply arrangements with Riyadh Food Industries Company in FY2021G. The total value of the supply contracts concluded between the Company and Riyadh Food Industries Company amounted to SAR 74,411 and SAR 47,507 as at FY2022G and FY2023G, respectively. Riyadh Food Industries Company settles the supply fees for each contract within 45 days as of the date on which the related invoice is received.

12.7.4 FOOM Flour Purchase Contract Entered into with Zod Factory for Pastries and Bakeries

The Company conducted several transactions for the purchase of flour with Zod Factory For Pastries And Bakeries which is a Related Party; Mr. Bader AlAujan being the Vice-Chairman of the Board of Directors of Abdullah AlOthaim Markets Company and Mr. Marwan Ibrahim being the Chief Financial Officer of Abdullah AlOthaim Markets Company which holds 100% in Zod Factory For Pastries And Bakeries. These transactions do not imply any preferential arrangements.

The Company did not conduct any supply transactions with Zod Factory for Pastries and Bakeries in FY2021G. The total value of the supply contracts conducted between the Company and Zod Factory for Pastries and Bakeries amounted to SAR 318.032 and SAR 71,531 as at FY2022G and FY2023G, respectively. Zod Factory for Pastries and Bakeries settles the supply fees for each contract within 45 days as of the date on which the related invoice is received.

12.7.5 FOOM Flour Purchase Contracts Entered into with Pure Food Company

The Company conducted several transactions for the purchase of flour with Pure Food Company which is a Related Party; the members of the Company's Board of Directors Mr. Prashant Vatkar being the General Manager of Agribusiness, Indian Farmers Fertiliser Cooperative Limited (IFFCO) and Mr. Syed Rizwan Ahmed being the Chief Executive Officer of Agribusiness, Indian Farmers Fertiliser Cooperative Limited (IFFCO) which holds 30% of Pure Food Company. These transactions do not imply any preferential arrangements.

The Company did not conduct any supply transactions with Pure Food Company in FY2021G and FY2022G. The total value of the supply contracts concluded between the Company and Pure Food Company amounts to SAR 171,642 as at FY2023G. Pure Food Company settles the supply fees for each contract within 30 days as of the date on which the related invoice is received.

12.7.6 Spare Part Sale Contract Entered into with Gulf Flour Milling Industrial Company (GFMIC)

The Company conducted a transaction with GFMIC which is a Related Party; the members of the Company's Board of Directors Mr. Bader AlAujan, Mr. Marwan Ibrahim, Mr. Prashant Vatkar, Mr. Syed Rizwan Ahmed, Mr. Tariq AlJammaz and Mr. Kamel ElKhatib being members of the Board of Directors of GFMIC. This transaction does not include any preferential terms and conditions.

The Company did conduct any transactions with GFMIC in FY2021G and FY2022G. The total value of the sale contract concluded between the Company and GFMIC amounted to SAR 21,190,702 as at 31 December 2023G.

12.8 Credit Facilities and Loans

Table (12.22): Facilities between Riyadh Bank, the Company and Gulf Flour Milling Industrial Company Concluded on 03/04/2024G with a Total Value of SAR 947,450,000

Type of Facilities / Purpose / Amount	1- Tranche A: Murabaha Facility of SAR 822,650,000 towards the acquisition of the Company. 2- Tranche B: Murabaha Facility of SAR 64,800,000 for the settlement of capital expenditure. 3- Margin: - Murabaha Start Date – 5 years: 1.25% - 5 years – 10 years: 1.45% - 10 years – Final Maturity Date: 1.75% 4- Final Maturity Date: 15 years from the Murabaha Start Date.
Covenants	1- The proceeds of the IPO must be applied the IPO proceeds towards the prepayment and permanent reduction of the outstanding advances under the Senior Murabaha Facility in an inverse chronological order of the maturing of remaining repayment/reduction dates. 2- In the event that the Company's Shares are transferred to any of the founding Shareholders of Gulf Industrial Flour Milling Company, the Company shall ensure that a share pledge agreement is signed by the concerned parties to ensure the continuity of pledging a percentage of the Company's Shares in favor of Riyad Bank, whose market value following the Offering covers at least 150% of any outstanding debt. 3- The Company shall not, without the prior written approval of the Islamic Facilities Agent (not to be unreasonably withheld), enter into or carry on any business, activity or undertaking, either alone or in partnership or in joint venture with any other person, or make, or agree to make, any acquisition other than in the ordinary course of business or as contemplated by the transaction documents. 4- The Company shall not, without the prior written approval of the Islamic Facilities Agent, enter into any joint venture, partnership or analogous arrangement and shall not form or acquire any subsidiary or any interest (whether by way of a shareholding, a partnership interest or otherwise) in any other person other than by way of a permitted transaction (defined to include the IPO and the permitted transfer of the Company's shares). 5- The debt service coverage ratio for the most recent calculation period must be at least 1.05:1 (failure to meet this threshold is an event of default which allows Riyad Bank to accelerate the facility).
Security and other Collateral	The financing is secured by way of a pledge over the Company's Shares pursuant to a share pledge agreement dated 21 February 2022G between Gulf Flour Milling Industrial Company, Riyad Bank and the Company. Pursuant to a pledge release agreement dated 03/04/2024G, 30% of such pledged Shares will be released upon the CMA approval of the IPO in order for the Offer Shares to be free of any encumbrance in furtherance of the Proposed Transaction.

Source: the Company

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12.9 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key details of the insurance policies held by the Company:

Table (12.23): Details of Insurance Policies

No.	Type	Policy Number	Insurer	Duration	Sum Insured (SAR)	Coverage
1.	Medical Insurance Policy	510294001	Bupa	From 24/04/2024G to 23/04/2025G	SAR 1,000,000 for each member	Basic health benefits.
2.	Property Insurance Policy (Property all Risks)	P0424-PARCCRO-00568111	Al Rajhi Takaful	From 16/04/2024G to 15/04/2025G.	SAR 1,248,168,366	Physical loss, destruction or damages to the Company's property resulting from accidents.
3.	Motor Vehicle Insurance	1/VO/686/0/0	Gulf Insurance Group	From 19/03/2024G to 18/03/2025G.	SAR 645,000 for own damage. SAR 10,000,000 for third party bodily injury and property damage.	Accident damage, collision, overturn, fire and lightening, natural hazard, theft and burglary, third party liability, malicious act, personal accident – passenger cover, personal accident – driver cover.
4.	Motor Comprehensive Insurance	P-E01-24-312-004894 P-E01-24-312-004893 P-E01-24-312-004892	Wala'a Cooperative Insurance Company	From 11/05/2024G to 10/05/2025G.	SAR 10,000,000 (maximum coverage liability for each policy)	Accident damage, collision, overturn, fire and lightening, natural hazard, theft and burglary, third party liability, malicious act, emergency medical expenses.

Source: the Company

12.10 Intellectual Property

12.10.1 Trademarks

The Company has registered a number of trademarks in the Kingdom of Saudi Arabia and relies on these trademarks in its business. As at the date of this Prospectus, the "Fourth Milling Company" trademark, along with other trademarks derived therefrom have been registered. The Company depends on these trademarks for the success of its business and to support its competitive position in the market.

The following table sets out the main details of all the Company's registered trademarks in the Kingdom of Saudi Arabia, and the Company currently uses a number of these trademarks.

Table (12.24): Details of the Company's Registered Trademarks

No.	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
a.	Saudi Arabia	1444006495	16/02/1454H (corresponding to 26/05/2032G	30	
b.	Saudi Arabia	1439011430	07/09/1449H (corresponding to 03/02/2028G)	30	

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No.	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
c.	Saudi Arabia	1444003328	22/01/1454H (corresponding to 02/05/2032G)	1	
d.	Saudi Arabia	1442014464	05/05/1452H (corresponding to 04/09/2030G)	30	
e.	Saudi Arabia	1444003333	22/01/1454H (corresponding to 02/05/2032G)	1	
f.	Saudi Arabia	1444003332	22/01/1454H (corresponding to 02/05/2032G)	40	
g.	Saudi Arabia	1444003331	22/01/1454H (corresponding to 02/05/2032G)	30	
h.	Saudi Arabia	1442032979	21/10/1452H (corresponding to 13/02/2031G)	30	

Source: the Company

12.10.2 Other Intellectual Property Rights

The Company has registered several Internet domains in its name. The following table shows details of the Internet domains registered in the Company's name:

Table (12.25): Details of the Internet Domain Names

Internet Domain Name	Expiry Date
Mc4.com.sa	30/10/2024G

Source: the Company

12.11 Litigation

As at the date of this Prospectus, only one material lawsuit is filed against the Company with a value of SAR 24,229,102.10.

On 22/10/1444H (corresponding to 12/05/2023G), the General Food Security Authority ("GFSA") filed a lawsuit before the Committee for the Adjudication of Violations of the Provisions of Regulations of the Flour Milling Law against the Company. According to the statement of claim submitted by the GFSA, the latter stated that during the inspection visits conducted by the inspection team on 18/09/2022G and 23/01/2023G, that the Company violated one of the provisions of the subsidized and unsubsidized flour supply agreement by selling subsidized flour to a number of customers without registering them, and without providing the GFSA with their information and obtaining its approval.

The GFSA also claimed that the Company violated the terms of the subsidized and unsubsidized wheat supply agreement concluded between the GFSA and the Company on 15/04/1442H (corresponding to 30/11/2020G), because it registered 20 new customers without obtaining the approval of the GFSA. As a result of these violations, the GFSA demanded that the Committee for Reviewing Violations of the Provisions and Regulations of the Flour Mills issues a fine against the Company with a total value of SAR 21,000,000 and requires it to pay the financial returns that the Company has obtained as a result of the violations with a total value of SAR 24,229,102.10.

On 18/04/1445H (corresponding to 02/11/2023G), the Company submitted a memorandum in response to the statement of claim, claiming the invalidity of the procedures taken in the case and requested the dismissal of the case. On 23/05/1445H (corresponding to 07/12/2023G), the Committee for the Adjudication of Violations of the Provisions or Regulations of the Flour Milling Law issued its decision, whereby it has ordered the Company to pay the amount SAR 4,079,205 (being the aggregate financial returns resulting from the sales to unregistered customers, and the sale in excess of the amount allocated by GFSA). The Company's Board of Directors decided not to appeal the decision and the Company settled the amount of SAR 4,079,205 on 11/06/1445H (corresponding to 24/12/2023G). (For more information about litigation, please refer to Section 2.2.3 ("**Risks Related to Litigation Involving the Company**") of this Prospectus).

12.12 The Zakat Status of the Company

ZATCA issued a letter on 14/09/1439H (corresponding to 29/05/2018G) exempting the Company from ZAKAT until FY2020G, given that the Company's capital is derived from public funds not subject to Zakat. The exemption remained valid until 30 November 2021G when the Company was wholly owned by the Public Investment Funds, before transferring its ownership to the National Centre for Privatization (NCP) as detailed below.

On 17/10/1441H (corresponding to 09/06/2020G), all the Company's Shares were transferred to NCP according to the Council of Ministers' resolution, following which these Shares were sold to Gulf Flour Milling Industrial Company on 25/04/1443H (corresponding to 30/11/2021G).

On 25/04/1443H (corresponding to 30/11/2021G), NCP transferred all its Shares in the Company to Gulf Flour Milling Industrial Company, following which the Company became subject to ZAKAT with regard to the share of final Foreign Shareholders (i.e. 71.95%) and to Income Tax with regard to the share of final Foreign Shareholders (i.e. 28.05%), starting 1 December 2021G. The Company has submitted Zakat returns for FY2021G, FY2022G and FY2023G, but ZATCA has not yet issued any final Zakat assessments for the Company for this period.

The Company filed Zakat returns for the years ended 31 December 2021G, 2022G, and 2023G, and regular annual Zakat provisions of SAR 80 thousand, SAR 2.99 million, and SAR 2.75 million were set aside for each year, respectively, and were paid in the subsequent period.

The Company is subject to the laws and regulations of ZATCA in the Kingdom. Zakat is provided on an accrual basis and is computed and charged based on Zakat base (in accordance with the Regulations of ZATCA). Adjustments, if any, are made to the Zakat provision when the final assessments are obtained from the ZATCA.

As at the date of this Prospectus, the Company does not have any existing Zakat or tax disputes with ZATCA, and that it has an adequate Zakat provision to cover any shortfall that may be detected when the final Zakat assessment is received from ZATCA. The Selling Shareholder undertakes to bear any additional claims in excess of the provisions recorded in the Company's books that may arise from ZATCA assessments for the period starting on 1 December 2021G and ending on the date of the Company's Shares listing.

For more information about the risks related to Zakat, please refer to Section 2.1.35 ("**Risks Related to Zakat**") of this Prospectus.

12.13 Summary of the Bylaws

The following is a summary of the Company's Bylaws. It should be noted that under the Company's Bylaws, internal regulations, policies and procedures, members of the Board of Directors and the CEO may not participate in the voting on their remuneration or on any contract or proposal in which they have an interest. Additionally, the Board members and Senior Executives may not borrow funds from the Company.

12.13.1 Company's Name

Fourth Milling Company, a single-person closed joint-stock company.

12.13.2 Head Office of the Company

The Company's head office is located in the city of Dammam. The Company may establish branches inside or outside the Kingdom based on a decision of the Company's Board of Directors.

12.13.3 Objectives of the Company

The Company engages in and carries out the following:

1- Manufacture of grain mill products;
2- Manufacture of prepared animal fodder;
3- Wholesale of food, beverages, and tobacco;
4- Other types of retail sales in non-specialized stores;
5- Warehousing and storage; and
6- Packing activities.

12.13.4 Duration of the Company

The duration of the Company is indefinite.

12.13.5 Participation and Interest in Companies

The Company may own Shares or stock in other existing companies, or merge therewith; as well as participate with third parties in establishing joint-stock or limited-liability companies after fulfilling the requirements set forth under applicable laws and regulations in this regard. The Company may also dispose of these Shares or stock.

12.13.6 Capital and Shares

The issued capital is set at five hundred and forty million Saudi Riyals (SAR 540,000,000), divided into (540,000,000) nominal Shares of equal value equivalent to one (SAR 1) per share. All the Shares are Ordinary Cash Shares, and the value paid in cash is five hundred and forty million Saudi Riyals (SAR 540,000,000). Capital cash contributions have been deposited with a licensed bank.

12.13.7 Share Subscription

The founders subscribed to all of the issued capital Shares totaling five hundred and forty million Saudi Riyals (SAR 540,000,000), which have been fully paid.

Subscribing to or owning Shares implies accepting the Company's Bylaws and complying with the decisions issued by the General Assembly in accordance with the provisions of the Companies Law and the Company's Bylaws, whether present or absent, and whether consenting to or opposing the decisions.

12.13.8 Capital Increase

1- The issued or authorized capital (if any) shall be increased in one of the methods specified by law, whether by issuing new Shares in exchange for cash or in-kind Shares, issuing new Shares in exchange for certain due debts owed by the Company, issuing new Shares in exchange for the reserves determined by the General Assembly to be incorporated into the capital, or issuing new Shares in exchange for debt instruments and Sukuk. Necessary procedures shall be taken and conditions shall be as determined by law for each case.

2- The Extraordinary General Assembly may decide to increase the issued or authorized capital (if any) of the Company, provided that the issued capital has been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to Shares issued in exchange for the conversion of financing or debt instruments into Shares, and the prescribed period for such conversion has not yet expired.

3- In all cases, the Extraordinary General Assembly shall allocate all or part of the Shares issued to increase the capital in exchange for converting debt instruments or Sukuk into Shares to employees of the Company and its subsidiaries, or some thereof. Shareholders are not allowed to exercise the preemptive rights when the Company issues Shares allocated to employees.

4- Shareholders owning Shares at the time of the Extraordinary General Assembly's decision approving the issued capital increase or the Board of Directors' decision approving its increase within the limits of the authorized capital (if any) shall have preemptive rights in subscribing to the new Shares issued for cash contributions. They shall be informed of said preemptive rights through the regular technical means of publication of the decision to increase the capital, subscription terms and conditions, its start and end dates.

5- Shareholders have the right to sell or assign their preemptive rights to third parties for or without financial consideration, as per the controls set therefor by the competent authority.

6- Subject to the provisions of Paragraph (5) above, the new Shares shall be allocated to the holders of preemptive rights who have applied for subscription, in proportion to their share of preemptive rights from the total preemptive rights resulting from the capital increase, provided that they do not receive more than their requested Shares. Any remaining Shares shall be allocated to Shareholders holding preemptive rights who have requested more than their share, in proportion to their share of preemptive rights from the total preemptive rights resulting from the capital increase, provided that they receive their requested new Shares. Any remaining Shares are then offered to others, unless otherwise decided by the Extraordinary General Assembly or stipulated in the Capital Market Law.

12.13.9 Capital Decrease

The Extraordinary General Assembly may resolve to reduce the Company's capital as specified by law if it proves to be in excess of the Company's needs or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under the Companies Law. A capital decrease decision shall be issued only when a statement prepared by the Board of Directors is read before the General Assembly, outlining the reasons necessitating the reduction, the Company's obligations, and the impact of the reduction on fulfilling said obligations. Such statement shall be accompanied by a report from the Company's auditor regarding this matter. If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto, if applicable, within the time limit specified by law until the convening the Extraordinary General Assembly to issue the reduction decision as stipulated under applicable laws. Should any creditor object and present to the Company evidentiary documents within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

12.13.10 Company Buying, Selling, or Pledging its Shares

a- The Company may buyback or pledge its ordinary or preferred Shares. The Company may also buyback its Shares to allocate them to its employees under an Employee Share Scheme, in accordance with the controls and procedures set by the competent authorities.

b- The Company may not buyback its Shares for use as treasury Shares except for the following purposes:

   1- To fulfil the rights of the holders of convertible debt instruments or Sukuk to convert them into Shares in accordance with the terms and conditions of such instruments and Sukuk.

   2- In exchange for acquiring Shares, interests, or purchasing assets.

3- To allocate such Shares to the Company's employees as part of an Employee Share Scheme.

4- To cancel such Shares in accordance with the provisions of capital decrease.

5- Any other purpose that the Company deems appropriate and is approved by the Ministry of Commerce.

c- Preferred Shares shall be cancelled upon completion of their buy back by the Company, and the Company is required to take the necessary regulatory measures to reduce the capital.

12.13.11 Issuing Debt Instruments and Financing Sukuk

The Company may issue any type of debt instruments, such as bonds or Sukuk, which are negotiable inside or outside the Kingdom of Saudi Arabia, in accordance with the provisions of Islamic Sharia, subject to the issuance of a decision by the Extraordinary General Assembly specifying the maximum number of Shares that may be issued against such instruments or Sukuk, whether such instruments or Sukuk are issued simultaneously or through a series of issues or through one or more programs to issue debt instruments or financial instruments. The Board of Directors, without needing new approval from the Assembly, shall issue new Shares in exchange for those instruments or Sukuk when holders request conversion at the end of the specified conversion period, or when conditions for automatic conversion into Shares are met, or when the conversion period elapses. The General Assembly may delegate to the Board of Directors the authority to issue these debt instruments, including bonds or Sukuk, in parts or several parts, or through a series of issuances under one or more programs established by the Board from time to time, all within the times, amounts, and conditions approved by the Board of Directors, who shall have the right to take all necessary actions for their issuance. The completion of all capital increase procedures must be registered with the Commercial Register.

12.13.12 Company Management

1- The Company shall be managed by a Board of Directors composed of nine (9) members, who shall be natural persons, to be appointed by the Ordinary General Assembly for a term not exceeding four (4) years.

2- The modus operandi of the Board of Directors is defined as follows:

- Meetings shall be held at a location determined by the Board of Directors, and they may be conducted using means of technology.
- Meetings quorum shall be achieved with the presence of at least 50% of Board members.
- Decisions shall be passed with the approval of at least 50% of the members.
- Members of the Board may delegate others to attend meetings.
- Board members shall communicate through registered mail or the use of means of technology.

The rules for terminating membership are as follows: Board membership shall expire upon the expiration of the Board's term, or the expiration of the Board member's term, in accordance with any law or directives applicable in the Kingdom. The Ordinary General Assembly may, at the recommendation of the Board, terminate the membership of Board members who fail to attend three (3) consecutive meetings, or a total of five (5) meetings during their term, without a valid excuse acceptable to the Board. Notwithstanding the foregoing, the Ordinary General Assembly may, at any time, dismiss some or all the Board members, and in such case, the Ordinary General Assembly shall appoint a new Board of Directors or Board member(s), as the case may be, to replace the dismissed member(s), in accordance with the Companies Law.

12.13.13 Membership Expiration or Termination

Board membership shall expire at the end of its term or upon the expiration of the member's eligibility under any laws or instructions in force in the Kingdom. The General Assembly may, at the recommendation of the Board, terminate the membership of Board members who fail to attend three (3) consecutive meetings, or a total of five (5) meetings during their term, without a valid, excuse acceptable to the Board.

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12.13.14 Powers of the Board of Directors

- Without prejudice to the powers vested in the Ordinary and Extraordinary General Assemblies, the Board of Directors shall be vested with full powers to manage the Company, supervise its business, and carry out all acts and actions to achieve the Company's objectives. In the performance of its duties, the powers of the Board of Directors shall include the following:
  - Represent the Company before third parties including governmental entities, Chambers of Commerce and Industry, all companies, establishments, commercial banks, public treasuries, government funds, and financial institutions of all types; enter into all types of contracts, agreements, and documents, including (without limitation) articles of association of companies in which the Company participates, including any amendments thereto, and the annexes thereof, as well as liquidation decisions; sign contracts, instruments, and declarations before the notary public and other official authorities; participate in tenders on behalf of the Company; enter into loan agreements, guarantees, pledges, mortgages, leases, bills of sale and purchase, title transfer of land and buildings, and all other contracts and agreements; as well as delegate and authorize any person(s) to exercise one or all of the foregoing powers, pursuant to an official power of attorney or any other written authorization.
  - Purchase and accept purchases; pay the price thereof; mortgage Company's and its facilities' assets, real estate, and movables, and redeem the mortgage thereof; sell, assign, receive the price of, and handover valuables, provided that the relevant Board decision shall set forth the reasons for such sale, and the sale price shall be similar to comparable prices, as established in accordance with applicable accounting principles. The payment of such price shall not be deferred, except when necessary and with sufficient guarantees, and the sale shall not cause harm to the Company, the suspension of some of its activities, or the introduction of other liabilities due to the conditions of sale or the mortgage.
  - Reconcile, waive, enter into contracts, undertake commitments, and enter into engagements on behalf of the Company; litigate on behalf of the Company; collect the debts of the Company; and accept reconciliation and arbitration, subject to the relevant applicable laws.
  - Prepare and approve the Company's internal policies, including financial, administrative, technical, and investment policies, internal supervision, and audit regulations, accounting regulations, regulations for procurement and for contracting of business activities, services and policies, as well as employee-related policies and regulations.
  - Establish subsidiaries and participate in other companies, in accordance with the Company's interest; determine the capital thereof; approve the sale of Shares and stocks therein; and amend the articles of association thereof.
  - Sign loan contracts; open, close, and operate bank accounts; make withdrawals from and deposits to the Company's funds, and invest, manage, and move the Company's funds; receive and write checks; sign receipts, settlements, releases, declarations, bills of exchange, promissory notes, and any negotiable instruments; and carry out all banking processes and approve the banking authorities' matrix.
  - Insure the Company's assets and businesses.
  - Appoint and dismiss the Company's senior officers, and determine their duties, powers, and entitlements.
  - Delegate to those responsible for managing the Company the authority to sign on its behalf, subject to the rules set by the Board of Directors.
  - Establish permanent and temporary committees and approve the charters of such committees and remuneration of the members thereof.
- The Board of Directors shall obtain the approval of the General Assembly for the sale of Company assets, in cases where the value of such assets exceeds fifty percent (50%) of the value of its total assets, whether the sale is made through one transaction, or more. If the sale is done by multiple transactions, the transaction that leads to the sale of more than fifty percent (50%) of the value of assets shall require the General Assembly's approval. The said percentage shall be calculated from the date of the conclusion of the first transaction within the previous twelve (12) months. The Board of Directors may delegate one or more of its members or third parties to undertake a specific action(s) that fall under its powers.
- The Board of Directors may delegate one or more of its members or third parties to undertake a specific action(s) that fall under its powers.

12.13.15 Remuneration of Board Members

- The remuneration of Board members shall consist of benefits in kind, attendance allowances for meetings, fixed amounts, or as determined by the Ordinary General Assembly.
- The Board of Directors' report submitted to the Ordinary General Assembly at its annual meeting shall include a detailed account of all the amounts Board members received or were entitled to receive during the fiscal year in the form of remuneration, meeting allowances, expense allowances, and other benefits. The report shall also include an account of the amounts received by Board members in their capacity as employees or executives, or in exchange for technical, administrative, or consulting services as well as an account of the number of board meetings and the number of meetings attended by each member.

12.13.16 Powers of the Chairman, Vice Chairman, Managing Director, and Secretary

The Board of Directors shall appoint from among its members a Chairman, and it may also appoint a Vice-Chairman and a Managing Director. The Board shall appoint a Chief Executive Officer (CEO) from among its members or third parties.

The Chairman shall call for and preside over meetings of the Board and shall also represent the Company in its relationship with third parties and before all government entities, companies, individuals, courts of all levels and classes, the notary public, the Board of Grievances, Offices for the decision of Disputes pertaining to Negotiable Instruments, Arbitration Authorities, and Chambers of Commerce and Industry of all types. Toward that end, the Chairman may, on behalf of the Company, litigate and defend; submit evidence and documents; conclude settlements, waivers, and releases; deny, discharge, and testify; request an oath to be taken, pursuant to the decisions issued by the Board; receive judgments; appeal, and execute judgments; follow up with the Ministry of Commerce and the Ministry of Investment; apply for, make additions to and deletions from, request copies in lieu of lost, amend, write off, and cancel commercial registers and licenses; sign the articles of association of companies established by the Company, whether established solely by the Company or not, and approve the capital increases of such subsidiaries, as well as sign other contracts, instruments, and title deed transfers before the notary public as well as public and private authorities. The Chairman has the right to sign contracts, loan agreements, other financial agreements, mortgages and leases within the limits defined by the Board of Directors. He may also delegate or authorize third parties in writing, to perform a certain act(s) that fall under his powers. The Vice-Chairman shall assume the Chairman's duties in his absence.

The Managing Director, if any, and the CEO of the Company shall be responsible for executing Board decisions, overseeing the Company's daily business, and managing its employees, under the supervision of the Board of Directors, and shall also have the powers determined by the Board and set out in the Company's regulations and policies. The Managing Director or the CEO may delegate or authorize any of their subordinates to carry out specific acts that fall under their duties, under their direction and supervision, without prejudice to their joint responsibility with the person they delegate. The Board of Directors may appoint one or more Deputy Managing Director(s) or Deputy Chief Executive Officer(s), with the powers and financial entitlements thereof set out in the appointment decision.

The Board of Directors shall appoint a Secretary from among its members or from others. The Secretary's duties shall include writing the proceedings and decisions of the Board of Directors in minutes recorded in a special register and signed by the Secretary, the Board members present in the respective meeting, and the Chairman. Additionally, the Secretary shall be entrusted with the seal of the Company. The General Assembly shall determine the Secretary's remuneration.

The term of the Chairman, the Vice-Chairman, the Managing Director (if any), the CEO, and the Board's Secretary who is a Board member shall not exceed the term of their respective membership in the Board of Directors, and they may be reappointed. The Board of Directors may, at all times, relieve all or any of them from their positions, without prejudice to their membership in the Board.

12.13.17 Issuing Board Decisions on Urgent Matters

The Board of Directors may issue decisions on urgent matters by circulating such decisions among all Board members, unless a member submits a written request for a Board meeting to deliberate such decisions. The decisions shall be passed by a majority vote of its members and shall be presented to the Board of Directors at its subsequent meeting for the purpose of recording them in the minutes of such meeting.

12.13.18 Conflict of Interest

- A member of the Board of Directors may not have any direct or indirect interest in the business and contracts conducted on behalf of the Company, except with the approval of the Ordinary General Assembly or delegate thereof, and in accordance with the controls established by the competent authority.
- A member of the Board of Directors may not engage in any activity that competes with the company or compete with the company in any of its lines of business, except with a license from the General Assembly or its delegate and in accordance with the regulations set by the competent authority. A member of the Board of Directors is prohibited from exploiting the Company's assets, information, or investment opportunities presented thereto as a Board member to achieve direct or indirect personal gain.

12.13.19 Board Meeting and Decisions

- Board meetings shall only be valid if attended by at least 50% of the members, whether in person or by proxy.
- Board decisions shall be passed with the approval of at least half of the members present in person or by proxy, and, in case of a tie, the Chairman of the meeting shall have the casting vote. Board decisions shall take effect from the date of their issuance, unless such decisions specify another effective date or the fulfillment of certain conditions.

12.13.20 Board Deliberations

Board deliberations and decisions shall be recorded in minutes prepared by the Board's Secretary and signed by the Chairman of the Board, attending Board members, and the Secretary. Such minutes shall be recorded in a special register signed by the Chairman of the Board and the Secretary. Means of technology may be used for signature, to record deliberations and decisions, and to prepare meeting minutes.

12.13.21 Expiration of the Term of the Board of Directors, Resignation of Board Members, or Membership Vacancy

- Before the expiry of its term, the Board of Directors shall call the Ordinary General Assembly to convene to appoint a Board of Directors for a new term. If such appointment does not occur and the term of the current Board expires, the current Board members shall continue to perform their duties until the appointment of a Board for a new term, provided that the then current Board does not remain in office for a period exceeding that which is prescribed in the Implementing Regulations of the Companies Law.
- If the Chairman and Board members resign, they shall call the Ordinary General Assembly to convene to appoint a new Board of Directors, and such resignation shall not take effect until the appointment of the new Board, provided that the then current Board does not remain in office for a period exceeding that which is prescribed in the Implementing Regulations of the Companies Law.
- A Board member may resign from the Board by giving written notice to the Chairman of the Board, but if the resigning member is the Chairman, then the notice shall be given to the other Board members and the Board's Secretary. In both cases, the resignation shall be effective from the date set out in the notice.
- If the position of a Board member becomes vacant due to the death or resignation of said member, and if the minimum number of members required for the validity of board meetings is not affected by such vacancy, the Board may appoint a qualified person with relevant expertise to temporarily fill the vacancy. Such appointment shall be reported to the Commercial Register within fifteen (15) days from the date of such appointment, and it shall be submitted to the Ordinary General Assembly in its first meeting. The appointed member shall complete the term of his/her predecessor.

12.13.22 Formation of Committees

The Board of Directors may form sub-committees comprised of members thereof or others and vest such committees with powers as it deems appropriate. The Board of Directors may determine the controls for these committees' work and the remuneration of their members.

12.13.23 Powers of the CEO and Managing Director

The Managing Director, if any, and the CEO of the Company shall be responsible for executing Board decisions, overseeing the Company's daily business, and managing its employees, under the supervision of the Board of Directors, and shall also have the powers determined by the Board and set out in the Company's regulations and policies. The Managing Director or the CEO may delegate or authorize any of their subordinates to carry out specific acts that fall under their duties, under their direction and supervision, without prejudice to their joint responsibility with the person they delegate. The Board of Directors may appoint one or more Deputy Managing Director(s) or Deputy Chief Executive Officer(s), with the powers and financial entitlements thereof set out in the appointment decision.

12.13.24 Convening Assembly Meetings

- General and Special Assemblies shall convene at the invitation of the Board of Directors, and the Board of Directors must call for an Ordinary General Assembly to convene within thirty (30) days of the date on which it is requested to do so by the Auditor or by a number of Shareholders representing at least ten percent (10%) of the Company's voting Shares. The Auditor may also call for the General Assembly to convene if the Board fails to do so within thirty (30) days of the date of the Auditor's request.
- The request specified in paragraph 1 of this Article must specify the matters on which the Shareholders are required to vote.
- The call for a General Assembly meeting shall be made at least twenty-one (21) days prior to the date set for the meeting, in accordance with the provisions of the Companies Law, after taking the following into consideration:
  - Notifying the Shareholders via registered letters sent to the addresses present in the Shareholders' Register, or the announcement of the call via means of technology.
  - A copy of the invitation and the meeting's agenda shall be sent to the Commercial Register, and to the CMA (if the Company is listed).
- The invitation for the General Assembly meeting must contain the following at least:
  - A statement of the Shareholders who have the right to attend the meeting, and such Shareholders' right to delegate non-Board members to attend, and a statement of the Shareholders' right to deliberate the items listed on the agenda and to raise questions, and the manner of voting.
  - The place, date, and time of the meeting.
  - Type of assembly (general or special).
  - The agenda of the meeting containing the items on which the Shareholders are required to vote.

12.13.25 Voting at Assemblies

The election of members of the Board of Directors shall be by cumulative vote. Members of the Board of Directors may not participate in voting on the Assembly's resolutions related to business and contracts, in which they have a direct or indirect interest or that involve a conflict of interest.

12.13.26 Preparing Assembly Minutes

General Assembly meeting minutes shall be prepared during the General Assembly meeting and shall specify the number of Shareholders present in person or by proxy, the number of Shares held thereby in person or by proxy, the number of votes allocated to said Shares, the decisions made, the number of votes in favor or against each decision, and a comprehensive summary of the discussions held during the meeting. The minutes shall be recorded regularly after each meeting in a special register, signed by the Chairman of the General Assembly, the Secretary, and Canvassers.

12.13.27 Assembly Attendance

The General Assembly shall be held in the city in which the Company's head office is located or in accordance with what the Board of Directors determines. Every Shareholder has the right to attend Shareholder General Assemblies, and also has the right to appoint, in writing, another person other than a member of the Board of Directors to attend the General Assemblies. Moreover, General Assembly meetings may be held virtually using modern communication means, and Shareholders may participate in the deliberations and vote on the decisions using technological means as per the controls determined by the competent authorities. Powers and Dates of Ordinary General Assembly

Except for matters falling within the powers of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent in all matters related to the Company and shall convene at least once a year during the six months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be called for as necessary. The Assembly's agenda at its annual meeting shall include the items approved by the relevant regulations. The requirement for holding the Annual Ordinary General Assembly is fulfilled by holding an Extraordinary General Assembly within the six (6) months following the end of the Company's fiscal year, such that the latter Assembly's agenda includes the items to be presented at the Annual Ordinary General Assembly meeting, as specified by the relevant regulations.

12.13.28 Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, with the exception of matters the amendment of which is prohibited by law. The Extraordinary General Assembly shall also have the power to issue decisions on matters falling within the competence of the Ordinary General Assembly, subject to the same conditions and procedures prescribed thereto.

12.13.29 Assembly Record of Attendance

Upon holding Assembly meetings, a list of the names of the Shareholders present and represented shall be prepared, indicating the number of Shares they hold, personally or by proxy, and the number of votes allocated thereto.

12.13.30 Ordinary General Assembly Quorum

An Ordinary General Assembly meeting shall be deemed valid only if attended by Shareholders representing at least a quarter of the Company's voting Shares. If the quorum required for the meeting is not satisfied, an invitation shall be sent for a second meeting to be held within thirty (30) days as of the date of the first meeting. However, the second meeting may be held one hour after the expiry of the time limit specified for holding the first meeting, provided that the invitation to hold the first meeting includes something to the effect of this, and the invitation thereto is announced in the manner stipulated in these regulations. The second meeting shall be considered valid regardless of the number of voting Shares represented therein.

12.13.31 Extraordinary General Assembly Quorum

The Extraordinary General Assembly meeting shall only be deemed valid if attended by Shareholders representing at least half of the Company's voting Shares, as per the same conditions stipulated in Section 12.13.26 of these Bylaws. However, if this quorum is not met, an invitation shall be sent for a second meeting. The second meeting may be held one hour after the expiry of the time limit specified for holding the first meeting, provided that the invitation to hold the first meeting includes a statement to that effect. The second meeting shall be deemed valid if attended by a number of Shareholders representing at least one quarter of the Company's voting Shares. If the quorum required for the second meeting is not satisfied, an invitation shall be sent for a third meeting. The third meeting shall be convened in the manner prescribed in Section 12.13.26 of these Bylaws. In all cases, the third meeting shall be deemed valid regardless of the number of voting Shares represented therein.

12.13.32 General Assembly Deliberations

Each Shareholder has the right to discuss the matters listed on the agenda of the General Assembly and to direct questions in that regard to the members of the Board of Directors and the Auditor. The Board of Directors or the Auditor shall answer said questions to an extent that does not harm the Company's interests. If the Shareholder deems the answer unsatisfactory, then said Shareholder may refer the issue to the General Assembly whose decision in this regard shall be binding.

12.13.33 Chairing Assemblies and Preparing Minutes

General Assembly meetings shall be presided over by the Chairman of the Board of Directors or, in the latter's absence, the Vice-Chairman (if any), or whoever is delegated by the Board of Directors from among its members in the absence of the Chairman and Vice-Chairman, and the Chairman shall appoint a meeting Secretary and Canvasser. Moreover, Assembly meeting minutes shall be drafted indicating the number of Shareholders present in person or by proxy, the number of Shares held thereby, the number of votes attached to their Shares, the decisions made, the number of consenting and dissenting votes, and a summary of meeting discussions. The minutes shall be regularly recorded after every meeting in a special register signed by the Assembly's Chairman, Secretary and Canvassers.

12.13.34 General Assembly Decisions

Ordinary General Assembly decisions shall be passed with the approval of a majority of the voting Shares represented therein. Similarly, decisions in the Extraordinary General Assembly shall be passed with the approval of a two-thirds majority of the voting Shares represented therein, unless the decision is related to increasing or decreasing the capital, extending the duration of the Company, dissolving the Company, merging it with another company, or dividing it into two or more companies, in which case the decision shall only be deemed valid if it obtains the approval of three-quarters of the voting rights represented at the meeting. The Board of Directors must register with the competent authorities the decisions of the Extraordinary General Assembly during the period specified in the relevant regulations. General Assembly decisions shall be effective from their issuance date, except for the cases specified by the relevant regulations, or if the decision is set to take effect at another time, or when certain conditions are met.

12.13.35 Assigning an Auditor

The Company shall have one or more auditors selected from among those licensed in the Kingdom of Saudi Arabia, appointed by the Ordinary General Assembly, and the compensation, term, and scope of work thereof fixed by the Shareholders. The Assembly may, at all times, dismiss the Auditor without prejudice to its rights for compensation if such dismissal were unlawful or occurred at an inappropriate time. In urgent cases, the Board of Directors has the authority to dismiss the Auditors and appoint new ones, with such dismissal and appointment presented to the General Assembly at its next meeting. The Chairman of the Board shall inform the relevant authorities of the decision to remove the Auditors and the reasons therefor within the deadline specified under relevant laws. In the event of the Auditor's resignation, the Board of Directors shall convene the General Assembly to consider the reasons for the resignation and appoint a new Auditor, ensuring compliance with laws and regulations related to the appointment of auditors.

12.13.36 Powers of the Auditor

The Auditor shall at all times have the right to access the Company's books, records and other documents. The Auditor also may request data and explanations as deemed necessary thereby, and also may verify the Company's assets and liabilities, and other matters falling within the Auditor's scope of work. The Chairman of the Board of Directors shall enable the Auditor to perform its duties; and when the Auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. Failure of the Board to facilitate the work of the Auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to discuss the matter. The Auditor shall, at its annual meeting, provide the General Assembly with a report on the Company's financial statements. Said report shall include information on the extent to which the Company granted access to requested data and clarifications, as well as any violations uncovered thereby regarding the provisions of the Companies Law or these Bylaws within the scope of the Auditor's competences, as well as the Auditor's opinion on the accuracy of the Company's financial statements; which report, or a summary thereof, shall be presented to the General Assembly at its annual meeting.

12.13.37 Entitlement to Dividends

Shareholders shall be entitled to dividends pursuant to the General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates.

12.13.38 Company Finances and Dividend Distribution

The Company's fiscal year shall be twelve Gregorian months, starting on January 1 and ending on December 31. A separate budget shall be prepared for the transitional period resulting from the adjustment of the fiscal year.

12.13.39 Financial Documents

- At the end of each fiscal year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended fiscal year. This report shall include the proposed method for distributing dividends. The Board of Directors shall place such documents at the disposal of the Auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
- The Chairman of the Board, the CEO, and the CFO shall sign the documents referred to in Paragraph 1 of this Article, with a copy thereof being placed at the Company's head office at the disposal of the Shareholders twenty-one (21) days prior to the date set for the General Assembly. The Chairman of the Board shall provide the Shareholders with the Company's financial statements and Board of Directors' report after signing the same, as well as the Auditor's report, unless the said documents have already been published as required by the regulations. The Chairman shall also send a copy of the said documents to the competent authority prior to the date of the General Assembly, as required.

12.13.40 Company Losses

If the Company's losses total half of the paid-up capital, the Board of Directors shall disclose said fact and any recommendations held thereby regarding those losses within the period specified by law from the date of becoming aware of the losses reaching said amount, and call the Extraordinary General Assembly to convene within the statutory period from the date of becoming aware thereof to consider the Company's continuation and to take necessary measures to address those losses or dissolve the Company. Any officer, director, member of the Board of Directors, or the Auditor are obligated to call for a General Assembly of Shareholders upon becoming aware of the losses reaching the threshold stipulated under the Companies Law, Implementing Regulations thereof and these Bylaws.

12.13.41 Distribution of Dividends

- The Company may distribute distributable profits at any time, whether interim or annual profits, as determined under audited and reviewed financial statements in accordance with the regulatory guidelines issued by the competent authorities.
- Shareholders shall be entitled to dividends pursuant to a decision issued by the General Assembly in this regard. The decision shall indicate the eligibility and distribution dates. Shareholders registered in the Shareholders' Register by the end of the eligibility date shall be eligible to receive dividends. The Board of Directors shall execute the General Assembly's resolution regarding the distribution of dividends to Shareholders.
- The amounts necessary to pay the Zakat assessed on the share of Saudi Shareholders and their counterparts and the tax assessed on the share of non-Saudi Shareholders and their counterparts shall be calculated in accordance with the regulations in force in the Kingdom of Saudi Arabia. The Company shall pay these amounts to the competent authorities and deduct the paid Zakat from the share, in the net profit, of Shareholders subject to Zakat, and the tax paid is deducted from the share, in the net profit, of Shareholders subject to tax. The differences between the Zakat burden and the tax burden are adjusted to maintain the ownership ratios between the two categories through offsetting with dividends or any other mean.

12.13.42 Expiry of the Company

The Company shall be terminated for one of the reasons specified under relevant regulations. In the event of dissolution, the Extraordinary General Assembly, based on a proposal from the Board of Directors, shall decide on the method of liquidation and appoint one or more liquidators, specifying their powers and remuneration. The authority of the Board of Directors shall cease upon the dissolution of the Company; however, the Board shall continue to manage the Company until the liquidator(s) is appointed. The Company's departments shall retain their functions to the extent that they do not conflict with the liquidators' responsibilities.

12.14 Rights of Shareholders

12.14.1 Voting Rights

Each Shareholder shall have one vote for every Share represented thereby at General Assemblies. The cumulative voting method shall be used in electing Board members in accordance with the Corporate Governance Regulations issued by CMA and any amendments thereto made from time to time.

12.14.2 Rights to Dividends

Under Article 107 of the Companies Law, a Shareholder is vested with all rights attached to Shares, including, in particular, the right to receive a share in the dividends declared for distribution, to receive a share of the Company's assets surplus upon liquidation, to attend the General Assemblies, to participate in its deliberations, to vote on its decisions, to dispose of the Shares, to request access to the Company's books and documents, to monitor the work of the Board of Directors, to file a liability claim against the Directors, and to challenge the validity of the decisions of the General Assembly in accordance with the conditions and restrictions contained in the Companies Law and the Bylaws.

Each Shareholder shall have the right to discuss the matters listed in the agenda of the General Assembly and direct questions thereon to the Directors and the Auditor. The Board of Directors or the Auditor shall answer said questions to an extent that does not harm the Company's interests. If the Shareholder deems the answer unsatisfactory, then said Shareholder may refer the issue to the General Assembly whose decision in this regard shall be binding.

12.14.3 Right to Repurchase Shares

According to Article 114 of the Companies Law, which stipulates that a company may purchase its Shares in accordance with the rules set by the competent authority, provided that the Shares purchased by the Company shall have no voting rights in Shareholder Assemblies.

12.14.4 Rights in Surplus Assets in cases of Liquidation and Amendment to the Rights of Shareholders

The Company's Bylaws may be amended under a decision of the Extraordinary General Assembly. Decisions of the Extraordinary General Assembly shall be adopted by a two-thirds (2/3) majority of the Shares represented at the meeting. However, if the decision to be adopted is related to increasing or decreasing the capital, extending the Company's term, dissolving the Company prior to the expiry of its term specified in the Bylaws, or merging the Company with another company, then such decision shall be valid only if adopted by at least a three-quarter (3/4) majority of the Shares represented at the meeting. The following rights are based on the Companies Law and may not be amended:

- Receiving a share of the profits to be disbursed.
- Receiving a share of the Company's surplus assets upon its liquidation.
- Attending Shareholder General Assemblies, participating in deliberations and voting on the decisions thereof.
- Disposing of Shares as stipulated in the Companies Law.
- Requesting access to the Company's books and documents; monitoring Board business; filing liability claims against Board members; and challenging the validity of General Assembly decisions (in accordance with the terms and conditions specified in the Companies Law and the Bylaws).

13. UNDERWRITING

The Company, the Selling Shareholder and the Underwriter (Riyad Capital) have entered into an Underwriting Agreement dated 21/03/1446H (corresponding to 24/09/2024G) (the "**Underwriting Agreement**") pursuant to which the Underwriter has agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of one hundred and sixty-two million (162,000,000) Shares. The name and address of the Underwriter is set out below:

13.1 Underwriter

Underwriter
Riyad Capital Company 2414 - Al Shuhada District, Unit No. 69 Riyadh 13241-7279 Kingdom of Saudi Arabia Tel: +966 920012299 Fax: +966114865908 Website: www.riyadcapital.com Email: ask@riyadcapital.com

The agreed principal terms of the Underwriting Agreement are set out below:

13.2 Summary of the Underwriting Agreement

Under the terms and conditions of the Underwriting Agreement:

- The Selling Shareholder undertakes to the Underwriter that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, the Selling Shareholder shall:
    - Sell and allocate the Offer Shares to Participating Parties or Individual Subscribers whose applications for Offer Shares have been accepted by the Receiving Agents.
    - Sell and allocate to the Underwriter the Offer Shares that are not purchased by Participating Parties or Individual Subscribers pursuant to the Offering.
- The Underwriter undertakes to the Company and the Selling Shareholder that it will purchase any Offer Shares not subscribed for by Participating Parties or Individual Subscribers, as stated below:

Table (13.1): Underwritten Shares

Underwriter	No. of Underwritten Offer Shares	Percentage of Underwritten Offer Shares
Riyadh Capital	162,000,000	100%

13.3 Underwriting Costs

The Selling Shareholder will pay the Underwriter, on a basis proportional to the number of Offer Shares sold, the underwriting fees based on the total value of the Offering, the costs and expenses in connection with the Offering on behalf of the Company.

14. EXPENSES

The Selling Shareholder shall be responsible for all expenses and costs associated with the Offering, which are estimated at around twenty-three million Saudi Riyals (SAR 23,000,000) (VAT excluded). Such expenses include the fees paid to the Saudi Exchange and the Securities Depository Center Company ("**Edaa**") and other costs related to the listing of Shares, as well as the fees of the Financial Advisor, Lead Manager, Bookrunner, Underwriter, Legal Advisor, Auditor, Receiving Agents, Market Study Consultant, and other Advisors, in addition to the fees of marketing, printing and distribution expenses, as well as other related expenses. The expenses will be deducted from the proceeds of the Offering, with the Company not bearing any costs associated with the Offering.

15. COMPANY'S POST-LISTING UNDERTAKINGS

Post-Offering, the Company undertakes to:

- Fill out form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Inform the Capital Market Authority at the date of the first post-listing General Assembly meeting, so that representatives thereof may attend said meeting.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Comply with the provisions of the OSCOs and the Listing Rules regarding the Company's ongoing obligations immediately after listing.
- Submit to the General Assembly for approval all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law, the Corporate Governance Regulations, and the regulatory controls and procedures issued in implementation of the Companies Law); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and General Assembly.
- After its listing and upon the first Shareholders General Assembly, the Company undertakes to update the legal entity of the Company in the Company's statutory documents (including the Commercial Register and Bylaws) to become a public joint stock company.

Accordingly, once Listing is approved, Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details pertaining to any Related-Party transactions in accordance with the Companies Law and Corporate Governance Regulations.

16. WAIVERS

The Company has not applied to the CMA in order to obtain any waivers from any legal requirements.

17. SHARES AND OFFERING TERMS AND CONDITIONS

The Company has submitted an application to the CMA for the registration and Offer of the securities, and an application for listing of the Shares on the Exchange in accordance with the OSCOs and Listing Rules.

All Subscribers must carefully read the Subscription Terms and Conditions before filling out their Subscription Application Form. Execution and submission of a Subscription Application Form to any of the Receiving Agents is deemed as a pledge of acceptance and approval of the Subscription Terms and Conditions.

17.1 Subscription to Offer Shares

The Offering will consist of one hundred and sixty-two million (162,000,000) Ordinary Shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share at an offering price of SAR 5.30. The offering Shares represent 30% of the Company's capital, and the total offering value is SAR 858,600,000. Note that the Offering to Individual Subscribers and listing of the Shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during this period. The CMA has the right to suspend the Offering if, at any time after its approval of this Prospectus and before admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche (A): Participating Parties:

This tranche comprises the parties eligible to participate in the book-building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is one hundred and sixty-two million (162,000,000) Shares of the Offer Shares representing one hundred percent (100%) of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers for the Offer Shares, then the Lead Manager has the right to reduce the number of Shares initially allocated to Participating Parties to one hundred and twenty-nine million and six hundred thousand (129,600,000) Shares, representing eighty percent (80%) of the total Offer Shares. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisor, in coordination with the Company, by using the optional allocation mechanism. It is possible not to allocate any Shares to some Participating Parties as deemed fit by the Financial Advisor and the Company.

Tranche (B): Individual Subscribers:

This tranche includes natural Saudi nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in her name or in the names of her minor children, on the condition that she provides proof that she is a divorcee or widow and the mother of her minor children, in addition to any natural non-Saudi national who is a resident and any GCC national who has a bank account with a Receiving Agent and has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, one subscription shall be considered void and only one subscription shall be accepted. A maximum of thirty-two million four hundred thousand (32,400,000) Offer Shares representing twenty percent (20%) of the Offer Shares shall be allocated to Individual Subscribers. In the event that Individual Subscribers do not subscribe in full for the Offer Shares allocated thereto, the Lead Manager may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for by them.

17.2 Offering Period

Two days, starting from Wednesday, 29/03/1446H (corresponding to 02/10/2024G) and ending on Thursday, 30/03/1446H (corresponding to 03/10/2024G).

17.3 Book-building and Subscription by Participating Parties

a- The price range shall be determined during the book-building process and shall be available to all Participating Parties, the Company and the Selling Shareholders.

b- Participating Parties must submit requests to participate in the book-building process by filling out Application Orders. Participating Parties may amend or cancel their applications at any time during the Book-Building Period, provided that said requests are amended by submitting a modified application form or an appendix Application Form (where applicable) before the Offer Price determination process that will take place before the book-building process period ends. The number of Offer Shares for each of the Participating Parties shall not be less than three hundred thousand (300,000) Shares, and no more than twenty-six million nine hundred and ninety-nine thousand nine hundred and ninety-nine (26,999,999) Shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested Shares must be allocatable. The Lead Manager shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Parties must begin during the Offering Period, which also includes Individual Subscribers, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.

c- All Participating Parties shall submit genuine and allocable applications. They shall not submit false or exaggerated subscription applications with the aim of obtaining a larger allocation. They shall also have the ability to cover the application through the availability of cash coverage or the necessary arrangements to cover the value of the application, through the submission of the Application Form until the final allocation.

d- Once the book-building process for Participating Parties is completed, the Bookrunners shall announce the coverage percentage by Participating Parties.

e- The Bookrunners, in coordination with the Company and the Selling Shareholder, shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement, and that the subscription price be aligned with the price change units applied by Tadawul.

17.4 Subscription by Individual Subscribers

Each Individual Subscriber must submit a Subscription Application Form and must subscribe for a minimum of ten (10) Shares and a maximum of two hundred fifty thousand (250,000) Offer Shares for Individual Subscribers. Changes to or withdrawal of the Individual Subscription Application Form shall not be permitted once submitted.

Subscription Application Forms will be made available during the Offering Period on the websites of Receiving Agents offering such service. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Investors can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents that offer any or all such services to its customers, provided that:

- The Individual Subscriber has an account at one of the Receiving Agent that provides such services
- No changes have been made to the Subscriber's personal information since their subscription in a recent offering.

Upon signing and submitting the Individual Subscriber Application Form to any of the Receiving Agents, it shall be deemed a legally binding agreement between the Selling Shareholder and the relevant Individual Subscriber.

Individual Subscribers may obtain a copy of this Prospectus from the following Receiving Agents through the websites of CMA and the Financial Advisor:

Receiving Agents
Riyad Bank Eastern Ring Road - Al Shuhada District Kingdom of Saudi Arabia Zip Code: 11614 P.O. Box: 22622 Tel: +966 114013030 Fax: +966 114030016 Website: www.riyadbank.com Email: customercare@riyadbank.com
Arab National Bank King Faisal Road, Al Muraba, Unit 1 P.O. Box 56921, Riyadh 11564 Kingdom of Saudi Arabia Tel: +966 114029000 Fax: +966 114039044 Website: www.anb.sa Email: IPO_Help_Desk@anb.com.sa

The Receiving Agents will receive Subscription Application Forms as of Wednesday, 29/03/1446H (corresponding to 02/10/2024G) and until Thursday, 30/03/1446H (corresponding to 03/10/2024G). Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it will stamp it and provide the Individual Subscriber with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Subscribers do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual Subscriber shall specify the number of Offer Shares subscribed for in his Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR 5.30 per Offer Share.

Subscriptions by Individual Subscribers for less than ten (10) Offer Shares or fractions of Offer Shares will not be accepted, noting that the maximum subscription is 250,000 Offer Shares for Individual Subscribers.

Subscription Application Forms shall be submitted during the Offering Period and accompanied, where applicable, with the following documents, provided that the Receiving Agents shall verify all copies against the originals and return the originals to the relevant Individual Subscriber:

1- The original and copy of the national civil identification card or residency identification card (for the Individual Subscriber, including natural Saudi persons, GCC nationals and foreign residents);
2- The original and copy of the family register (when subscribing on behalf of family members);
3- The original and copy of a power of attorney (when subscribing on behalf of others);
4- The original and copy of certificate of guardianship (when subscribing on behalf of orphans);
5- The original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
6- The original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
7- The original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event that a Subscription Application Form is submitted on behalf of an Individual Subscriber (applies to parents and children only), the name of the person signing on behalf of the Investor shall be stated and an original and copy of a valid power of attorney shall be attached. The power of attorney must be issued by a notary public for Individual Subscribers. As for Individual Subscribers residing outside the Kingdom, their power of attorney shall be legalized through a Saudi embassy or consulate in the relevant country. The relevant official at the Receiving Agent shall compare the copies with the original and return the original to the Investor.

One Subscription Application Form should be completed for each primary Individual Subscriber applying for himself and members appearing on his family register if the family members apply for the same number of Offer Shares as the primary Individual Subscriber. In this case:

- All Offer Shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the primary Individual Subscriber's name;
- The primary Individual Subscriber will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Subscribers; and
- The primary Individual Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to themselves and dependent Individual Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- The Investor wishes to register the Offer Shares to be allocated in a name other than the name of the primary Individual Subscriber;
- The amount of Shares the primary Individual Subscriber intends to apply for differs from that of the dependent Individual Subscribers; and
- A wife wishes to subscribe in her name and for the allocated Shares to be registered to her account, in which case she shall complete a Subscription Application Form for herself separate from that of the primary Individual Subscriber. In this case, any application made by her husband on her behalf shall be cancelled and the wife's separate Subscription Application Form shall be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of herself and her minor children, provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non–Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in his Subscription Application Form, multiplied by the Offer Price of SAR 5.30 per share. Each Individual Subscriber shall acquire the number of Offer Shares allocated thereto upon:

- Delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents;
- Payment in full to the Receiving Agent of the number of the total value of the Shares subscribed for in the Subscription Application Form.
- Submission by the Receiving Agent to the Individual Subscriber of the Allocation letter, which determines the number of Shares allocated thereto.
- Listing the Company's Shares on the Exchange and depositing the Shares allocated to the Individual Subscriber in its investment portfolio.

The total value of the Offer Shares shall be paid in full to the Receiving Agents, by debiting the account of the Individual Subscriber at the Receiving Agent where the Subscription Application Form was submitted. If a submitted Subscription Application Form is not in accordance with the terms and conditions of the Offer, then such an application may be rejected altogether. The Individual Subscriber shall accept any number of Offer Shares allocated thereto, unless the allocated Shares exceed the number for which he has applied.

17.5 Allocation and Refunds

The Lead Manager shall open and manage an escrow account for the purpose of depositing and holding subscription monies collected from Participating Parties and Receiving Agents (on behalf of Individual Subscribers). Subscription monies shall be transferred to the Selling Shareholder only after Listing and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the Subscription Application Forms. In addition, Each Receiving Agent shall deposit all amounts received from Individual Subscribers into the escrow account, the details of which shall be specified in the Individuals' Subscription Form.

The Lead Manager or the Receiving Agents (as applicable) shall notify Subscribers, informing them of the final number of Offer Shares allocated to each of them, together with the amounts to be refunded thereto.

Excess subscription monies (if any) shall be refunded to the Subscribers in whole without any commissions or deductions, and will be deposited in the Subscribers' account as specified in the Subscription Application Form.

The announcement of the final allocation will be made on Sunday 03/04/1446H (corresponding to 06/10/2024G) and refund of subscription monies, if any, will be made on Wednesday 06/04/1446H (corresponding to 09/10/2024G) (for further details, see ("**Key Dates and Subscription Procedures**") of this Prospectus). Subscribers should communicate with the Lead Manager or the Receiving Agents where they submitted their Subscription Form (as applicable) for any further information.

17.5.1 Allocation of Offer Shares to Participating Parties

The Financial Advisor, in consultation with the Company, shall determine the allocation of Offer Shares to Participating Parties as they see fit, after the allocation of Offer Shares to Individual Subscribers is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than one hundred and sixty-two million (162,000,000) Shares representing one hundred percent 100% of the total Offer Shares, and provided that the final allocation for Participating Parties shall not be less than one hundred and twenty-nine million six hundred thousand (129,600,000) Shares representing 80% of the Offer Shares. No Shares were allocated to the Public Funds.

Transfer of ownership of the Offer Shares shall only be deemed valid after payment of the value by the Subscriber as of the date of registration in the Shareholders' Register and the commencement of trading of Shares in accordance with the relevant applicable regulations and instructions of the Saudi Exchange. If the Company's Shares are not traded or their Listing is cancelled prior to that for any reason, the Subscription amounts paid by Participating Parties shall be refunded, and the Offer Shares shall remain the property of the Selling Shareholder.

17.5.2 Allocation of Offer Shares to Individual Subscribers

A maximum of thirty-two million four hundred thousand (32,400,000) Ordinary Shares, representing 20% of the total Offer Shares shall be allocated to Individual Subscribers, noting that the minimum allocation per Individual Subscriber is ten (10) Offer Shares, and the maximum allocation per Individual Subscriber is two hundred and fifty thousand (250,000) Shares. The balance of the Offer Shares, if any, shall be allocated on a pro-rata basis in proportion to the total number of Shares requested by each Individual Subscriber. In the event that the number of Individual Subscribers exceeds three million two hundred and forty thousand (3,240,000) Individual Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisor. The surplus (if any) would be refunded to Individual Subscribers without any commissions or deductions by the Receiving Agents.

17.6 Circumstances where Listing may be Suspended or Cancelled

17.6.1 Power to Suspend or Cancel Listing

a- The CMA may suspend share trading or cancel the listing at any time as it deems fit, in any of the following circumstances:

1- The CMA considers it necessary for the protection of Investors or the maintenance of an orderly market.

2- The Issuer fails, in a manner that the CMA considers material, to comply with the Capital Market Law and its implementing regulations.

3- The Issuer does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.

4- If it considers that the Issuer or its business, the level of its operations or its assets are no longer suitable to warrant the continued listing of Shares in the Exchange.

5- When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Company has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.

6- When information about the proposed transaction of reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.

7- Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.

8- Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedures before the court under the Bankruptcy Law.

9- Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.

10- Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.

b- Lifting of trading suspension, as per Paragraph (A) above is subject to the following:

1- Adequately addressing the conditions that led to the suspension by the Issuer, and the lack of the need to continue the suspension for the protection of Investors;

2- Lifting the suspension is unlikely to affect the normal activity of the Exchange.

3- The Issuer complies with any other conditions that the CMA may require.

4- Upon the issuance of a final court ruling requiring the opening of a procedure involving the Issuer's financial reorganization under the Bankruptcy Law, unless such Issuer was suspended from conducting its activities by the relevant competent authority, in the event that the suspension was in accordance with Subparagraph 7 of Paragraph (A) above.

5- Upon the issuance of the final court ruling rejecting the opening of the liquidation procedure or the administrative liquidation procedure under the Bankruptcy Law, unless such Issuer's activities were suspended by the relevant competent authority, in the event of a suspension in accordance with Subparagraph 8 of Paragraph (A) above.

c- The Exchange shall suspend the trading of the securities of the Company in any of the following cases:

1- When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information, in accordance with the applicable implementing regulations.

2- When the auditor's report on the financial statements of the Issuer contains an opposing opinion or an abstention from expressing opinion.

3- If the liquidity requirements of Chapter 2 of the Listing Rules are not met after the time limit set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.

4- The issuance of a decision by an Extraordinary General Assembly of the Issuer to reduce its capital for the two trading days following the issuance of the decision.

d- The Exchange shall lift the suspension referred to in Subparagraphs 1 and 2 of Paragraph (C) above, one trading session after the reason for such suspension has been removed. If the trading of Shares is authorized outside the platform, the Exchange shall lift the suspension within a period not exceeding five trading sessions following the absence of any reason for suspension.

e- The Exchange may ask the CMA, at any time, to suspend the trading of any listed securities or to cancel the listing altogether, if any of the cases mentioned in Paragraph (A) above is likely to occur.

f- The Issuer whose securities are subject to trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and the Listing rules.

g- If the suspension of trading of securities continues for a period of 6 months, without any appropriate measures taken by the Issuer to remedy said suspension, the CMA may cancel the listing of the Issuer's securities.

h- When the Issuer completes a reverse acquisition, the Issuer's Shares shall be delisted. If the Issuer wishes to re-list its Shares, it must submit a new application to list its Shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the OSCOs rules.

i- This paragraph shall not prejudice the suspension of trading or the cancellation of listing resulting from the Issuer's losses, based on the relevant implementing regulations of the CML and Listing rules.

17.6.2 Voluntary Cancellation of Listing

a- The Company, after it is listed on the Exchange, may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application has to include the following:

1- Specific reasons for the cancellation request;

2- A copy of the disclosure referred to in Paragraph (D) below.

3- A copy of the relevant documentation and a copy of each related communication to Shareholders, if the cancellation is to take place as a result of an acquisition or other corporate action by the Company; and

4- Names and contact information of the Financial Advisor and legal advisor appointed according to the relevant implementing regulations.

b- The CMA may, at its discretion, approve or reject the cancellation request

c- Once approval from the CMA has been obtained for the cancellation of listing, the Company must obtain the consent of its Extraordinary General Assembly.

d- Where cancellation is made at the Company's request, the Company must disclose that to the public as soon as possible. The disclosure has to include at least the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities.

17.6.3 Temporary Trading Suspension

1- The Company may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours and that requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. In such a case, the Exchange suspends trading of the securities of the Company as soon as it receives the request.

2- Where a temporary trading suspension is made at the Company's request, the Company must announce as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the extent to which it affects the Company's activities.

3- The CMA may impose a temporary trading suspension without a request from the Company, where the CMA becomes aware of information or circumstances affecting the Company's activities that the CMA considers would be likely to interrupt the operation of the Exchange or the protection of Investors. The Company, once its securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.

4- The Exchange may recommend to the CMA to practice its powers in accordance with the above Paragraph (C), if it discovers any information or circumstances that might affect the Company's activities and that might affect the market's activities or Investors' protection.

5- A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in the above Paragraph (B), unless the CMA or the Saudi Exchange decide otherwise.

17.6.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph (A) of Section 17.6.1 ("**Power to Suspend or Cancel Listing**") of this Prospectus, is subject to the following:

- Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of Investors;
- Lifting the suspension is unlikely to affect the normal activity of the Exchange.
- The Company complies with any other conditions that the CMA may require.

- In the event that the suspension is due to the Company's accumulated losses of 50% or more of its capital before the court under the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the Issuer in accordance with the law issued by the competent authority and governing the Issuer's activities.
- In the event that the suspension was due to an Issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the listing of securities of the Issuer.

17.6.5 Relisting of Delisted Securities

If the Company wishes to relist its Shares after the delisting thereof, it must submit a new application to list its Shares in accordance with the Listing Rules, and fulfil the relevant requirements stipulated in the OSCOs.

17.7 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are offered and listed:

- The General Assembly's resolution approving the Public Offering of the Company's Shares dated 14/09/1445H (corresponding to 24/03/2024G);
- The Company's Board of Directors resolution approving the Public Offering of the Company's Shares dated 05/10/1445H (corresponding to 14/04/2024G);
- The GFSA's approval of the change of share ownership resulting from the Offering dated 09/08/1445H (corresponding to 19/02/2024G);
- The CMA's announcement approving the Offering dated 20/12/1446H (corresponding to 26/06/2024G); and
- Tadawul's conditional listing approval issued on 05/12/1445H (corresponding to 11/06/2023G).

17.8 Share Restrictions

From the commencement of trading of the Shares on the Saudi Exchange, the Substantial Shareholder referred to on page (ix) of this Prospectus may not dispose of any of its Shares without the approval of GFSA and the CMA[83], subject to also obtaining any required approvals from other concerned government authorities.

As of the date of this Prospectus, 70% of the Shares of the Current Shareholder of the Company are pledged in favor of Riyad Bank. Throughout the validity period of the financing instrument between the Current Shareholder, the Company and Riyad Bank, and following the Offering, a percentage of the Company's share capital shall be pledged in favor of Riyad Bank, provided that the market value of the pledged Shares covers at least 150% of any outstanding debt (for more information, please refer to Section 12.8 ("**Credit Facilities and Loans**") of this Prospectus).

In addition, the Company is prohibited from listing Shares of the same class as the Offer Shares for a period of six (6) months starting from the start of trading of the Offer Shares on the Exchange. The Offer Shares are also subject to the general restrictions on Shares in the Kingdom.

83 Where (1) the Substantial Shareholder may not dispose of his Shares during the six (6) months following the commencement of trading of the Shares on the Saudi Exchange, in accordance with the OSCOs requirements, and (2) under Article 9(f) of the Company's GFSA license, the Company may not make any direct change in the Company's ownership or any change of control of the owners or Shareholders of the Company holding more than 5% of the Company's Shares (directly or indirectly), except after obtaining the GFSA's approval. It should be noted that the approval of the Capital Market Authority must be also sought to lift such restriction.

17.9 Acknowledgments

By completing and delivering the Subscription Application Form, each Subscriber:

- Agrees to subscribe to the number of Offer Shares specified in the submitted Subscription Application Form;
- Warrants that he has read and carefully examined this Prospectus and understood all its content;
- Accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus, the Subscription Application Form, and Electronic Subscription Application, and subscribes in the Offer Shares accordingly;
- Declares that neither himself nor any of his family members included in the Subscription Application Form have previously subscribed to the Company's Shares and accepts that the Company has the right to reject any or all duplicate applications;
- Accepts the number of Offer Shares allocated to him (to the maximum of the amount subscribed for) as per the Subscription Application Form; and
- Warrants not to cancel or amend the Subscription Application Form, after submitting it to the Lead Manager or the Receiving Agents.

For further details about the allocation process and surplus refund, please refer to Section 17.5 ("**Allocation and Refunds**") hereof.

17.10 Shares' Record and Trading Arrangements

The Depository Center (Edaa) shall keep a Shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

17.11 Saudi Stock Exchange

In 1990G, full electronic trading of equities was introduced in the Kingdom. The Saudi Exchange was founded in 2001G as the successor to the Electronic Securities Information System. Trading in Shares occurs on the "**Tadawul**" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through the settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, outside these times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan or in other months, and they are announced by the Saudi Exchange. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. The Saudi Exchange distributes a comprehensive range of information through various channels, including in particular the Saudi Exchange website (Tadawul) and the Saudi Exchange Information Link, which supplies trading data in real time to the information providers, such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that Shares ownership transfer takes two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important to the Investors via the Saudi Exchange. Surveillance and monitoring are the responsibility of the Saudi Exchange as the operator of the market to ensure fair trading and an orderly market.

Securities Depository Center (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G, in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company fully owned by the Saudi Exchange (Tadawul) Group, with a capital of SAR 400,000,000 divided into 40,000,000 Shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The latter was based on CMA approval of Tadawul's Board of Directors request in relation to converting the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, as well as recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organizes issuers' general assemblies, including the remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with CML and its implementing regulations.

17.12 Trading in the Company's Shares

It is expected that trading in the Company's Shares will commence after the final allocation of Shares and the Saudi Exchange announcement of the start date of trading of the Shares. The dates and times mentioned in this Prospectus are considered tentative, mentioned for inference only, and they can be changed or extended with the approval of the CMA. Saudi nationals, KSA residents holding valid residency permits, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, QFIs will be permitted to trade in the Shares in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Foreign non-Saudi Individual Subscribers residing outside the Kingdom, and institutions registered outside the Kingdom will also have the right to invest indirectly to acquire economic benefits in the Shares, by entering into swap agreements with a Capital Market Institution licensed by the CMA, and to acquire and trade in the Shares on the Exchange on behalf of non-GCC Foreign Investors. The Capital Market Institution shall be deemed the legal owner of the Shares under the swap agreements.

Furthermore, the Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts at the Depository Center (Edaa), the Company has been registered and its Shares listed on the Exchange before trading. Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Current Shareholder shall have no legal responsibility in connection with pre-trading activities.

17.13 Miscellaneous Provisions

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the items and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been issued in Arabic and English. Only the Arabic version is approved by the CMA. If there is any conflict between the Arabic and English texts, the Arabic version shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares to any person in any country other than the Kingdom are expressly prohibited, except for foreign Participating Parties, taking into account the relevant laws and instructions regulating the same. The Company, Selling Shareholder, Financial Advisor, Lead Manager and Underwriter require all recipients of this Prospectus to adhere to all regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe such restrictions.

Subject to OSCOs requirements, the Company shall be obligated to submit a supplementary Prospectus at any time after the publication date of this Prospectus and before the completion of the Offering, if it becomes aware of the following: (1) there has been a significant change in material matters contained in the Prospectus, or any document required under the OSCOs or the Listing Rules; or (2) additional significant matters have become known that would have been required to be included in the Prospectus. Except for the two cases mentioned, the Company does not intend to update or amend any information related to the sector, market, or future statements contained in this Prospectus, whether as a result of new information, future events, or otherwise. As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and circumstances set forth in this Prospectus may not occur as the Company expects or may not occur at all. Accordingly, potential investors shall examine all future statements in light of these interpretations and not rely solely thereon.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office between 9 a.m. and 4 p.m. from 02/03/1446H (corresponding to 05/09/2024G) until 30/03/1446H (corresponding to 03/10/2024G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement of the approval of the Offering.
- Approval of the Saudi Exchange (Tadawul) on the Share Listing on the stock market issued on 05/12/1445H (corresponding to 11/06/2023G).
- The Board of Directors approval to offer the Company's Shares for public subscription and list them on the Saudi Exchange issued on 05/10/1445H (corresponding to 14/04/2024G).
- The Company's Shareholder approval to offer the Company's Shares for public subscription and list them on the Saudi Exchange issued on 14/09/1445H (corresponding to 24/03/2024G).
- Company's Bylaws, amendments thereto, and any other constitutional documents.
- Company's commercial registration certificate issued by MoC.
- Financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, and the condensed consolidated financial statements for the Six-month Period ended 30 June 2024G which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.
- Market study prepared by the Market Study Consultant.
- Letters of consent from each of:

  1- The Financial Advisor, Lead Manager, Bookrunner and Underwriter (Riyad Capital) for the inclusion of its name, logo and declarations in this Prospectus.

  2- Ernst & Young Professional Services (a professional limited liability company), (formerly known as Ernst & Young & Partners (Chartered Accountants)) for the inclusion in this Prospectus, of its name, logo, and reports, as Auditor of the Company's audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.

  3- The Financial Due Diligence Advisor (PricewaterhouseCoopers (PwC) - Chartered Accountants) for the inclusion of its name, logo and declarations, if any, in this Prospectus.

  4- The Market Study Consultant (Euromonitor International Ltd.) for the inclusion of its name, logo and declarations in this Prospectus.

  5- The Legal Advisor (Baker McKenzie), for the inclusion of its name, logo and declarations, if any, in this Prospectus.

- Contracts and agreements disclosed in Section 12.7 ("**Transactions and Contracts with Related Parties**") hereof.
- Underwriting Agreement.
- All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.
- Document clarifying the mechanism relied upon to determine the price range used in the Book-Building Process.

19. FINANCIAL STATEMENTS AND AUDITOR'S REPORT

This Section contains the financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G, and the condensed consolidated financial statements for the Six-month Period ended 30 June 2024G which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2021

Building a better working world

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

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INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company)

Opinion

We have audited the financial statements of The Fourth Milling Company (Owned by One Person) - A Saudi Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as of 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company) (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young

Hesham Alatiqi
Certified Public Accountant
License No. (523)

Riyadh: 25 Ramadan 1443H
(26 April 2022)

سجل تجاري ١٠١٠٣٨٣٨٢١
CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As of 31 December 2021

	Notes	***31 December 2021 SR***	*31 December 2020 SR*
ASSETS			
NON–CURRENT ASSETS			
Intangible assets	5	**5,558,575**	3,543,154
Property, plant and equipment and right of use assets	6	**858,244,379**	803,009,076
TOTAL NON-CURRENT ASSETS		**863,802,954**	806,552,230
CURRENT ASSETS			
Inventories	7	**95,967,450**	95,202,502
Prepayments and other current assets	8	**8,409,941**	9,992,344
Cash at banks		**67,256,012**	50,130,756
TOTAL CURRENT ASSETS		**171,633,403**	155,325,602
TOTAL ASSETS		**1,035,436,357**	961,877,832
EQUITY AND LIABILITIES			
EQUITY			
Capital	9	**473,903,170**	473,903,170
Statutory reserve		**9,611,152**	4,604,888
Retained earnings		**168,281,942**	123,225,568
TOTAL EQUITY		**651,796,264**	601,733,626
NON-CURRENT LIABILITIES			
Lease liabilities	10	**294,169,388**	224,446,036
Employees' defined benefits obligation	11	**1,074,780**	816,367
TOTAL NON-CURRENT LIABILITITES		**295,244,168**	225,262,403
CURRENT LIABILITIES			
Zakat and Income tax payable	13	**205,751**	-
Trade and other payables	12	**60,264,124**	112,495,274
Lease liabilities	10	**22,233,169**	17,519,141
Advances from customers		**5,692,881**	4,867,388
TOTAL CURRENT LIABILITIES		**88,395,925**	134,881,803
TOTAL LIABILITIES		**383,640,093**	360,144,206
TOTAL EQUITY AND LIABILITIES		**1,035,436,357**	961,877,832

The attached notes 1 to 26 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	***31 December 2021 SR***	***31 December 2020*** SR
Sales	14	**336,297,891**	345,241,184
Cost of sales	15	**(230,542,162)**	(240,873,855)
GROSS PROFIT		**105,755,729**	104,367,329
EXPENSES			
Selling and distribution expenses	16	**(10,338,135)**	(10,428,358)
General and administrative expenses	17	**(31,557,857)**	(35,792,924)
TOTAL EXPENSES		**(41,895,992)**	(46,221,282)
OPERATING PROFIT		**63,859,737**	58,146,047
Finance costs	10	**(15,288,330)**	(12,517,286)
Other income		**1,696,982**	2,061,367
Loss on sale of slow-moving inventory		**-**	(3,141,248)
PROFIT BEFORE ZAKAT AND INCOME TAX		**50,268,389**	44,548,880
Zakat and Income tax	13	**(205,751)**	-
PROFIT FOR THE YEAR		**50,062,638**	44,548,880
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**50,062,638**	44,548,880
Basic and diluted earnings per share	21	**1.06**	0.94

The attached notes 1 to 26 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For year ended 31 December 2021

	Paid capital	*Proposed increase in capital*	*Statutory reserve*	*Retained earnings*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
As of 1 January, 2021	**473,903,170**	**-**	**4,604,888**	**123,225,568**	**601,733,626**
Profit for the year	-	-	-	50,062,638	50,062,638
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	50,062,638	50,062,638
Transfer to statutory reserve	-	-	5,006,264	(5,006,264)	-
As of 31 December, 2021	**473,903,170**	**-**	**9,611,152**	**168,281,942**	**651,796,264**
As of 1 January, 2020	500,000	473,403,170	150,000	83,131,576	557,184,746
Profit for the year	-	-	-	44,548,880	44,548,880
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	44,548,880	44,548,880
Transfer to the proposed increase in capital (note 9)	473,403,170	(473,403,170)	-	-	-
Transfer to statutory reserve	-	-	4,454,888	(4,454,888)	-
As of 31 December, 2020	**473,903,170**	**-**	**4,604,888**	**123,225,568**	**601,733,626**

The attached notes 1 to 26 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	31 December 2021 SR	*31 December 2020 SR*
OPERATING ACTIVITIES		
Profit for the year before zakat and income tax	**50,268,389**	44,548,880
Adjustments to reconcile profit to net cash flows:		
Depreciation of property, plant and equipment and right of use assets	**42,349,769**	39,825,685
Amortization of intangible assets	**63,037**	91,131
Finance cost on obligations under lease contracts	**15,288,330**	12,517,286
Provision for slow moving inventory	**569,589**	711,642
(Profit) from sales of property, plant and equipment and right of use assets	**-**	(22,044)
Provision for employees defined benefit obligations	**258,413**	449,140
	108,797,527	98,121,720
Changes in operating assets and liabilities:		
Inventories	**(1,334,537)**	5,219,042
Prepayments and other current assets	**1,582,403**	(6,114,601)
Trade and other payables	**(52,231,566)**	(64,402,681)
Advances from customers	**825,493**	(215,634)
Net cash flows from operating activities	**57,639,320**	32,607,846
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	**-**	361,565
Purchase of intangible assets	**(2,078,458)**	(319,381)
Purchase of property, plant and equipment	**(18,694,841)**	(25,478,315)
Net cash flows used in investing activities	**(20,773,299)**	(25,436,131)
FINANCING ACTIVITIES		
Payments of obligations under lease contacts	**(19,740,765)**	(17,519,141)
Net cash flows used in financing Activities	**(19,740,765)**	(17,519,141)
Net increase (decrease) in cash at banks	**17,125,256**	(10,347,426)
Cash at banks at the beginning of the year	**50,130,756**	60,478,182
Cash at banks at the end of the year	**67,256,012**	50,130,756
SIGNIFICANT NON-CASH TRANSACTIONS:		
Additions to right of use assets (Note 6)	**78,890,231**	-

The attached notes 1 to 26 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2021

1. CORPORATE INFORMATION

Fourth Milling Company is a One Person Closed Joint Stock Company (the "Company'') was incorporated in Dammam in the Kingdom of Saudi Arabia on 10 Safar 1438H (corresponding to 10 November 2016). The Company's licensed activities include flour production in 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 was formed by the Public Investment Fund (the "Owner") pursuant to the resolution of the Council of Ministers No. (35) of 27 Muharram 1437H (corresponding to 9 November 2015) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the Saudi Grains Organization ("SAGO"), shall do so in accordance with Royal Decree No. 62 dated 4 Shawwal 1435H (corresponding to 31 July 2014). On 17 Shawwal 1441H (corresponding to 9 July 2020) the resolution of the Council of Ministers No. 631 states to transfer the ownership to Specialized Committee, and for the Specialized Committee to handle the task that was handled to Public Investment Fund as stated in The Council of Ministers' resolution No. (118) dated 21 Safar 1440H (corresponding to 30 October 2018) (note 9).

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the company sold its entire shares, amounting to 47,390,317 shares, the value of each share is 10 SR, to Gulf Flour Milling Industrial Company for the purchase price specified in the share sale and purchase agreement on the same date (Note 9).

The Company has entered into a subsidized wheat purchase agreement with the Saudi Grains Organizations (''SAGO'') as SAGO imports wheat to Saudi Arabia for the purpose of producing subsidized flour. This Agreement shall enter into force on 3 Rabea II 1438H (corresponding to 1 January 2017) and shall be terminated when the Owner sells its shares in the Company. The agreement stipulates that the subsidized wheat subsidy price is calculated according to the monetary value per metric ton of subsidized wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020), the wheat purchase agreement was extended and this agreement is valid until the expiry date of the license of the main purchaser (the "Company").

The Company operates through its Head Office in Dammam and three branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

City	*Date*	*Commercial Registration Number*
Head Office (Dammam)	9 Jumada Althani 1438H (corresponding to 28 March 2017)	2050110856
Dammam	9 Jumada Althani 1438H (corresponding to 28 March 2017)	2050111821
Madinah	9 Jumada Althani 1438H (corresponding to 28 March 2017)	4650082090
Kharj	9 Jumada Althani 1438H (corresponding to 28 March 2017)	1011024354

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Saudi Riyals ("SR"), which is also the Company's functional currency.

2.2 Summary of significant accounting polices

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

b) Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

b) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
- Level 2 — inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3 — unobservable inputs that are considered with the lowest priority.

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in note 19.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

d) Property, plant and equipment

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

decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Assets Categories	**Useful lives**	**Assets Categories**	**Useful lives**
Buildings	25 – 50 years	Furniture and fittings	6.67 - 10 years
Plant and machinery	10 - 25 years	Motor Vehicles	5 years
Computer equipment	6.67 years		

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

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

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

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

f) Leases

Right of Use Assets

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

Lease liabilities

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

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

f) Leases – (continued)

Lease liabilities – (continued)

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of rent contracts (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to low-value assets which are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Company determines the lease term as he non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

g) Financial instruments – initial recognition and subsequent measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Company does not have trade receivables as the consideration is received in cash at the time the sale is made.

Subsequent measurement
Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:
• The rights to receive cash flows from the asset have expired; Or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans including bank overdrafts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as "held for trading" if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments that have been concluded by the Company and are not designated as hedging instruments in accordance with IFRS 9. Derivatives included in other separate financial instruments are classified as "held for trading" unless they are designated as effective hedging instruments.

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

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the

derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

h) Inventories

Cost is determined as follows:

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

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

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

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

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

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

i) Employee defined benefit liabilities (continued)

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

Past service costs are recognized in income on the earlier of:
- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs

Reference to the administrative resolutions No. 11890 dated 8 Safar 1438H and No. 14003 dated 8 Rabie Al Awal 1438 H and No. 27094 and 27096 on 9 Rajab 1438H and No. 18009 dated 8 Rajab 1438H concerning the secondment of employees of the Saudi Grains Organization ("SAGO") to the Company by charging the cost of end of service benefits payable to seconded employees of the Company to SAGO in accordance with the agreement made in that regard.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under "general and administrative expenses" in the statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

k) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.
The Company calculates the impairment in value on the basis of detailed budgets and projections, which are prepared separately for each of the cash-generating units of the company to which the individual assets are allocated. These budgets and projections usually cover a five-year period. The long-term growth rate is calculated and applied to expected future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

l) Revenue from contracts with customers

The Company is involved in manufacturing of flour, feed and bran (by-product). The revenue is recognized when the goods are transferred to the customer, which is the time when these dispatched from the premises of the Company. The revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. All sales are made on cash basis only, and thus payment of transaction price becomes due immediately when the customer purchases the products and the control of the products is transferred to the customer at the same time. Other income is recognized when it is earned.
The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(i) Variable consideration

If the consideration provided for in the contract includes a variable amount, the company estimates the amount of the consideration it is entitled to in return for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Since all sales are made on cash basis, there is no financing component with amounts receivable from customers.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

m) Provisions

General

Provision are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

n) Zakat and Taxes

Zakat
Zakat provision is set in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The zakat provision is estimated and charged to the consolidated statement of comprehensive income. Any differences in estimates are recorded when the final assessment is approved, at which point the provision is settled.

Income tax
Non-GCC shareholders are subject to income taxes. The current income tax provision is calculated in accordance with the tax regulations issued or effective at the end of the financial period. The management periodically evaluates the positions taken in tax returns regarding cases in which the applicable tax regulations are subject to interpretation. It makes a provision, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax on temporary differences between the carrying amount of assets and liabilities is recognized in the consolidated financial statements and the corresponding tax bases used in calculating taxable profit. Deferred tax liabilities are normally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available that can be used against the deductible temporary differences and unused tax losses. Such deferred tax assets and liabilities are not recognized when temporary differences and unused tax losses arise from the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affect neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized when temporary differences arise from the initial recognition of goodwill.

Withholding tax
The Company withhold taxes on transactions with non-resident parties in accordance with GAZT regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax "VAT"
Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

o) Statutory reserve
In accordance with Saudi Arabian Companies law and Company`s By-Laws, the Company must transfer 10% of its net income in each year to the statutory reserve. As per the Company`s By-Laws, the Company may resolve to discontinue such transfers when the reserve equals 30% of the capital. This reserve is not available for distribution.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.3 Summary of significant accounting policies – (continued)

p) Foreign currencies
The Company's financial statements are presented in Saudi Riyal, which is also the company's functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

q) Operating profit
Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance costs and other non-operating expenses.

r) Selling, distribution, general and administration Expenses
Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.3 New and amended standards and interpretations

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application
The amendments apply to annual periods beginning on or after January 1, 2022, with early application permitted. There is no material impact on the company's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Determining lease term for leases with termination option — Company as lessee
The Company has entered into lease agreements for land in relation to construct its offices and warehouses and to conduct its operations. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease's arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.
- At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Employees' defined benefit plans
The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

End of service benefit program
The cost of the defined benefit obligation for the employees, other post-employment benefits and the current value of the end-of-service bonus obligation is determined by actuarial evaluation processes. The actuarial calendar includes making many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and mortality rates. Given the difficulty and long-term nature of the assessment and the assumptions involved, the commitment to specific benefits is greatly influenced by changes in these assumptions. All assumptions are reviewed as each financial listing is prepared.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

4. SEGMENT INFORMATION

The operations of the company are mainly in the Kingdom of Saudi Arabia. The operations of the Company are in three branches: Dammam, Madinah and Kharj.

The Executive 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 an arm's length basis in a manner similar to transactions with third parties.

The selected financial information for these branches are as follows.

For the year ended 31 December 2021	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Total revenue	148,494,180	89,804,890	97,998,821	-	**336,297,891**
Cost of inventories	(59,697,365)	(34,924,771)	(34,608,341)	-	**(129,230,477)**
Employee benefits expenses	(16,580,315)	(26,543,729)	(13,304,092)	(13,716,419)	**(70,144,555)**
Depreciation and amortization	(11,436,117)	(18,416,260)	(12,071,065)	(504,700)	**(42,428,142)**
Other expenses	(16,464,840)	(17,081,486)	(6,884,188)	(5,492,796)	**(45,923,310)**
Other income	435,617	399,763	42,107	819,495	**1,696,982**
Segment profit (loss) before zakat and income tax	**44,751,160**	**(6,761,593)**	**31,173,242**	**(18,894,420)**	**50,268,389**

For the year ended 31 December 2020	*Dammam*	*Madinah*	*Kharj*	*Head office*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Total revenue	167,079,852	98,386,733	79,774,600	-	345,241,184
Cost of inventories	(69,664,387)	(41,647,959)	(30,683,491)	-	(141,995,838)
Employee benefits expenses	(18,437,495)	(26,582,652)	(13,442,183)	(14,428,856)	(72,891,186)
Depreciation and amortization	(9,698,855)	(18,252,863)	(11,680,346)	(284,760)	(39,916,823)
Other expenses	(15,427,263)	(16,167,570)	(7,590,404)	(8,764,587)	(47,949,824)
Other income	129,861	248,524	1,122,936	560,045	2,061,367
Segment profit (loss)	53,981,713	(4,015,787)	17,501,112	(22,918,158)	44,548,880

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

4. SEGMENT INFORMATION – (continued)

As of 31 December, 2021	*Dammam SR*	*Madinah SR*	*Kharj SR*	*Head office SR*	***Total SR***
Total assets	274,395,918	423,141,868	263,254,433	74,644,138	**1,035,436,357**
Total liabilities	161,872,461	187,176,589	22,454,312	12,136,730	**383,640,093**
Other disclosures:					
Property, plant and equipment	82,227,886	251,445,522	234,853,087	2,344,387	**570,870,882**
Right of use assets	137,844,537	134,820,594	14,708,366	-	**287,373,497**
Inventory	52,113,274	33,104,495	10,749,681	-	**95,967,450**

As of 31 December, 2020	*Dammam SR*	*Madinah SR*	*Kharj SR*	*Head office SR*	*Total SR*
Total assets	214,466,237	428,469,730	263,077,299	55,864,567	961,877,832
Total liabilities	106,968,766	234,917,274	18,016,172	241,993	360,144,206
Other disclosures:					
Property, plant and equipment	80,592,530	259,181,304	240,253,239	2,476,990	582,504,063
Leased assets	80,528,700	126,777,393	13,198,920	-	220,505,013
Inventory	50,235,865	38,492,468	6,474,168	-	95,202,501

5. INTANGIBLE ASSETS

	Software SR	***Intangible assets under implementation SR***	***Total SR***
Cost			
As of 1 January, 2020	345,195	3,088,845	3,434,040
Additions	-	319,381	319,381
As of 31 December, 2020	345,195	3,408,226	3,753,421
Additions	38,818	2,039,640	2,078,458
AS of 31 December, 2021	**384,013**	**5,447,866**	**5,831,879**
Accumulated amortization			
As of 1 January, 2020	119,136	-	119,136
Amortization	91,131	-	91,131
As of 31 December, 2020	210,267	-	210,267
Amortization	63,037	-	63,037
As of 31 December, 2021	**273,304**	-	**273,304**
Net book value			
As of 31 December, 2021	**110,709**	**5,447,866**	**5,558,575**
As of 31 December, 2020	134,928	3,408,226	3,543,154

The useful life of software is the period wherein the Company can utilize the license.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	Building (*)	*Plant and machinery*	*Furniture and fittings*	*Computer equipment*	*Motor vehicles*	*Right of use Assets (**)*	*Capital work in progress (***)*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
Cost								
As of 1 January, 2020	216,182,086	434,063,104	2,561,422	1,415,551	178,270	252,381,301	10,355,822	917,137,556
Additions during the year	2,487,219	8,100,027	432,089	414,391	2,409,291	-	11,635,298	25,478,315
Disposals	-	(1,505,310)	(6,766)	-	-	-	-	(1,512,076)
Transfer from CWIP	9,155,835	1,611,803	162,214	1,539,582	-	-	(12,469,434)	-
As of 31 December, 2020	**227,825,140**	**442,269,624**	**3,148,959**	**3,369,524**	**2,587,561**	**252,381,301**	**9,521,686**	**941,103,795**
Additions during the year	23,400	2,226,368	545,188	256,277	-	78,890,231	15,643,608	97,585,072
Transfer from CWIP	5,340,226	5,611,596	-	1,443,689	-	-	(12,395,511)	-
As of 31 December 2021	**233,188,766**	**450,107,588**	**3,694,147**	**5,069,490**	**2,587,561**	**331,271,532**	**12,769,783**	**1,038,688,867**
Accumulated depreciation								
As of 1 January, 2020	12,659,957	62,999,925	1,433,779	793,553	178,244	21,376,131	-	99,441,589
Charged during the year (***)	2,716,642	25,756,000	264,238	291,725	296,923	10,500,157	-	39,825,685
Disposals	-	(1,165,794)	(6,761)	-	-	-	-	(1,172,555)
As of 31 December, 2020	**15,376,599**	**87,590,131**	**1,691,256**	**1,085,278**	**475,167**	**31,876,288**	-	**138,094,719**
Charge for the year (****)	6,785,844	22,306,313	249,494	497,820	488,551	12,021,747	-	**42,349,769**
As of 31 December, 2021	**22,162,443**	**109,896,444**	**1,940,750**	**1,583,098**	**963,718**	**43,898,035**	-	**180,444,488**
Net book value								
At 31 December 2021	**211,026,323**	**340,211,144**	**1,753,397**	**3,486,392**	**1,623,843**	**287,373,497**	**12,769,783**	**858,244,379**
At 31 December 2020	212,448,541	354,679,493	1,457,703	2,284,246	2,112,394	220,505,013	9,521,686	803,009,076

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

(*) The buildings are built on land leased from the Saudi Grains Organization with an annual rental value of SR 6,913,789. The term of the lease is 25 calendar years commencing from 3 Rabee Thani 1438H (corresponding to 1 January 2017) and is automatically renewable for a similar period.

Right of use assets **

	31 December 2021 SR	*31 December 2020 SR*
Right of use assets – Silos*	**109,336,569**	114,803,397
Right of use assets – Lands**	**178,036,928**	105,701,616
	287,373,497	220,505,013

Right of use assets – Silos*

The Company entered into a lease agreement with the Saudi Grains Organization for the rental of silos for the purpose of storing wheat, flour and feed. The term of the lease is 25 calendar years commencing from 3 Rabee Thani 1438H (corresponding to 1 January 2017) and is renewable automatically for a similar period (Note 21). The estimated useful lives of leased assets for depreciation purposes are 25 years. The company will bear the periodic maintenance costs incurred during the lease period. Leased assets are pledged as security for the related obligations under the lease.

Right of use assets – Lands**

The company has entered into land leases. The duration of these contracts is 25 years. These lease contracts do not transfer ownership of the assets to the lessor at the end of the contract (Note 21). The estimated useful lives of these assets for consumption calculation purposes are 23 years. During 2021, the duration of the contracts was extended by an additional 3 years

(***) Capital work in progress as of 31 December 2021mainly consist of the project of implementing security and safety works, modernizing the SCADA system with MMC panels, the medium voltage project in Dammam branch and flour silo coating project in Kharj branch. The capital commitments relating to this amount is 11,5 million SAR (31 December 2020: 6 million).

(****)Depreciation expenses for the year were allocated as follows:

	31 December 2021 SR	*31 December 2020 SR*
Cost of sales (note 15)	**37,192,183**	34,495,609
Selling and distribution expenses (note 16)	**3,414,930**	3,942,743
General and administrative expenses (note 17)	**1,742,656**	1,387,333
	42,349,769	39,825,685

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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7. INVENTORIES

	31 December 2021 SR	*31 December 2020 SR*
Spare parts	**80,968,489**	74,349,730
Raw materials	**24,579,360**	30,524,880
Finished goods *	**7,356,486**	8,688,454
Goods in transit	**2,961,546**	968,280
Less: Provision for slow moving inventory	**(19,898,431)**	(19,328,842)
	95,967,450	95,202,502

** The cost of finished goods includes direct costs and indirect costs; indirect costs are allocated based on the quantities produced.*

Movement in allowance for slow moving inventory

	31 December 2021 SR	*31 December 2020 SR*
At the beginning of the year	**(19,328,842)**	(18,617,200)
Charged during the year (note 13)	**(569,589)**	(711,642)
At end of the year	**(19,898,431)**	(19,328,842)

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2021 SR	*31 December 2020 SR*
Letters of credit and Letters of guarantee (note 18)	**6,579,142**	8,014,559
Prepayments (*)	**1,611,487**	1,504,459
Other receivables	**219,312**	473,326
	8,409,941	9,992,344

(a) Prepayments mainly includes insurance and allowances of employees and others.

9. CAPITAL

The Company's share capital is divided into 47,390,317 shares of SR 10 each (31 December 2020: 47,390,317 shares of SR 10 each).

On 3 Safar 1441H (Corresponding to 2 October 2019), The Extraordinary General Assembly decided to increase the company's capital from 500,000 SR to 473,903,170 SR, this is by transferring SAR 473,403,170 from the other reserves account to the calculated proposed capital increase, for a total to 47,390,317 shares. Legal proceedings related to the capital increase were completed during the year ended December 31, 2020.

On 17 Shawal 1441H (Corresponding to 9 June 2020), The Council of Ministers announced a resolution to transfer the ownership of the company to the National Center for Privatization. All legal formalities regarding the transfer of ownership were completed during the year.

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the company sold its entire shares, amounting to 47,390,317 shares, the value of each share is 10 SR, to Gulf Flour Milling Industrial Company for the purchase price specified in the share sale and purchase agreement on the same date. All legal formalities regarding the transfer of ownership were completed during the year.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

10. LEASE LIABLITIES

	2021	*2020*
	SR	*SR*
As at January	**241,965,177**	246,967,032
Additions	**78,889,815**	-
Annual finance charges	**15,288,330**	12,517,286
Paid during the year	**(19,740,765)**	(17,519,141)
Closing balance - Present value for defined benefits obligation	**316,402,557**	241,965,177
Current	**22,233,169**	17,519,141
Non-current	**294,169,388**	224,446,036

11. EMPLOYEES' DEFINED BENEFITS OBLIGATION

	2021	*2020*
	SR	*SR*
At the beginning of the year	**816,367**	367,227
Current service cost	**352,815**	449,140
Paid benefits	**(94,403)**	-
At the end of the year	**1,074,780**	816,367

12. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2021	*2020*
	SR	*SR*
Trade payables	**46,901,768**	100,584,221
Accrued expenses*	**11,372,506**	11,818,894
VAT Payable	**1,752,732**	-
Other payables	**237,118**	92,159
	60,264,124	112,495,274

* Accrued expenses consist of accrued electricity expenses, rent, professional services, and employee related expenses.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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13. ZAKAT AND INCOME TAX PAYABLE

The zakat and income tax charged for the year consist of the following:

	2021 ***SR***
Zakat charged for the year	**83,051**
Income tax charged for the year	**122,700**
	205,751

13.1 Zakat

The zakat provision for the year is calculated based on the following:

	2021 ***SR***
Equity	**654,956,238**
Opening provisions and other adjustments	**312,164,897**
Book value of long-term assets and other liabilities	**(943,984,820)**
	23,136,315
Zakat Base on Saudi partners' shares at 66.67%	**1,267,807**
Income for the year subject to zakat	**2,014,842**
Zakat accrued	**83,051**

Movement in Zakat provision and accrued income during the year:

	2021 ***SR***
At the beginning of the year	**-**
Charged for the year	**205,751**
Paid during the year	**-**
At the end of the year	**205,751**

13.2 Zakat And tax assessments

The company was not subject to zakat as its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority (ZATCA). According to the transformation of the Fourth milling Company into a mixed company as of 11/30/2021, the company submitted a request to update the registration data for the purpose of issuing an information declaration for the period from 01/01/2021 to 30/11/2021 and issuing a mixed declaration for the period from 01/12/2021 to 31/12/2021, the submitted application is still under process.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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14. SALES

	2021	*2020*
	SR	*SR*
Flour	**232,222,434**	249,269,472
Feed	**49,551,175**	53,005,118
Bran	**54,524,282**	42,966,594
	336,297,891	345,241,184

The Company sells its goods based on sale orders from customers, secured by the advance receipts of value of goods.

14.1 Disaggregation of revenue

Sales are disaggregated by type of sector, customer, duration of contracts and timing of revenue recognition as shown below:

	2021	*2020*
	SR	*SR*
Type of sector		
Corporate sector	**300,821,753**	315,911,072
Individual sector	**35,476,138**	29,330,112
	336,297,891	345,241,184
Type of customer		
Non-government	**336,297,891**	345,241,184
	336,297,891	345,241,184
Duration of contracts		
Less than one year	**336,297,891**	345,241,184
	336,297,891	345,241,184

Performance obligation
The sale of goods by the Company is recognized at a point in time basis. The performance obligation is satisfied at time of dispatch of goods from the warehouse.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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15. COST OF SALES

	2021 **SR**	2020 SR
Raw material consumed	**128,655,870**	140,962,550
Salaries and other benefits	**44,184,283**	44,585,063
Depreciation of property, plant and equipment and right of use assets (note 6)	**37,192,183**	34,495,609
Fuel and Power	**11,606,633**	11,438,219
Insurance	**2,883,663**	3,361,692
Rent	**585,726**	559,751
Provision for slow moving inventory (note 7)	**569,589**	711,642
Other direct costs	**3,532,246**	4,444,790
	229,210,193	240,559,316
Finished goods at the beginning of the year	**8,688,455**	9,002,994
Total production cost prepared for sale during the year	**237,898,648**	249,562,310
Finished goods at the end of the year (note 7)	**(7,356,486)**	(8,688,455)
	230,542,162	240,873,855

16. SELLING AND DISTRIBUTION EXPENSES

	2021 SR	*2020 SR*
Salaries and other benefits	**4,670,796**	4,509,570
Depreciation of property, plant and equipment and right of use assets (note 6)	**3,414,930**	3,942,743
Fuel and Power	**960,082**	1,314,738
Insurance	**328,737**	386,401
Rent	**67,325**	105,136
Other expenses	**896,265**	169,770
	10,338,135	10,428,358

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 SR	*2020 SR*
Salaries and other benefits	**20,197,475**	22,029,303
Consultation and services	**3,045,853**	6,771,712
Insurance	**2,148,475**	880,415
Depreciation of property, plant and equipment and right of use assets (note 6)	**1,742,656**	1,387,333
Board and committees' expenses, rewards and allowances (note 22)	**1,092,000**	1,767,250
Fuel and power	**797,590**	813,565
Amortization of Intangible assets (note 5)	**63,037**	91,131
Rent	**20,197**	24,564
Other expenses	**2,450,574**	2,027,651
	31,557,857	35,792,924

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

18. CAPITAL COMMITMENTS AND CONTINGENT LIABLILTIES

Contingent liabilities
As of 31 December 2021, the company had contingent liabilities arose during its normal business cycle, and related to letters of credit and letters of guarantee limited to SR 6.6 million (31 December 2020: SR 8 million). (Note 8)

19. FINANCIAL INSTRUMENTS

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

	31 December 2021 SR	*31 December 2020 SR*
Financial assets at amortized cost:		
Cash at banks	**67,256,012**	50,130,756

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

	31 December 2021 SR	*31 December 2020 SR*
Financial liabilities at amortized cost:		
Trade payables and other current liabilities	**60,264,124**	112,495,274
Lease liabilities	**316,402,557**	241,965,177
Total	**376,666,681**	354,460,451

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 Company's financial assets consist of bank balances. Its financial liabilities consist of trade and other payables, obligations under finance lease and amounts due to related parties.

The management assessed that fair value of Cash at banks; amounts due to related parties, trade and other payables and obligations under finance lease approximate their carrying amounts, largely due to the short-term maturities of these instruments.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
Level 2 — inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
Level 3 — unobservable inputs that is considered with the lowest priority

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

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

There were no transfers between levels of fair value measurements in 2021 and 2020. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

20. FINACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's activities expose it to a variety of financial risks that include credit risk, liquidity risk, and market risk. These financial risks are actively managed by the Company's Finance Department under strict policies and guidelines approved by the Board of Directors. The Company's Finance Department actively monitors market conditions minimizing the volatility of the funding costs of the Company. There were no changes in the policies for managing these risks.

Credit risk

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

The Company is exposed to credit risk on its bank balances as follows:

	31 December 2021 SR	*31 December 2020 SR*
Financial assets at amortized cost:		
Cash at banks	**67,256,012**	50,130,756

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on amounts due from related parties is limited as amounts due from related parties represent inter-related balances of an operating nature. Cash balances are held with banks with sound credit ratings as below:

Banks	***Rating*** ***Long term***	***Rating*** ***short term***	***Rating Agency***	***31 December 2021 SR***	*31 December 2020*
Saudi British Bank	**A-1**	**P-1**	Moody`s	**500,000**	500,000
Banque Saudi Fransi	**A-1**	**P-1**	Moody`s	**66,756,012**	49,630,756
				67,256,012	50,130,756

Trade receivables

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

The Company limits its exposure to credit risk from trade receivables by establishing and maintaining a cash-based mode of conducting business. As the advance of customer is received before any supply of goods, the Company is not exposed to any such credit risk on trade receivables.

Expected credit loss assessment for accounts and other receivables:

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

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

The loss allowance as of 31 December 2021, and 31 December 2020 was determined to be not required as the Company has a cash only business, hence no adjustment of the same has been made in these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (continued)

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

Excessive risk concentration:
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarizes the maturities of the Company's financial liabilities based on contractual payment dates and current market interest rates as following.

31 December 2021

	On demand	*Less than 3 months*	*3 to 12 Months*	*1 to 5 years*	*More than 5 years*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*
Trade payables and other current liabilities	**11,774,937**	-	**48,489,187**	**-**	**-**	**60,264,124**
Lease liabilities	-	-	**22,233,169**	**33,492,154**	**260,677,234**	**316,402,557**
	11,774,937	-	**70,722,356**	**33,492,154**	**260,677,234**	**376,666,681**

31 December 2020

	On demand	*Less than 3 months*	*3 to 12 Months*	*1 to 5 years*	*More than 5 years*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*
Trade payables and other current liabilities	-	-	112,495,274	-	-	112,495,274
Lease liabilities	-	-	17,519,141	24,059,850	200,386,186	241,965,177
	-	-	130,014,415	24,059,850	200,386,186	354,460,451

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

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

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (continued)

Market risk- continued

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). However, as the Company primarily deals in USD and Euro (immaterial), with the majority being in USD, which is pegged with SR, the Company's exposure to foreign currency risk is immaterial. No sensitivity for foreign currency risk is presented due to its minimal effect on the financial statements.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. However, as the Company does not have any instrument carrying such risk, it is not exposed to interest rate risk.

Equity price risk
This is the susceptibility of a Company's listed and unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Company manages equity price risk through diversification and sets limits for each equity instrument separately and in aggregate. Reports on equity portfolio are regularly reported to Senior Management. As the Company has no such investments in the aforementioned securities, it is not exposed to such risk.

Capital Management

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (continued)

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt trade and other payables, accrued expenses and obligations under finance lease, less Cash at banks.

	31 December 2021 SR	*31 December 2020 SR*
Trade payables and other current liabilities	**60,264,124**	112,495,274
Lease liabilities	**316,402,557**	241,965,177
Less: Cash at banks	**(67,256,012)**	(50,130,756)
Net debt	**309,410,669**	304,329,695
Shareholders' equity	**651,796,264**	601,733,626
Total capital	**961,206,933**	906,063,321
Gearing ratio	**32%**	34%

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

21. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the profit and share data used in the basic and diluted EPS computations:

	31 December 2021 SR	*31 December 2020 SR*
Profit for the year	**50,062,638**	44,548,880
Weighted average number of ordinary shares for basic EPS	**47,390,317**	47,390,317
Earnings per share – basic and diluted	**1.06**	0.94

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of the financial statements.

22. RELATED PARTY TRANSACTIONS

Related parties represent the shareholders and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are on are arm's length transaction basis.

The following table shows the total amount of transactions conducted with related parties during the year ended December 31, 2021 and December 31, 2020

		Purchase of wheat and other raw materials SR	***Prepayments SR***	***Lease contract obligations- Finance cost SR***
Second Milling Company	**2021**	**-**	**-**	**-**
	2020		3,974,084	-
Saudi Grain Organization	**2021**	**92,310,050**	**-**	**19,743,242**
	2020	114,066,060	-	17,519,141

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the company transferred all of its shares to Gulf Flour Milling Industrial Company. These transactions represent transactions with related parties on the date those transactions were completed.

Transactions with key management personnel
Compensation of the Company's key management personnel includes salaries and other benefits. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2021

22. RELATED PARTY TRANSACTIONS – (continued)

Compensation of key management personnel of the Company

	2021	*2020*
	SR	*SR*
Compensation of key management personnel of the Company		
Board and committees' expenses, rewards and allowances (Note 17)	**1,092,000**	1,767,250
Compensation of key management personnel of the Company (*)	**1,504,562**	1,460,543

(*) Compensation of key management personnel of the Company

Employees short term benefits	**1,413,927**	1,361,093
Post-employment pension and medical benefits	**90,635**	99,450
Total compensation paid to key management personnel	**1,504,562**	1,460,543

23. COMPARETIVE FIGURES

Certain comparative figures of the prior year have been reclassified to conform with the presentation of the current year figures.

24. IMPACT OF NOEL CORONAVIRUS (COVID-19) OUTBREAK

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organization qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company to re-assess its judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020.

During the year ended 31 December 2021, management has re-assessed the overall impact on the Company's operations and business aspects, and considered factors like effects on supply chain, impact of volatility in oil prices. Based on this assessment, no adjustments were made in the financial statements for the period ended 31 December 2021.

The situation surrounding COVID-19 and its impact on global economic conditions, may continue to impact the Company's business, results of operations. The situation remains uncertain and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact Company's business and overall potential impact of COVID-19 on Company's business, operations and financial condition.

25. SUBSEQUENT EVENTS

In the opinion of management, there were no material events subsequent to the period of preparation period of these financial statements and before the date of issuance of our audit report that may have a material impact on the company's financial statements.

26. DATE OF AUTHORIZATION

These financial statements were authorized for issuance by the Company's Board of Directors on 27 Shaaban 1443H (corresponding to 30 March 2022).

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2022

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INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company)

Opinion
We have audited the financial statements of The Fourth Milling Company (Owned by One Person) - A Saudi Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as of 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements
The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Building a better working world

INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company) (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Building a better working world

INDEPENDENT AUDITOR'S REPORT
To the Owner of The Fourth Milling Company (Owned by One Person)
(A Saudi closed Joint Stock Company) (continued)

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

for Ernst & Young Professional Services

Hesham A. Alatiqi
Certified Public Accountant
License No. (523)

Riyadh: 11 Shawwal 1444H
(01 May 2023)

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As of 31 December 2022

	Notes	***31 December 2022 SR***	*31 December 2021 SR*
ASSETS			
NON–CURRENT ASSETS			
Intangible assets	5	**55,870,767**	5,558,575
Property, plant and equipment and right of use assets	6	**835,747,327**	858,244,379
TOTAL NON-CURRENT ASSETS		**891,618,094**	863,802,954
CURRENT ASSETS			
Inventories	7	**80,324,114**	95,967,450
Due from related parties	8	**969,296**	-
Trade receivables	9	**2,786,082**	-
Prepayments and other current assets	10	**10,652,232**	8,409,941
Cash and bank balances	11	**164,661,627**	67,256,012
TOTAL CURRENT ASSETS		**259,393,351**	171,633,403
TOTAL ASSETS		**1,151,011,445**	1,035,436,357
EQUITY AND LIABILITIES			
EQUITY			
Capital	12	**473,903,170**	473,903,170
Statutory reserve		**26,079,424**	9,611,152
Retained earnings		**255,164,391**	168,281,942
TOTAL EQUITY		**755,146,985**	651,796,264
NON-CURRENT LIABILITIES			
Lease liabilities	13	**286,503,026**	294,169,388
Employees' defined benefits obligation	15	**1,418,025**	1,074,780
TOTAL NON-CURRENT LIABILITITES		**287,921,051**	295,244,168
CURRENT LIABILITIES			
Zakat and Income tax payable	17	**13,846,462**	205,751
Trade and other payables	16	**59,531,894**	60,264,124
Lease liabilities	13	**22,594,258**	22,233,169
Due to related parties	8	**2,574,702**	190,052
Advances from customers		**9,396,093**	5,502,829
TOTAL CURRENT LIABILITIES		**107,943,409**	88,395,925
TOTAL LIABILITIES		**395,864,460**	383,640,093
TOTAL EQUITY AND LIABILITIES		**1,151,011,445**	1,035,436,357

The attached notes 1 to 29 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	*31 December 2022 SR*	*31 December 2021 SR*
Sales	18	**578,319,339**	336,297,891
Direct cost	19	**(316,569,601)**	(230,542,162)
GROSS PROFIT		**261,749,738**	105,755,729
EXPENSES			
Selling and distribution expenses	20	**(31,835,517)**	(10,338,135)
General and administrative expenses	21	**(38,477,761)**	(31,557,857)
TOTAL EXPENSES		**(70,313,278)**	(41,895,992)
OPERATING PROFIT		**191,436,460**	63,859,737
Finance costs	13	**(14,927,896)**	(15,288,330)
Other income		**2,258,697**	1,696,982
Loss on sale of slow-moving inventory		**-**	-
PROFIT BEFORE ZAKAT AND INCOME TAX		**178,767,261**	50,268,389
Zakat and Income tax	17	**(13,846,462)**	(205,751)
PROFIT FOR THE YEAR		**164,920,799**	50,062,638
OTHER COMPREHENSIVE INCOME			-
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods			
Remeasurement loss of employees' defined benefit liabilities		**(238,078)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**164,682,721**	50,062,638
Basic and diluted earnings per share	25	**3.48**	1.06

The attached notes 1 to 29 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For year ended 31 December 2022

	Paid capital *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Total* *SR*
As of 1 January, 2022	**473,903,170**	**9,611,152**	**168,281,942**	**651,796,264**
Profit for the year	-	-	164,920,799	**164,920,799**
Other comprehensive income	-	-	(238,078)	**(238,078)**
Total comprehensive income	-	-	164,682,721	**164,682,721**
Transfer to statutory reserve	-	16,468,272	(16,468,272)	-
Dividend paid	-	-	(61,332,000)	**(61,322,000)**
As of 31 December, 2022	**473,903,170**	**26,079,424**	**255,164,391**	**755,146,985**
As of 1 January, 2021	473,903,170	4,604,888	123,225,568	601,733,626
Profit for the year	-	-	50,062,638	50,062,638
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	50,062,638	50,062,638
Transfer to statutory reserve	-	5,006,264	(5,006,264)	-
As of 31 December, 2021	**473,903,170**	**9,611,152**	**168,281,942**	**651,796,264**

The attached notes 1 to 29 form part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	31 December 2022 SR	31 December 2021 SR
OPERATING ACTIVITIES			
Profit for the year before zakat and income tax		**178,767,261**	50,268,389
Adjustments to reconcile profit to net cash flows:			
Depreciation of property, plant and equipment and right of use assets	6	**45,728,272**	42,349,769
Amortization of intangible assets	5	**40,448**	63,037
Finance cost on obligations under lease contracts	13	**14,927,896**	15,288,330
Provision for slow moving inventory		**-**	569,589
(Loss) from sales of property, plant and equipment		**17,744**	–
Provision for employees defined benefit obligations	15	**284,500**	258,413
Expected credit losses of trade receivables	9	**168,402**	-
		239,934,523	108,797,527
Changes in operating assets and liabilities:			
Inventories		**15,643,336**	(1,334,537)
Prepayments and other current assets		**(2,242,291)**	1,582,403
Trade and other payables		**(732,230)**	(52,231,566)
Advances from customers		**3,893,264**	635,441
Due from related parties		**(969,296)**	-
Trade receivables		**(2,954,484)**	-
Due to related parties		**2,384,650**	190,052
Cash from operations		**15,022,949**	(51,158,207)
Employees' defined benefits paid	15	**(179,333)**	-
Tax paid		**(122,700)**	-
Zakat paid		**(83,051)**	-
Net cash flows from operating activities		**254,572,388**	57,639,320
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**434,782**	–
Purchase of intangible assets		**(50,352,640)**	(2,078,458)
Purchase of property, plant and equipment		**(23,683,746)**	(18,694,841)
Net cash flows used in investing activities		**(73,601,604)**	(20,773,299)
FINANCING ACTIVITIES			
Payments of interest obligations under lease contacts		**(14,927,896)**	(15,288,330)
Payments of principal obligations under lease contacts		**(7,305,273)**	(4,452,435)
Dividend paid		**(61,332,000)**	-
Net cash flows used in financing Activities		**(83,565,169)**	(19,740,765)
Net increase in cash at banks		**97,405,615**	17,125,256
Cash at banks at the beginning of the year		**67,256,012**	50,130,756
Cash at banks at the end of the year		**164,661,627**	67,256,012
SIGNIFICANT NON-CASH TRANSACTIONS:			
Additions to right of use assets (Note 6)		-	78,890,231

The attached notes 1 to 29 form part of these financial statements.

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The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
As of 31 December 2022

1. CORPORATE INFORMATION

Fourth Milling Company is a One Person Closed Joint Stock Company (the "Company'') was incorporated in Dammam in the Kingdom of Saudi Arabia on 10 Safar 1438H (corresponding to 10 November 2016). The Company's licensed activities include flour production in 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 was formed by the Public Investment Fund (the "Owner") pursuant to the resolution of the Council of Ministers No. (35) of 27 Muharram 1437H (corresponding to 9 November 2015) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the Saudi Grains Organization ("SAGO"), shall do so in accordance with Royal Decree No. 62 dated 4 Shawwal 1435H (corresponding to 31 July 2014). On 17 Shawwal 1441H (corresponding to 9 July 2020) the resolution of the Council of Ministers No. 631 states to transfer the ownership to Specialized Committee, and for the Specialized Committee to handle the task that was handled to Public Investment Fund as stated in The Council of Ministers' resolution No. (118) dated 21 Safar 1440H (corresponding to 30 October 2018) (note 12).

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the Company sold its entire shares, amounting to 47,390,317 shares, the value of each share is 10 SR, to Gulf Flour Milling Industrial Company for the purchase price specified in the share sale and purchase agreement on the same date (Note 12).

The Company has entered into a subsidized wheat purchase agreement with the Saudi Grains Organizations (''SAGO'') as SAGO imports wheat to Saudi Arabia for the purpose of producing subsidized flour. This Agreement shall enter into force on 3 Rabea II 1438H (corresponding to 1 January 2017) and shall be terminated when the Owner sells its shares in the Company. The agreement stipulates that the subsidized wheat subsidy price is calculated according to the monetary value per metric ton of subsidized wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020), the wheat purchase agreement was extended and this agreement is valid until the expiry date of the license of the main purchaser (the "Company").

The Company operates through its Head Office in Dammam and three branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

City	*Date*	*Commercial Registration Number*
Head Office (Dammam)	9 Jumada Althani 1438H (corresponding to 28 March 2017)	2050110856
Dammam	9 Jumada Althani 1438H (corresponding to 28 March 2017)	2050111821
Madinah	9 Jumada Althani 1438H (corresponding to 28 March 2017)	4650082090
Kharj	9 Jumada Althani 1438H (corresponding to 28 March 2017)	1011024354

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

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

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Saudi Riyals ("SR"), which is also the Company's functional currency.

2.2 Summary of significant accounting polices

a) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

b) Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

b) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
- Level 2 — inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3 — unobservable inputs that are considered with the lowest priority.

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in note 19.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

Computer software
Computer software licenses are capitalised on the basis of the costs incurred when specific software was purchased and configured for use. Amortisation is charged to the statement of profit or loss on a straight-line basis over the useful life of 6 to 10 years.

The Fourth Milling Company (Owned by One Person)
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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

c) Intangible assets (continued)

Trademark
Acquired trademark by name of FOOM brand are stated at cost less impairment loss (note 5). Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Entity and is therefore considered to have an indefinite useful life. The useful life of the trademark is reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. These are reviewed for impairment annually and whenever there is an indication that the intangible asset may be impaired.

d) Property, plant and equipment

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

decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Assets Categories	**Useful lives**	**Assets Categories**	**Useful lives**
Buildings	25 – 50 years	Furniture and fittings	6.67 - 10 years
Plant and machinery	10 - 25 years	Motor Vehicles	5 years
Computer equipment	6.67 years		

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

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

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

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

e) Leases

Right of Use Assets

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

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)
2.2 Summary of significant accounting policies – (continued)

e) Leases (continued)

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

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of rent contracts (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to low-value assets which are items that do not meet the Company's capitalization threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Company determines the lease term as he non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

f) Financial instruments – initial recognition and subsequent measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Company does not have trade receivables as the consideration is received in cash at the time the sale is made.

Subsequent measurement
Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as

The Fourth Milling Company (Owned by One Person)
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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

f) Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:
• The rights to receive cash flows from the asset have expired; Or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans including bank overdrafts and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as "held for trading" if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments that have been concluded by the Company and are not designated as hedging instruments in accordance with IFRS 9. Derivatives included in other separate financial instruments are classified as "held for trading" unless they are designated as effective hedging instruments.

The Fourth Milling Company (Owned by One Person)
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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

Financial liabilities at fair value through profit or loss (continued)

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

f) Financial instruments – initial recognition and subsequent measurement

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the

derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

g) Inventories

Cost is determined as follows:

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

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

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

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

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

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

i) Employee benefits (continued)

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

Past service costs are recognized in income on the earlier of:
- The date of the plan amendment or curtailment, and
- The date on which the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under "general and administrative expenses" in the statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- Net interest expense or income.

j) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.
The Company calculates the impairment in value on the basis of detailed budgets and projections, which are prepared separately for each of the cash-generating units of the company to which the individual assets are allocated. These budgets and projections usually cover a five-year period. The long-term growth rate is calculated and applied to expected future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

k) Revenue from contracts with customers

The Company is involved in manufacturing of flour, feed and bran (by-product). The revenue is recognized when the goods are transferred to the customer, which is the time when these are dispatched from the premises of the Company. The revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on dispatch of goods. All sales are made on either cash or credit basis only, and thus payment of transaction price becomes due immediately when the customer purchases the products and the control of the products is transferred to the customer at the same time. The customer also has the right to return the product if it is damaged and can claim refund or replace the product. Other income is recognized when it is earned.
The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

(i) Variable consideration

If the consideration provided for in the contract includes a variable amount, the company estimates the amount of the consideration it is entitled to in return for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Since all sales are made on cash basis, there is no financing component with amounts receivable from customers.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

l)Provisions

General

Provision are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.2 Summary of significant accounting policies – (continued)

m) Zakat and Taxes

Zakat
Zakat provision is set in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. The zakat provision is estimated and charged to the consolidated statement of comprehensive income. Any differences in estimates are recorded when the final assessment is approved, at which point the provision is settled.

Income tax
Non-GCC shareholders are subject to income taxes. The current income tax provision is calculated in accordance with the tax regulations issued or effective at the end of the financial period. The management periodically evaluates the positions taken in tax returns regarding cases in which the applicable tax regulations are subject to interpretation. It makes a provision, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax on temporary differences between the carrying amount of assets and liabilities is recognized in the consolidated financial statements and the corresponding tax bases used in calculating taxable profit. Deferred tax liabilities are normally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available that can be used against the deductible temporary differences and unused tax losses. Such deferred tax assets and liabilities are not recognized when temporary differences and unused tax losses arise from the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affect neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized when temporary differences arise from the initial recognition of goodwill.

Withholding tax
The Company withhold taxes on transactions with non-resident parties in accordance with GAZT regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax "VAT"
Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

n) Statutory reserve
In accordance with Saudi Arabian Companies law and Company`s By-Laws, the Company must transfer 10% of its net income in each year to the statutory reserve. As per the Company`s By-Laws, the Company may resolve to discontinue such transfers when the reserve equals 30% of the capital. This reserve is not available for distribution.

o) Foreign currencies
The Company's financial statements are presented in Saudi Riyal, which is also the company's functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss and other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.3 Summary of significant accounting policies – (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

p) Operating profit
Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes finance costs and other non-operating expenses.

q) Selling, distribution, general and administration Expenses
Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of sales. Allocations between cost of sales and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

2.4 New and amended standards and interpretations

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

2. SIGNIFICANT ACCOUNTING POLICIES – (continued)

2.5 Summary of significant accounting policies – (continued)

The amendments apply to annual periods beginning on or after January 1, 2022, with early application permitted. There is no material impact on the company's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Determining lease term for leases with termination option — Company as lessee
The Company has entered into lease agreements for land in relation to construct its offices and warehouses and to conduct its operations. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease's arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.
- At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Employees' defined benefit plans
The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4. SEGMENT INFORMATION

The operations of the company are mainly in the Kingdom of Saudi Arabia. The operations of the Company are in three branches: Dammam, Madinah and Kharj.

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

4. SEGMENT INFORMATION – (continued)

The selected financial information for these branches are as follows.

For the year ended 31 December 2022	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Total revenue	244,002,955	176,939,230	157,377,154	-	578,319,339
Cost of inventories	(86,959,209)	(29,792,944)	(69,937,548)	-	(186,689,701)
Employee benefits expenses	(20,530,813)	(28,925,915)	(16,541,053)	(22,625,211)	(88,622,992)
Depreciation and amortization	(14,125,203)	(18,751,142)	(12,381,255)	(511,120)	(45,768,720)
Other expenses	(31,013,259)	(28,546,069)	(11,674,749)	(9,495,285)	(80,729,362)
Other income	185,252	508,425	269,054	1,295,966	2,258,697
Segment profit (loss) before zakat and income tax	**91,559,723**	**71,431,585**	**47,111,603**	**(31,335,650)**	**178,767,261**

For the year ended 31 December 2021	*Dammam*	*Madinah*	*Kharj*	*Head office*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Total revenue	148,494,180	89,804,890	97,998,821	-	**336,297,891**
Cost of inventories	(59,697,365)	(34,924,771)	(34,608,341)	-	**(129,230,477)**
Employee benefits expenses	(16,580,315)	(26,543,729)	(13,304,092)	(13,716,419)	**(70,144,555)**
Depreciation and amortization	(11,436,117)	(18,416,260)	(12,071,065)	(504,700)	**(42,428,142)**
Other expenses	(16,464,840)	(17,081,486)	(6,884,188)	(5,492,796)	**(45,923,310)**
Other income	435,617	399,763	42,107	819,495	**1,696,982**
Segment profit (loss)	**44,751,160**	**(6,761,593)**	**31,173,242**	**(18,894,420)**	**50,268,389**

As of 31 December, 2022	*Dammam*	*Madinah*	*Kharj*	*Head office*	***Total***
	SR	*SR*	*SR*	*SR*	***SR***
Total assets	269,341,516	416,583,964	257,255,791	207,830,174	**1,151,011,445**
Total liabilities	168,610,326	171,046,530	28,127,854	28,079,750	**395,864,460**
Other disclosures:					
Property, plant and equipment	222,470,342	370,096,323	240,836,135	2,344,527	**835,747,327**
Right of use assets	145,201,471	147,783,182	16,112,631	-	**309,097,284**
Inventory	34,558,715	35,303,908	10,449,159	12,332	**80,324,114**

As of 31 December, 2021	*Dammam*	*Madinah*	*Kharj*	*Head office*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Total assets	274,395,918	423,141,868	263,254,433	74,644,138	1,035,436,357
Total liabilities	161,872,461	187,176,589	22,454,312	12,136,730	383,640,092
Other disclosures:					
Property, plant and equipment	82,227,886	251,445,522	234,853,087	2,344,387	570,870,882
Right of use assets	137,844,537	134,820,594	14,708,366	-	287,373,497
Inventory	52,113,274	33,104,495	10,749,681	-	95,967,450

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

5. INTANGIBLE ASSETS

	Software	*Intangible assets under implementation*	*Trade Mark with indefinite useful life*	*Total*
	SR	*SR*	*SR*	*SR*
Cost				
As of 1 January, 2021	345,195	3,408,226	-	3,753,421
Additions	38,818	2,039,640	-	2,078,458
As of 31 December, 2021	384,013	5,447,866	-	5,831,879
Additions (note 5.1 & 5.2)	4,500	245,640	50,102,500	50,352,640
AS of 31 December, 2022	**388,513**	**5,693,506**	**50,102,500**	**56,184,519**
Accumulated amortization				
As of 1 January, 2021	210,267	-	-	210,267
Amortization	63,037	-	-	63,037
As of 31 December, 2021	273,304	-	-	273,304
Amortization	40,448	-	-	40,448
As of 31 December, 2022	**313,752**	**-**	**-**	**313,752**
Net book value				
As of 31 December, 2022	**74,761**	**5,693,506**	**50,102,500**	**55,870,767**
As of 31 December, 2021	**110,709**	**5,447,866**	**-**	**5,558,575**

5.1 Amortisation is charged on a straight-line basis over the useful life of 6 to 10 years.

5.2 Acquired trademark by name of FOOM brand are stated at cost less impairment loss. Based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Entity and is therefore considered to have an indefinite useful life.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	Building (*)	*Plant and machinery*	*Furniture and fittings*	*Computer equipment*	*Motor vehicles*	*Right of use Assets (**)*	*Capital work in progress (***)*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*
Cost								
As of 1 January, 2021	227,825,140	442,269,624	3,148,959	3.369,524	2,587,561	252,381,301	9,521,686	941,103,795
Additions during the year	23,400	2,226,368	545,188	256,277	-	78,890,231	15,643,608	97,585,072
Transfer from CWIP	5,340,226	5,611,596	-	1,443,689	-	-	(12,395,511)	-
As of 31 December, 2021	**233,188,766**	**450,107,588**	**3,694,147**	**5,069,490**	**2,587,561**	**331,271,532**	**12,769,783**	**1,038,688,867**
Additions during the year	2,565,291	9,734,238	307,982	439,280	-	-	10,636,955	23,683,746
Disposal during the year	-	(945,422)	(3,265)	-	-	-	-	(948,687)
Transfer from CWIP	6,151,095	6,338,225		1,409,337		-	(13,898,657)	-
As of 31 December 2022	**241,905,152**	**465,234,629**	**3,998,864**	**6,918,107**	**2,587,561**	**331,271,532**	**9,508,081**	**1,061,423,926**
Accumulated depreciation								
As of 1 January, 2021	15,376,599	87,590,131	1,691,256	1,085,278	475,167	31,876,288	-	138,094,719
Charged during the year (***)	6,785,844	22,306,313	249,494	497,820	488,551	12,021,747	-	**42,349,769**
As of 31 December, 2021	**22,162,443**	**109,896,444**	**1,940,750**	**1,583,098**	**963,718**	**43,898,035**	-	**180,444,488**
Charge for the year (****)	7,076,898	23,376,322	285,764	862,270	488,551	13,638,467	-	45,728,272
Disposal during the year		(492,900)	(3,261)					(496,161)
As of 31 December, 2022	**29,239,341**	**132,779,866**	**2,223,253**	**2,445,368**	**1,452,269**	**57,536,502**	**-**	**225,676,599**
Net book value								
At 31 December 2022	**212,665,811**	**332,454,763**	**1,775,611**	**4,472,739**	**1,135,292**	**273,735,030**	**9,508,081**	**835,747,327**
At 31 December 2021	211,026,323	340,211,144	1,753,397	3,486,392	1,623,843	287,373,497	12,769,783	858,244,379

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

(*) The buildings are built on land leased from the Saudi Grains Organization ("SAGO") with an annual rental value of SR 6,913,789. The term of the lease is 25 calendar years commencing from 3 Rabee Thani 1438H (corresponding to 1 January 2017) and is automatically renewable for a similar period with both parties approval along with active milling license.

Right of use assets **

	31 December 2022 SR	*31 December 2021 SR*
Right of use assets – Silos*	**103,869,740**	109,336,569
Right of use assets – Lands**	**169,865,290**	178,036,928
	273,735,030	287,373,497

Right of use assets – Silos*

The Company entered into a lease agreement with the Saudi Grains Organization ("SAGO") for the rental of silos for the purpose of storing wheat, flour and feed. The term of the lease is 25 calendar years commencing from date of milling license from 26 Rabee Thani 1443H (corresponding to 1 December 2021). The estimated useful lives of leased assets for depreciation purposes are 25 years. The company will bear the periodic maintenance costs incurred during the lease period. Leased assets are pledged as security for the related obligations under the lease.

Right of use assets – Lands**

The company has entered into land leases. The duration of these contracts is 25 years. These lease contracts do not transfer ownership of the assets to the lessor at the end of the contract (Note 21). The estimated useful lives of these assets for depreciation calculation purposes are 23 years. During 2021, the duration of the contracts was extended by an additional 3 years.

(***) Capital work in progress as of 31 December 2022 mainly consist of the project of implementing security and safety works, modernizing the SCADA system with MMC panels, the medium voltage project in Dammam branch and flour silo coating project in Kharj branch and is expected to be completed by 1 December 2023. The capital commitments relating to this amount is 9.5 million SAR (31 December 2021: 12.7 million).

(****)Depreciation expenses for the year were allocated as follows:

	31 December 2022 SR	*31 December 2021 SR*
Cost of sales (note 19)	**39,372,621**	37,192,183
Selling and distribution expenses (note 20)	**4,511,154**	3,414,930
General and administrative expenses (note 21)	**1,844,497**	1,742,656
	45,728,272	42,349,769

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

7. INVENTORIES

	31 December 2022 SR	*31 December 2021 SR*
Spare parts	**71,893,139**	80,968,489
Raw materials	**22,001,355**	24,579,360
Finished goods	**6,175,233**	7,356,486
Goods in transit	**152,818**	2,961,546
Less: Provision for slow moving inventory	**(19,898,431)**	(19,898,431)
	80,324,114	95,967,450

Movement in allowance for slow moving inventory

	31 December 2022 SR	*31 December 2021 SR*
At the beginning of the year	**(19,898,431)**	(19,328,842)
Charged during the year (note 19)	**-**	(569,589)
At end of the year	**(19,898,431)**	(19,898,431)

8. DUE FROM AND DUE TO RELATED PARTY

Related parties represent affiliated companies, the partners, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by the Company and such parties. Pricing policies and terms of these transactions are approved by the Company's management. Further transactions are disclosed in (note 26).

Due from related parties	***31 December 2022 SR***	*31 December 2021 SR*
Abdullah Al-Othaim Markets Company	**576,853**	
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	**318,032**	-
Riyadh Industries Company	**74,411**	-
	969,296	-

Due to related party	***31 December 2022 SR***	*31 December 2021 SR*
United Feed Manufacturing Company	**2,574,702**	190,052
	2,574,702	190,052

9. TRADE RECEIVABLES

	31 December 2022 SR	*31 December 2021 SR*
Trade receivable	**2,954,484**	-
Less: Provision for expected credit loss	**(168,402)**	-
	2,786,082	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

9. TRADE RECEIVABLES (continued)

All credit customers are within Saudi Arabia.

The average credit period for the accounts receivable is 90 days (2021: Nil days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the accounts receivable as at 31 December 2022, there are 5 customers (2021: Nil customers) which represent more than 86.56 % (2021: Nil %) of the total receivables. Trade receivables during the year are neither past due nor impaired.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2022 SR	*31 December 2021 SR*
Advance to suppliers	**3,675,840**	-
Letter of Guarantee	**2,941,373**	2,571,414
Prepayments	**2,034,646**	1,823,685
Letter of credit	**1,639,227**	4,007,728
Deposits	**340,126**	-
Staff loans and advances	**21,020**	7,114
	10,652,232	8,409,941

11.CASH AND BANK BALANCES

	31 December 2022 SR	*31 December 2021 SR*
Cash at bank	**84,617,343**	67,256,012
Fixed deposit (note 11.1)	**80,000,000**	-
Cash in hand	**44,284**	-
	164,661,627	67,256,012

11.1 Cash at bank includes term deposit amounting to SR 80 million (2021: Nil) in Riyad Bank. The average return on deposit is 5.67% (2021: Nil) during the year ended 31 December 2022.

12. CAPITAL

The Company's share capital is divided into 47,390,317 shares of SR 10 each (31 December 2021: 47,390,317 shares of SR 10 each).

On 17 Shawal 1441H (Corresponding to 9 June 2020), The Council of Ministers announced a resolution to transfer the ownership of the company to the National Center for Privatization. All legal formalities regarding the transfer of ownership were completed during the year.

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the company sold its entire shares, amounting to 47,390,317 shares, the value of each share is 10 SR, to Gulf Flour Milling Industrial Company for the purchase price specified in the share sale and purchase agreement on the same date. All legal formalities regarding the transfer of ownership were completed during the year 2021.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

13. LEASE LIABLITIES

	2022 SR	2021 SR
As at January	**316,402,557**	241,965,177
Additions	**-**	78,889,815
Annual finance charges	**14,927,896**	15,288,330
Paid during the year	**(22,233,169)**	(19,740,765)
Closing balance - Present value for defined benefits obligation	**309,097,284**	316,402,557
Current	**22,594,258**	22,233,169
Non-current	**286,503,026**	294,169,388

The following are the amounts recognized in profit and loss:

	31 December 2022 SR	31 December 2021 SR
Depreciation expense of right to use assets	**13,638,467**	12,021,747
Interest expense on lease liabilities	**14,927,896**	15,288,330
	28,566,363	27,310,077

The maturity analysis of lease liabilities is disclosed in Note 24.

14. ADVANCE FROM CUSTOMERS

	2022 SR	2021 SR
Advance from customers (note 14.1)	**9,396,093**	5,502,829
	9,396,093	5,502,829

14.1 These advance from customers are not received as security and will be adjusted against the purchases made by the respective customers.

15. EMPLOYEES' DEFINED BENEFITS OBLIGATION

	2022 SR	2021 SR
At the beginning of the year	**1,074,780**	816,367
Current service cost	**284,500**	352,816
Remeasurement loss due to actuarial valuation	**238,078**	-
Paid benefits	**(179,333)**	(94,403)
At the end of the year	**1,418,025**	1,074,780

Details of employees' terminal benefits charged to the statement of comprehensive income are as follows:

	2022 SR	2021 SR
Net interest amount charged on the net defined benefit liability	**32,243**	-
Current service costs	**252,257**	-
Actuarial loss recognized in other comprehensive income	**238,078**	-
	522,578	-

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(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

15. EMPLOYEES' DEFINED BENEFITS OBLIGATION (CONTINUED)

The principal actuarial assumptions used are as follows:

	2022	*2021*
Discount rate	**4.20%**	-
Increments	**4.20%**	-

The sensitivity of the defined benefit obligation to charges in the weighted principal assumptions as at 31 December 2022 is:

	Original	**Increase / (decrease) in present value of the defined benefit obligation**	
		%	**Amount (SR)**
Discount rate	**1,418,025**	+1%	**1,320,268**
		-1%	**1,528,790**
Salary increase rate	**1,418,025**	+1%	**1,513,148**
		-1%	**1,332,163**
Employee turnover rate	**1,418,025**	+10%	**1,417,884**
		-10%	**1,418,162**
Withdrawal rate	**1,418,025**	+10%	**1,378,974**
		-10%	**1,460,979**

16. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2022	*2021*
	SR	*SR*
Trade payables	**26,837,549**	46,901,768
Accrued expenses (Note 16.1)	**31,648,588**	11,372,506
VAT Payable	**1,022,006**	1,752,732
Other payables	**23,751**	237,118
	59,531,894	60,264,124

16.1 Accrued expenses consist of accrued electricity expenses, rent, professional services, and employee related expenses.

17. ZAKAT AND INCOME TAX PAYABLE

The zakat and income tax charged for the year consist of the following:

	2022	*2021*
	SR	*SR*
Income tax charged for the year	**10,855,342**	122,700
Zakat charged for the year	**2,991,120**	83,051
	13,846,462	205,751

The Fourth Milling Company (Owned by One Person)
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NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

17.1 Zakat

The zakat provision for the year is calculated based on the following:

	2022	*2021*
	SR	*SR*
Equity	**768,993,447**	**654,956,238**
Opening provisions and other adjustments	**335,584,044**	**312,164,897**
Book value of long-term assets and other liabilities	**(963,511,233)**	**(943,984,820)**
	141,066,258	**23,136,315**
Zakat Base on Saudi partners' shares at 66.67%	**94,668,277**	**1,267,807**
Income for the year subject to zakat	**119,644,809**	**2,014,842**
Zakat expense	**2,991,120**	**83,051**

Movement in Zakat provision and accrued income during the year:

	2022	*2021*
	SR	*SR*
At the beginning of the year	**205,751**	**-**
Charged for the year	**13,846,462**	**205,751**
Paid during the year	**(205,751)**	**-**
At the end of the year	**13,846,462**	**205,751**

17.2 Zakat And tax assessments

The company is subject to zakat as its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority (ZATCA). According to the transformation of the Fourth milling Company into a mixed company as of 30/11/2021.

18. SALES

	2022	*2021*
	SR	*SR*
Flour	**358,712,700**	232,222,434
Bran	**159,358,850**	52,478,985
Feed	**66,753,944**	51,596,472
Less: Discount	**(6,506,155)**	-
	578,319,339	336,297,891

The Company sells its goods based on sale orders from customers, secured by the advance receipts of value of goods.

18.1 Disaggregation of sales

Sales are disaggregated by type of sector, customer, duration of contracts and timing of revenue recognition as shown below:

	2022	*2021*
	SR	*SR*
Type of sector		
Corporate sector	**509,860,408**	300,821,753
Individual sector	**56,273,418**	35,476,138
Hypermarkets	**12,185,513**	**-**
	578,319,339	336,297,891

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

18. SALES (continued)

Type of product		
10-45 Flour	**318,797,593**	221,324,886
Bran	**159,358,851**	54,524,282
Feed	**66,753,944**	49,551,175
Consumer Pack	**33,408,951**	10,897,548
	578,319,339	336,297,891
Duration of contracts		
Less than one year	**578,319,339**	336,297,891
	578,319,339	336,297,891

Performance obligation
The sale of goods by the Company is recognized at a point in time basis. The performance obligation is satisfied at time of dispatch of goods from the warehouse and all sales are made in Kingdom Saudi Arabia (KSA).

19. COST OF SALES

	2022 SR	2021 SR
Raw material consumed	**195,314,217**	128,655,870
Salaries and other benefits	**54,155,084**	44,184,283
Depreciation of property, plant and equipment and right of use assets (note 6)	**39,372,621**	37,192,183
Electricity	**14,981,341**	11,606,633
Insurance	**3,880,729**	2,883,663
Transportation	**887,919**	852,046
Rent	**595,168**	585,726
Provision for slow moving inventory (note 7)	**-**	569,589
Other direct costs	**6,201,269**	2,680,200
	315,388,348	229,210,193
Finished goods at the beginning of the year	**7,356,486**	8,688,455
Total production cost prepared for sale during the year	**322,744,834**	237,898,648
Finished goods at the end of the year (note 7)	**(6,175,233)**	(7,356,486)
	316,569,601	230,542,162

20. SELLING AND DISTRIBUTION EXPENSES

	2022 SR	*2021 SR*
Transportation	**14,359,278**	816,542
Salaries and other benefits	**7,827,662**	4,670,796
Depreciation of property, plant and equipment and right of use assets (note 6)	**4,511,154**	3,414,930
Other expenses	**2,833,563**	79,723
Electricity	**1,632,478**	960,082
Insurance	**444,511**	328,737
Rent	**58,469**	67,325
Expected credit losses of trade receivables (note 9)	**168,402**	
	31,835,517	10,338,135

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2022 SR	*2021 SR*
Salaries and other benefits	**26,095,245**	20,197,475
Other expenses	**4,771,577**	2,410,778
Consultation and services	**3,398,953**	3,045,853
Insurance	**1,059,636**	2,148,475
Depreciation of property, plant and equipment and right of use assets (note 6)	**1,844,497**	1,742,656
Board and committees' expenses, rewards and allowances (note 26)	**545,000**	1,092,000
Electricity	**657,081**	797,590
Amortization of Intangible assets (note 5)	**40,448**	63,037
Transportation	**50,741**	39,796
Rent	**14,583**	20,197
	38,477,761	31,557,857

22. CAPITAL COMMITMENTS AND CONTINGENT LIABLILTIES

Contingent liabilities
As of 31 December 2022, the company had contingent liabilities arose during its normal business cycle, and related to letters of credit and letters of guarantee limited to SR 4.6 million (31 December 2021: SR 6.6 million). (Note 10)

23. FINANCIAL INSTRUMENTS

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

	31 December 2022 SR	*31 December 2021 SR*
Financial assets at amortized cost:		
Cash and bank balances	**164,661,627**	67,256,012
Trade receivables	**2,786,082**	-
Due from related parties	**969,296**	-
	168,417,005	67,256,012

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

	31 December 2022 SR	*31 December 2021 SR*
Financial liabilities at amortized cost:		
Lease liabilities	**309,097,284**	316,402,557
Trade payables and other current liabilities	**59,531,894**	60,264,124
Amounts due to related parties	**2,574,702**	190,052
Total	371,203,880	376,856,733

23. FINANCIAL INSTRUMENTS (continued)

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 Company's financial assets consist of due from related parties, trade receivables and cash at bank balances. Its financial liabilities consist of trade and other payables, obligations under finance lease and amounts due to related parties.

The management assessed that fair value of Cash at banks; amounts due to related parties, trade receivables, trade and other payables and obligations under finance lease approximate their carrying amounts, largely due to the short-term maturities of these instruments.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
Level 2 — inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
Level 3 — unobservable inputs that is considered with the lowest priority

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

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

There were no transfers between levels of fair value measurements in 2022 and 2021. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

24. FINACIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's activities expose it to a variety of financial risks that include credit risk, liquidity risk, and market risk. These financial risks are actively managed by the Company's Finance Department under strict policies and guidelines approved by the Board of Directors. The Company's Finance Department actively monitors market conditions minimizing the volatility of the funding costs of the Company. There were no changes in the policies for managing these risks.

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

	31 December 2022 SR	*31 December 2021 SR*
Financial assets at amortized cost:		
Cash at banks	**164,617,343**	67,256,012
Trade receivables	**2,574,702**	-
Due from related parties	**969,296**	-
	168,161,341	67,256,012

The carrying amount of financial assets represent the maximum credit exposure. Credit risk on amounts due from related parties is limited as amounts due from related parties represent inter-related balances of an operating nature. Cash balances are held with banks with sound credit ratings as below:

Banks	***Rating***		***Rating Agency***	***31 December 2022 SR***	*31 December 2021*
	Long term	***short term***			
Saudi British Bank	**A-1**	**P-1**	Moody`s	**500,000**	500,000
Banque Saudi Fransi	**A-1**	**P-1**	Moody's	**44,662,877**	66,756,012
Riyad Bank	**A-1**	**P-1**	Moody`s	**119,454,466**	-
				164,617,343	67,256,012

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

The Company limits its exposure to credit risk from trade receivables by establishing and maintaining a cash-based mode of conducting business. As the advance of customer is received before any supply of goods, the Company is not exposed to any such credit risk on trade receivables.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

Expected credit loss assessment for accounts and other receivables:

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

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

The loss allowance as of 31 December 2022, was determined using expected credit loss method and same has been disclosed in these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (continued)

Liquidity risk

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

Excessive risk concentration:

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarizes the maturities of the Company's financial liabilities based on contractual payment dates and current market interest rates as following.

31 December 2022

	On demand SR	*Less than 3 months SR*	*3 to 12 Months SR*	*1 to 5 years SR*	*More than 5 years SR*	*Total SR*
Trade payables and other current liabilities	**17,420,408**	-	**42.111,486**	-	-	**59,531,894**
Amount due to related parties	**2,574,702**	-	-	-	-	**2,574,702**
Lease liabilities	-	-	**22,594,258**	**91,179,316**	**195,323,710**	**309,,097,284**
	19,995,110	-	**64,705,744**	**91,179,316**	**195,323,710**	**371,203,880**

31 December 2021

	On demand SR	*Less than 3 months SR*	*3 to 12 Months SR*	*1 to 5 years SR*	*More than 5 years SR*	*Total SR*
Trade payables and other current liabilities	11,774,937	-	48,489,187	-	-	60,264,124
Amount due to related parties	190,052					190,052
Lease liabilities	-	-	22,233,169	33,492,154	260,677,234	316,402,557
	11,964,989	-	70,722,356	33,492,154	260,677,234	376,856,733

Market risk

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

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

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (continued)

Market risk- continued

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). However, as the Company primarily deals in USD and Euro (immaterial), with the majority being in USD, which is pegged with SR, the Company's exposure to foreign currency risk is immaterial. No sensitivity for foreign currency risk is presented due to its minimal effect on the financial statements.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, as the Company does not have any instrument carrying such risk, it is not exposed to interest rate risk.

Equity price risk
This is the susceptibility of a Company's listed and unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Company manages equity price risk through diversification and sets limits for each equity instrument separately and in aggregate. Reports on equity portfolio are regularly reported to Senior Management. As the Company has no such investments in the aforementioned securities, it is not exposed to such risk.

Capital Management
For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt trade and other payables, accrued expenses and obligations under finance lease, less Cash at banks.

	31 December 2022 SR	*31 December 2021 SR*
Trade payables and other current liabilities	**59,531,894**	60,264,124
Amounts due to related parties	**2,574,702**	190,052
Lease liabilities	**309,097,284**	316,402,557
Less: Cash at banks	**(164,661,627)**	(67,256,012)
Net debt	**206,542,253**	309,600,721
Shareholders' equity	**755,146,985**	651,796,264
Total capital	**961,689,238**	961,396,985
Gearing ratio	**21%**	32%

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

25. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the profit and share data used in the basic and diluted EPS computations:

	31 December 2022 SR	*31 December 2021 SR*
Total comprehensive income for the year	**164,682,721**	50,062,638
Weighted average number of ordinary shares for basic EPS	**47,390,317**	47,390,317
Earnings per share – basic and diluted	**3.48**	1.06

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of the financial statements.

26. RELATED PARTY TRANSACTIONS

Related parties represent affiliated companies, the partners, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by the Company and such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Significant related party transactions during the year were as follows:

Related parties	*Nature of transactions*	*Amounts of transactions* ***2022 SR***	*2021 SR*
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	Sales	**901,603**	-
	Payment	**583,571**	-
Riyadh Industries Company	Sales	**570,202**	-
	Payments	**495,791**	-
Abdullah Al-Othaim Markets Company	Sales	**7,064,444**	-
	Payment	**6,487,591**	-
United Feed Manufacturing Company	Sale	**39,245,267**	-
	Payment	**41,629,917**	-

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
As of 31 December 2022

26. RELATED PARTY TRANSACTIONS (Continued)

Balances with related parties included in the statements of financial statement have are as follows:

	2022		*2021*	
	2022		*2021*	
	Due from related parties SR	***Due to related party SR***	*Due from related parties SR*	*Due to related party SR*
Associates:				
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	**318,032**	**-**	-	-
Riyadh Industries Company	**74,411**	**-**	-	-
Abdullah Al-Othaim Markets Company	**576,853**	**-**	-	-
United Feed Manufacturing Company		**2,574,702**	-	190,052

On 25 Rabi' al-Thani 1443 (corresponding to November 30, 2021), the company transferred all of its shares to Gulf Flour Milling Industrial Company. These transactions represent transactions with related parties on the date those transactions were completed.

Transactions with key management personnel
Compensation of the Company's key management personnel includes salaries and other benefits. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

Compensation of key management personnel of the Company

	2022 SR	*2021 SR*
Compensation of key management personnel of the Company		
Board and committees' expenses, rewards and allowances (Note 21)	**545,000**	1,092,000
Compensation of key management personnel of the Company (*)	**5,860,131**	1,504,562
(*) Compensation of key management personnel of the Company		
Employees short term benefits	**5,692,698**	1,413,927
Post-employment pension and medical benefits	**167,433**	90,635
Total compensation paid to key management personnel	**5,860,131**	1,504,562

27. COMPARETIVE FIGURES

Certain comparative figures of the prior year have been reclassified to conform with the presentation of the current year figures.

28. SUBSEQUENT EVENTS

In the opinion of management, there were no material events subsequent to the period of preparation period of these financial statements and before the date of issuance of our audit report that may have a material impact on the company's financial statements.

29. DATE OF AUTHORIZATION

These financial statements were authorized for issuance by the Company's Board of Directors on 11 Shawwal 1444H (corresponding to 01 May 2023).

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2023

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS
31 December 2023

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY (OWNED BY ONE PERSON)
(A SAUDI CLOSED JOINT STOCK COMPANY)

Opinion
We have audited the financial statements of The Fourth Milling Company (Owned by One Person) – A Saudi Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as of 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY (OWNED BY ONE PERSON)
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY (OWNED BY ONE PERSON)
(A SAUDI CLOSED JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

for Ernst & Young Professional Services

Hesham A. Alatiqi
Certified Public Accountant
License No. (523)

Riyadh: 23 Ramadan 1445H
(2 April 2024)

EY
CR 1010383821
Ernst & Young Professional Services (Professional LLC)

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
As of 31 December 2023

	Notes	**31 December 2023 SR**	31 December 2022 SR (Restated note 29)	1 January 2022 SR (Restated note 29)
ASSETS				
NON–CURRENT ASSETS				
Property, plant and equipment	6	**531,967,099**	545,595,598	556,333,554
Right-of-use assets	7	**362,491,047**	385,512,508	399,150,975
Intangible assets	8	**56,720,504**	55,870,767	5,558,575
TOTAL NON-CURRENT ASSETS		**951,178,650**	986,978,873	961,043,104
CURRENT ASSETS				
Inventories	9	**55,968,172**	80,324,114	95,967,450
Prepayments and other current assets	10	**15,574,892**	10,652,232	8,409,941
Amounts due from related parties	23	**22,766,936**	969,296	-
Accounts receivables	11	**5,210,534**	2,786,082	-
Cash and cash equivalents	12	**106,343,470**	164,661,627	67,256,012
TOTAL CURRENT ASSETS		**205,864,004**	259,393,351	171,633,403
TOTAL ASSETS		**1,157,042,654**	1,246,372,224	1,132,676,507
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	**473,903,170**	473,903,170	473,903,170
Proposed increase in share capital	13	**66,096,830**	-	-
Statutory reserve	13	**-**	26,079,424	9,611,152
Actuarial reserve		**(425,315)**	(238,078)	-
Retained earnings		**143,438,669**	238,985,770	153,744,614
TOTAL EQUITY		**683,013,354**	738,730,286	637,258,936
LIABILITIES				
NON-CURRENT LIABILITIES				
Non-current portion of lease liabilities	7	**379,268,327**	398,108,189	405,946,866
Employees' defined benefit liabilities	14	**3,919,993**	1,418,025	1,074,780
Deferred tax liabilities, net	18	**5,805,761**	-	-
TOTAL NON-CURRENT LIABILITITES		**388,994,081**	399,526,214	407,021,646
CURRENT LIABILITIES				
Accounts payables	15	**22,402,300**	28,304,111	46,901,768
Accrued expenses and other liabilities	16	**26,728,013**	31,227,783	13,362,356
Amounts due to related parties	23	**1,490,643**	2,574,702	190,052
Current portion of lease liabilities	7	**22,986,091**	22,766,573	22,233,169
Advances from customers	17	**10,508,589**	9,396,093	5,502,829
Zakat and income tax provision	18	**919,583**	13,846,462	205,751
TOTAL CURRENT LIABILITIES		**85,035,219**	108,115,724	88,395,925
TOTAL LIABILITIES		**474,029,300**	507,641,938	495,417,571
TOTAL EQUITY AND LIABILITIES		**1,157,042,654**	1,246,372,224	1,132,676,507

The attached notes 1 to 31 form an integral part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	***31 December 2023 SR***	*31 December 2022 SR (Restated note 29)*
Revenue	19	**565,636,888**	578,319,339
Direct costs	20	**(306,187,624)**	(318,204,654)
GROSS PROFIT		**259,449,264**	260,114,685
EXPENSES			
Selling and distribution	21	**(52,494,166)**	(32,023,454)
General and administration	22	**(43,123,896)**	(38,534,142)
TOTAL EXPENSES		**(95,618,062)**	(70,557,596)
OPERATING PROFIT		**163,831,202**	189,557,089
Finance costs	7	**(7,882,296)**	(14,927,896)
Finance income	12	**5,530,145**	340,126
Other expense		**(4,079,205)**	-
Other income		**283,992**	1,918,571
PROFIT BEFORE ZAKAT AND INCOME TAX		**157,683,838**	176,887,890
Zakat	18	**(2,745,766)**	(2,991,120)
Deferred income tax	18	**(5,805,761)**	-
Income tax	18	**(6,315,324)**	(10,855,342)
PROFIT FOR THE YEAR		**142,816,987**	163,041,428
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit and loss in subsequent periods			
Remeasurement loss on employees' defined benefit liabilities	14	**(187,237)**	(238,078)
		(187,327)	(238,078)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**142,629,750**	162,803,350
EARNINGS PER SHARE			
Basic earnings per share	25	**3.01**	3.44
Diluted earnings per share	25	**2.65**	3.44

The attached notes 1 to 31 form an integral part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital	***Proposed increase in share capital***	***Statutory reserve***	***Actuarial reserve***	***Retained earnings***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***	***SR***
At 1 January 2023	473,903,170	-	26,079,424	(238,078)	238,985,770	**738,730,286**
Profit for the year	-	-	-	-	142,816,987	**142,816,987**
Other comprehensive loss	-	-	-	(187,237)	-	**(187,237)**
Total comprehensive income	-		-	(187,237)	142,816,987	**142,629,750**
Proposed increase in share capital	-	66,096,830	(26,079,424)	-	(40,017,406)	-
Dividends paid (note 24)	-	-	-	-	(198,346,682)	**(198,346,682)**
At 31 December 2023	**473,903,170**	**66,096,830**	-	**(425,315)**	**143,438,669**	**683,013,354**

	Share capital	*Proposed increase in share capital*	*Statutory reserve*	*Actuarial reserve*	*Retained earnings*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*
At 1 January 2022	473,903,170	-	9,611,152	-	168,281,942	651,796,264
Adjustment on correction of error (note 29)	-	-	-	-	(14,537,328)	(14,537,328)
At 1 January 2022 (restated)	473,903,170	-	9,611,152	-	153,744,614	637,258,936
Profit for the year (restated)	-	-	-	-	163,041,428	163,041,428
Other comprehensive loss	-	-	-	(238,078)	-	(238,078)
Total comprehensive income (restated)	-		-	(238,078)	163,041,428	162,803,350
Transfer to statutory reserve	-	-	16,468,272	-	(16,468,272)	-
Dividends paid (note 24)	-	-	-	-	(61,332,000)	(61,332,000)
At 31 December 2022 (restated)	473,903,170	-	26,079,424	(238,078)	238,985,770	738,730,286

The attached notes 1 to 31 form an integral part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

STATEMENT OF CASHFLOWS
For the year ended 31 December 2023

	Notes	***31 December 2023 SR***	*31 December 2022 SR*
OPERATING ACTIVITIES			
Profit for the year before zakat and income tax		**157,683,838**	176,887,890
Adjustments to reconcile profit before zakat and income tax to net cash flows:			
Depreciation of property, plant and equipment	6	**35,491,830**	33,969,176
Depreciation of right-of-use assets	7	**19,285,394**	13,638,467
Amortisation of intangible assets	8	**33,509**	40,448
Finance cost on lease liabilities	7	**7,882,296**	14,927,896
Finance income	12	**(5,530,145)**	(340,126)
Loss on disposal of property, plant and equipment		**-**	17,744
Provision of expected credit losses of accounts receivables	11	**715,965**	168,402
Provision for employees defined benefit obligations	14	**2,477,101**	284,500
		218,039,788	239,594,397
Changes in operating assets and liabilities:			
Inventories		**11,760,398**	15,643,336
Prepayments and other current assets		**(5,122,141)**	(1,902,165)
Amounts due from related parties		**(21,797,640)**	(969,296)
Accounts receivables		**(3,140,417)**	(2,954,484)
Accounts payables		**(5,901,811)**	(20,064,219)
Accrued expenses and other liabilities		**(4,499,770)**	19,331,989
Amounts due to related parties		**(1,084,059)**	2,384,650
Advances from customers		**1,112,496**	3,893,264
Cash from operations		**189,366,844**	254,957,472
Zakat and income tax paid		**(21,987,969)**	(205,751)
Employees' defined benefit liabilities paid	14	**(162,370)**	(179,333)
Net cash flows from operating activities		**167,216,505**	254,572,388
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(9,267,787)**	(23,683,746)
Purchase of intangible assets		**(883,246)**	(50,352,640)
Finance income received		**5,729,626**	-
Proceeds from disposal of property, plant and equipment		**-**	434,782
Net cash flows used in investing activities		**(4,421,407)**	(73,601,604)
FINANCING ACTIVITIES			
Payments of principal portion of lease liabilities		**(14,884,277)**	(7,305,273)
Finance costs paid on lease liabilities		**(7,882,296)**	(14,927,896)
Dividends paid		**(198,346,682)**	(61,332,000)
Net cash flows used in financing activities		**(221,113,255)**	(83,565,169)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(58,318,157)**	97,405,615
Cash and cash equivalents at the beginning of the year		**164,661,627**	67,256,012
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**106,343,470**	164,661,627
Significant non-cash transactions			
Classification of capital spares from inventories to property, plant and equipment, net book value		**12,595,444**	-

The attached notes 1 to 31 form an integral part of these financial statements.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2023

1 CORPORATE INFORMATION

The Fourth Milling Company is a Saudi Closed Joint Stock Company (the "Company'') owned by One Person, and registered in Dammam, Kingdom of Saudi Arabia under commercial registration numbered 2050110856 dated 10 Safar 1438H (corresponding to 10 November 2016).

The national address of the Company is Building no. 7210, King Abdulaziz Road, King Abdulaziz Sea Port District, Dammam 32211, Kingdom of Saudi Arabia.

The Company's licensed activities include packing and milling of wheat, maize, Barley and rice, production of flour from rice, manufacture of flour and dough for bakeries, manufacture of concentrated fooder for animal, manufacture of cattle fodder, preparation, milling and pressing of animal feed, animal food and feed stores, storage in warehouse of grain silos, flour and agricultural products, storage of goods in foreign trade zones, wholesale of bakery products and trade of special and healthy food.

The Company was formed by the Public Investment Fund (the "Former Owner") pursuant to the resolution of the Council of Ministers no. (35) of 27 Muharram 1437H (corresponding to 9 November 2015) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")), completed so in accordance with Royal Decree no. 62 dated 4 Shawwal 1435H (corresponding to 31 July 2014).

On 17 Shawwal 1441H (corresponding to 9 July 2020) the resolution of the Council of Ministers No. 631 states to transfer the ownership to Specialized Committee, and for the Specialized Committee to handle the task that was handled to Public Investment Fund as stated in The Council of Ministers' resolution no. (118) dated 21 Safar 1440H (corresponding to 30 October 2018).

On 25 Rabi Al-Thani 1443H (corresponding to 30 November 2021), the Company's share capital of 47,390,317 shares, the value of each share is 10 SR, were wholly sold to Gulf Flour Milling Industrial Company ("the Shareholder") for the purchase price specified in the share sale and purchase agreement on the same date.

The Company has entered into a subsidised wheat purchase agreement with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organizations (''SAGO'')) as GFSA imports wheat to Saudi Arabia for the purpose of producing subsidised flour. This Agreement shall enter into force on 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017) and shall be terminated when the Former Owner sells its shares in the Company. The agreement stipulates that the subsidised wheat subsidy price is calculated according to the monetary value per metric ton of subsidised wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020), the agreement regulating the purchase and sale of subsidised and non-subsidised wheat has been renewed by GFSA, and this agreement is valid until the expiry date of the license of the main purchaser (the "Company").

The Company operates through its Head Office in Dammam and three branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

City	*Date*	*Commercial Registration Number*
Head Office (Dammam)	10 Safar 1438H (corresponding to 10 November 2016)	2050110856
Dammam	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	2050111821
Madinah	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	4650082090
Kharj	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	1011024354

2 BASIS OF PREPARATION

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

Basis of measurement
These financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for employees' defined benefit liabilities which is recognised at the present value of future obligations using the projected unit credit method. These financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

3 MATERIAL ACCOUNTING POLICY INFORMATION

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Fair value measurement
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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
- Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3 - unobservable inputs that are considered with the lowest priority.

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

Computer software
Computer software licenses are capitalised on the basis of the costs incurred when specific software was purchased and configured for use. Amortisation is charged to the statement of profit or loss on a straight-line basis over the useful life of 6 to 10 years.

Trademark
Trademark by name of FOOM brand was acquired and assessed as having indefinite useful life. It is stated at cost less accumulated impairment, if any.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment
Property, plant, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use (if any) is included in the cost of the respective asset if the recognition criteria for a provision are met, which is not applicable for the Company.

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

Categories	**Useful lives**	**Categories**	**Useful lives**
Buildings	25 years	Furniture and fittings	6.67 - 10 years
Plant and machinery	10 - 25 years	Motor Vehicles	5 years
Computer equipment	6.67 years	Capital spares	20 years

Depreciation of plant is calculated on the useful lives of the components of the principal asset. Certain inventories meeting the definition of property, plant and equipments are also depreciation on the useful lives of particular component.

The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. .

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

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

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

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

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the year on which the event or condition that triggers the payment occurs.

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to low-value assets which are items that do not meet the Company's capitalisation threshold and are insignificant for the statement of financial position for the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over lease term.

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Company does not have trade receivables as the consideration is received in cash at the time the sale is made.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Initial recognition and measurement (continued)
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Out of above, only below is applicable to the Company:

Financial assets at amortised cost (debt instruments) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes bank balances, accounts receivables, amounts due from related parties and other receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; OR
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Company could be required to repay.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Impairment
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payables, short-term loans, long-term loans and lease liabilities.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Offsetting a financial asset and a financial liability
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

Inventories
Cost is determined as follows:

Finished goods	Direct cost of raw materials as well as overheads, the latter of which is allocated based on the normal level of activity. Finished goods are stated at cost or net realisable value, whichever is lower with provision for any obsolete or slow-moving goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of inventory on the basis of weighted average method.
Wheat (Raw material)	Weighted average which is SR 180 / metric ton (Note 1)
Other raw materials	Weighted average
Spare parts	Costs are assigned to individual items of inventory on the basis of weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced by its cost; the impairment loss is recognised immediately in statement of profit or loss.
Goods in-transit	Inventories are stated at cost plus freight and other related expense.

Impairment of non-financial assets
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)
Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Company assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

Employees' benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position under accrued and other expenses.

Employees' defined contribution plan
The Company has defined plans with General Organization for Social Insurance ("GOSI") where the Company and the employees contribute fixed percentage of their salary toward the retirement of its employees. The contribution paid during the year amounts to SR 4.47 million (2022: SR 4.37 million).

Employees' defined benefit liabilities
The Company operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit liabilities is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit liabilities is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

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

Past service costs are recognised in statement of profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit liabilities under 'direct costs', 'general and administration expenses' and 'selling and distribution expenses' in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income

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At 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers
The Company is involved in manufacturing of flour, feed and bran (by-product). The revenue is recognised when control of the goods are transferred to the customer, which is the time when these are dispatched from the warehouse of the Company or the goods are delivered to the customer, as the case may be. The revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch or delivery of the goods.

The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Majority of the customer sales are on cash or advance basis. The normal credit term is 30 to 60 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration
The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers do not contain any provisions which may result in variable consideration.

Rights of return
The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Significant financing component
Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Since all revenue is generated on cash basis, there is no financing component with amounts receivable from customers.

Non-cash consideration
Generally, there is no non-cash consideration against the sale of goods.

Contract balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

Trade receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Contract balances (continued)

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets
A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Zakat and taxes

Zakat
Zakat is calculated in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the statement of profit or loss. Any differences in estimates are recorded when the final assessment is approved, at which point the provision is settled.

Income tax
Non-GCC shareholders are subject to income taxes. The current income tax provision is calculated in accordance with the income tax regulations issued or effective at the end of the financial period in Kingdom of Saudi Arabia. Management periodically evaluates the positions taken in tax returns regarding cases in which the applicable tax regulations are subject to interpretation. It makes a provision, where appropriate, based on amounts expected to be paid to the tax authorities.

Withholding tax
The Company withhold taxes on transactions with non-resident parties in accordance with ZATCA regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and taxes (continued)

Value added tax ("VAT")
Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and taxes (continued)

Deferred tax (continued)
Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended standards and interpretations (continued)

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Company's financial statements.

International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules.

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but it is required to be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Climate-related matters
The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of silos and land as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

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

Determining lease term for leases with termination option — Company as lessee

The Company has entered into lease agreements for land in relation to construct its offices and warehouses and to conduct its operations. The Company has evaluated based on the terms and conditions of the arrangements that the significant risks and rewards of ownership of these assets are retained by the lessor hence have been accounted for as operating leases. In making such assessment, management considered that the following key factors are applicable to its lease's arrangements:

- Lease agreements do not transfer the assets' ownership to the lessor at the end of the lease.
- The Company has no option to purchase the asset.
- The lease term is not for the major part of the economic life of the asset.

At the inception of the lease, the present value of the minimum lease payments is not amounting to substantially all the fair value of the leased asset.

Estimated useful lives of property, plant and equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation on a straight-line basis over their estimated useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at each annual reporting period and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses of trade receivables and amounts due from related parties

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Leases - Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Provisions
By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Zakat and income tax
Zakat and income tax has been computed based on the management's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. Zakat, Tax and Customs Authority ("ZATCA") continues to issue circulars to clarify certain zakat and income tax regulations which are usually enforced on all open years. Zakat and income tax provision as computed by the management could be different from zakat and income tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

Valuation of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their market value. For individually significant amounts this estimation is performed on an individual basis.

Employees' defined benefit plans
The cost of the employees' defined benefit liabilities and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

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5 SEGMENT INFORMATION

The operations of the Company are mainly in the Kingdom of Saudi Arabia in three branches: Dammam, Madinah and Kharj. For management reporting purpose, the Company is organised into these business units which are identified as reportable segments. No operating segments have been aggregated to form the above reportable operating segments.

Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM") who 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 profit or loss and is measured consistently in the financial statements. Also, the finance income) and zakat and income tax are managed on a head office level and are not allocated to operating segments. All reportable segments have similar type of products. There are no inter-segment transfers during the year (2022: same).

The selected financial information for these branches are as follows.

For the year ended 31 December 2023	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Revenue	**250,747,173**	**178,875,813**	**136,013,902**	**-**	**565,636,888**
Raw materials consumed	**(90,329,945)**	**(50,633,887)**	**(52,118,238)**	**-**	**(193,082,070)**
Employees' costs	**(17,853,178)**	**(18,964,727)**	**(13,689,970)**	**(26,219,365)**	**(76,727,240)**
Depreciation and amortisation	**(16,503,522)**	**(23,879,678)**	**(13,736,234)**	**(691,299)**	**(54,810,733)**
Finance costs	**(4,947,726)**	**(2,384,072)**	**(263,053)**	**(287,445)**	**(7,882,296)**
Finance income	**-**	**-**	**-**	**5,530,145**	**5,530,145**
Other expenses	**(24,505,384)**	**(26,474,489)**	**(13,210,534)**	**(16,790,449)**	**(80,980,856)**
Segment profit (loss) before zakat and income tax	**96,607,418**	**56,538,960**	**42,995,873**	**(38,458,413)**	**157,683,838**

For the year ended 31 December 2022 (restated)	*Dammam*	*Madinah*	*Kharj*	*Head office*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Revenue	243,902,955	176,939,230	157,477,154	-	578,319,339
Raw materials consumed	(92,491,047)	(33,889,055)	(68,934,115)	-	(195,314,217)
Employees' costs	(20,530,813)	(28,825,987)	(16,417,859)	(22,672,664)	(88,447,323)
Depreciation and amortisation	(14,126,106)	(19,867,315)	(13,143,551)	(511,119)	(47,648,091)
Finance costs	(7,228,073)	(6,979,465)	(720,358)	-	(14,927,896)
Finance income	-	-	-	340,126	340,126
Other expenses	(18,077,241)	(17,061,996)	(11,811,963)	(8,482,848)	(55,434,048)
Segment profit (loss) before zakat and income tax	91,449,675	70,315,412	46,449,308	(31,326,505)	176,887,890

As of 31 December, 2023	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Total assets	**296,757,258**	**438,702,805**	**245,304,337**	**176,278,254**	**1,157,042,654**
Total liabilities	**(198,247,795)**	**(219,261,478)**	**(32,692,001)**	**(23,828,026)**	**(474,029,300)**
Other disclosures:					
Property, plant and equipment	**95,838,585**	**223,075,064**	**210,737,995**	**2,315,455**	**531,967,099**
Capital expenditures	**5,246,798**	**1,725,129**	**1,801,606**	**494,254**	**9,267,787**
Right-of-use assets	**158,115,982**	**180,955,211**	**18,932,093**	**4,487,761**	**362,491,047**
Intangible assets	**-**	**-**	**-**	**56,720,504**	**56,720,504**
Inventories	**29,687,578**	**18,999,851**	**7,268,411**	**12,332**	**55,968,172**

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5 SEGMENT INFORMATION (continued)

As of 31 December, 2022 (restated)	*Dammam*	*Madinah*	*Kharj*	*Head office*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Total assets	313,361,301	468,193,640	256,987,107	207,830,176	1,246,372,224
Total liabilities	(212,746,672)	(233,017,655)	(33,997,852)	(27,879,759)	(507,641,938)
Other disclosures:					
Property, plant and equipment	91,501,463	231,121,025	220,628,582	2,344,528	545,595,598
Capital expenditures	16,975,380	2,665,063	3,572,224	471,079	23,683,746
Right-of-use assets	174,988,664	190,584,975	19,938,869	-	385,512,508
Intangible assets	-	-	-	55,870,767	55,870,767
Inventories	34,558,715	35,303,907	10,449,160	12,332	80,324,114

As of 1 January, 2022 (restated)	*Dammam*	*Madinah*	*Kharj*	*Head office*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Total assets	318,060,704	475,845,092	263,603,591	75,167,120	1,132,676,507
Total liabilities	(210,987,846)	(252,864,990)	(30,831,260)	(733,475)	(495,417,571)
Other disclosures:					
Property, plant and equipment	82,212,218	242,300,243	229,476,704	2,344,389	556,333,554
Right-of-use assets	181,880,891	196,691,719	20,578,365	-	399,150,975
Intangible assets	-	-	-	5,558,575	5,558,575
Inventories	49,380,803	33,104,495	10,749,681	2,732,471	95,967,450

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6 PROPERTY, PLANT AND EQUIPMENT

	Buildings (*) *SR*	*Plant and machinery* *SR*	*Furniture and fittings* *SR*	*Computer equipment* *SR*	*Motor vehicles* *SR*	*Capital work in progress (**)* *SR*	*Total* *SR*
Cost							
At 1 January 2022	233,188,766	450,107,588	3,694,147	5,069,490	2,587,561	12,769,783	**707,417,335**
Additions during the year	2,565,291	9,734,238	307,982	439,280	-	10,636,955	**23,683,746**
Disposals during the year	-	(945,422)	(3,265)	-	-	-	**(948,687)**
Transfers	6,151,095	6,338,225	-	1,409,337		(13,898,657)	-
At 31 December 2022	241,905,152	465,234,629	3,998,864	6,918,107	2,587,561	9,508,081	**730,152,394**
Additions during the year	137,897	4,722,577	267,459	277,839	-	3,862,015	**9,267,787**
Transferred from inventories (note 9)	-	15,880,144	-	-	-	-	**15,880,144**
Transfers	365,450	5,462,280	52,114	-	-	(5,879,844)	-
At 31 December 2023	**242,408,499**	**491,299,630**	**4,318,437**	**7,195,946**	**2,587,561**	**7,490,252**	**755,300,325**
Accumulated depreciation							
At 1 January 2022	22,162,443	109,896,444	1,940,750	1,583,098	963,718	-	**136,546,453**
Restatement (note 29)	14,537,328	-	-	-	-	-	**14,537,328**
At 1 January 2022 (restated)	36,699,771	109,896,444	1,940,750	1,583,098	963,718	-	**151,083,781**
Charge for the year (***)	8,956,269	23,376,322	285,764	862,270	488,551	-	**33,969,176**
Disposals during the year	-	(492,900)	(3,261)	-	-	-	**(496,161)**
At 31 December 2022 (restated)	45,656,040	132,779,866	2,223,253	2,445,368	1,452,269	-	**184,556,796**
Charge for the year (***)	9,106,034	24,687,354	304,189	905,702	488,551	-	**35,491,830**
Transferred from inventories (note 9)	-	3,284,600	-	-	-	-	**3,284,600**
At 31 December 2023	**54,762,074**	**160,751,820**	**2,527,442**	**3,351,070**	**1,940,820**	**-**	**223,333,226**
Net book value							
At 31 December 2023	**187,646,425**	**330,547,810**	**1,790,995**	**3,844,876**	**646,741**	**7,490,252**	**531,967,099**
At 31 December 2022 (restated)	196,249,112	332,454,763	1,775,611	4,472,739	1,135,292	9,508,081	545,595,598
At 1 January 2022 (restated)	196,488,995	340,211,144	1,753,397	3,486,392	1,623,843	12,769,783	556,333,554

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(*) Buildings are built on land leased from the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization) with an annual rental value of SR 12.7 million. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (30 November 2046). The lease is renewable automatically subject to renewal of Company's milling license.

(**) Capital work in progress as of 31 December 2023 mainly consist of:

- Project of implementing security and safety works in Dammam Branch, which is expected to be completed by June 2024;
- Supply and installation of control systems and cameras project, which has been completed in March 2024;
- Supply and installation of temperature and humidity sensitivity projects in Madinah Branch, which is expected to be completed by June 2024; and
- Flour silo coating project in Kharj Branch, which has been completed in March 2024.

The capital commitments relating to this amount is SR 3,099,220 (2022: SR 6,961,233).

(***) Depreciation expenses for the year were allocated as follows:

	31 December 2023 SR	*31 December 2022 SR (Restated, note 29)*
Direct costs (note 20)	**30,521,749**	29,142,208
Selling and distribution expenses (note 21)	**3,420,112**	3,335,268
General and administration expenses (note 22)	**1,549,969**	1,491,700
	35,491,830	33,969,176

Currently, there is no temporary idle asset (2022: none). Assets with cost amounting SR 164.87 million have been fully depreciated as of the year-end (2022: SR 164.87 million).

Disposals of property, plant and equipment
In 2022, the Company sold equipment with a total net carrying amount of SR 452,526 for a cash consideration of SR 434,783. The net loss on the disposals were recognised as part of other operating income in the statement of profit or loss.

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a lease agreement with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")) for the rental of silos for the purpose of storing wheat, flour and feed. The term of the lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in December 2021 to match with the duration of flour milling license upto 30 November 2046. and is renewable automatically subject to renewal of Company's milling license. The estimated useful lives of leased assets for amortising right-of-use assets purposes are 25 years.

The Company has entered into land leases for business units. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (i.e., 30 November 2046). These leases do not transfer ownership of the assets to the lessor at the end of the lease. The estimated useful lives of right-of-use assets are 25 years and ending on 30 November 2046.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of motor vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Silos *SR*	**Lands** *SR*	**Total** *SR*
Cost			
At 1 January 2022	136,670,711	194,600,821	**331,271,532**
Lease reassessment (note 29)	67,085,572	44,691,906	**111,777,478**
At 1 January 2022 and 31 December 2022 (restated)	203,756,283	239,292,727	**443,049,010**
Lease modification	-	(3,736,067)	**(3,736,067)**
At 31 December 2023	**203,756,283**	**235,556,660**	**439,312,943**
Accumulated depreciation			
At 1 January 2022	27,334,145	16,563,890	**43,898,035**
Charge for the year	5,466,829	8,171,638	**13,638,467**
At 31 December 2022	32,800,974	24,735,528	**57,536,502**
Charge for the year	8,646,942	10,638,452	**19,285,394**
At 31 December 2023	**41,447,916**	**35,373,980**	**76,821,896**
Net book Value			
At 31 December 2023	**162,308,367**	**200,182,680**	**362,491,047**
At 31 December 2022 (restated)	170,955,309	214,557,199	385,512,508
At 1 January 2022 (restated)	176,422,138	222,728,837	399,150,975

Depreciation expenses for the year were allocated as follows:

	31 December 2023 SR	*31 December 2022 SR (Restated, note 29)*
Direct costs (note 20)	**16,705,796**	11,865,466
Selling and distribution expenses (note 21)	**1,902,756**	1,363,847
General and administration expenses (note 22)	**676,842**	409,154
	19,285,394	13,638,467

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 December 2023 SR	*31 December 2022 SR (Restated, note 29)*
At the beginning of the year	**420,874,762**	428,180,035
Lease modification	**(3,736,067)**	-
Accretion of interest	**7,882,296**	14,927,896
Payments during the year	**(22,766,573)**	(22,233,169)
At the end of the year	**402,254,418**	420,874,762

Bifurcated into:	***31 December 2023 SR***	*31 December 2022 SR (Restated, note 29)*	*1 January 2022 SR Restated, note 29)*
Current	**22,986,091**	22,766,573	22,233,169
Non-current	**379,268,327**	398,108,189	405,946,866
	402,254,418	420,874,762	428,180,035

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7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

	31 December 2023 ***SR***	*31 December 2022* *SR* *(Restated, note 29)*	*1 January 2022* *SR* *(Restated, note 29)*
Future minimum lease payments	**541,860,356**	568,362,996	590,596,165
Less: unamortised finance charges	**(139,605,938)**	(147,488,234)	(162,416,130)
Present value of minimum lease payments	**402,254,418**	420,874,762	428,180,035
Less: current portion of lease payments	**(22,986,091)**	(22,766,573)	(22,233,169)
Non-current portion of lease payments	**379,268,327**	398,108,189	405,946,866

Following are the amounts recognised in statement of profit or loss:

	31 December 2023 ***SR***	*31 December 2022* *SR*
Depreciation expense of right-of-use assets	**19,285,394**	13,638,467
Interest expense on lease liabilities	**7,882,296**	14,927,896
Expense relating to short-term leases (included in direct costs)	**721,283**	653,637
	27,888,973	29,220,000

8 INTANGIBLE ASSETS

	Software ***SR***	***Software under implementation*** ***SR***	***Trademark*** ***SR***	***Total*** ***SR***
Cost				
At 1 January 2022	384,013	5,447,866	-	5,831,879
Additions during the year	4,500	245,640	50,102,500	50,352,640
At 31 December 2022	388,513	5,693,506	50,102,500	56,184,519
Additions during the year	16,375	866,871	-	883,246
At 31 December 2023	**404,888**	**6,560,377**	**50,102,500**	**57,067,765**
Accumulated amortisation				
At 1 January 2022	273,304	-	-	273,304
Charge for the year	40,448	-	-	40,448
At 31 December 2022	313,752	-	-	313,752
Charge for the year	33,509	-	-	33,509
At 31 December 2023	**347,261**	**-**	**-**	**347,261**
Net book value				
At 31 December 2023	**57,627**	**6,560,377**	**50,102,500**	**56,720,504**
At 31 December 2022	74,761	5,693,506	50,102,500	55,870,767
At 1 January 2022	110,709	5,447,866	-	5,558,575

Computer software
Amortisation is charged to general and administration expenses. Remaining useful life of the computer software is around 1 year.

Software under implementation
It relates to SAP ERP, which is set to go live in April 2024.

8 INTANGIBLE ASSETS (continued)

Trademark
The Company has acquired the brand name ("FOOM") from the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO") in March 2022. After the acquisition, the Company is selling the products under the brand name across the Kingdom with the exclusive rights. The acquired trademark has been designated as indefinite useful life and is stated at cost less accumulated impairment, if any.

The Company has performed its impairment test for intangible asset with indefinite useful life on 31 December 2023. The recoverable amount of all the CGUs of SR 66 million as at 31 December 2023 has been determined based on a value-in-use calculation using cash flow projections from financial budgets reviewed by senior management covering a five-year period. The weighted average cost of capital ("WACC") applied to cash flow projections is 11.7%. As at 31 December 2023, the value-in-use of the CGUs was higher than the net assets value of the Company, indicating no impairment of trademark.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of value in use is most sensitive to the following assumptions:

Relief from Royalty Method
The Company applied "Relief from Royalty Method" for the impairment calculation. This method is based on the concept that an owner of an intangible asset does not have to rent one and is therefore relieved from paying royalty. Under this method, the license agreements for comparable assets are analysed. The benchmark royalty rate is then calculated. The net revenue expected by the management is then multiplied with the benchmark rate and estimated value for royalty stream is calculated which is further discounted with the discount rate to arrive at the present value of the intangible asset. Benchmark royalty rate of 1.9% is used in the calculation. A decrease in the royalty rate by 0.55% would result in impairment.

Revenues
Revenue based on average values achieved in the three years preceding the beginning of the budget period. These have been kept consistent over the budget period. Demand is consistent for the food product. Decreased demand can lead to a decline in the gross margin. A decrease in the revenues by 28.7% would result in impairment.

Market share assumption
When using industry data for growth rates, these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Company's share in retail market to move up to 40% vs current 33% market share.

Discount rates
Discount rates represent the current market assessment of the risks specific to its CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital ("WACC"). WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-zakat discount rate.

A rise in the pre-tax discount rate to 15.6% (i.e., +3.9%) would result in impairment.

Growth rates estimates
Rates are based on detailed value creation plan with external consultant reflecting the market growth and the projection of the subsidiary for coming years. As management does not expect new competing entrant in market in the coming 10 years, management build the growth plan based on the value creation plan focusing on key enablers to gain market share in retails segment while expanding the base by on-boarding new industrial consumer.

Terminal growth rate of 2% has been applied for period after 5 years.

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8 INTANGIBLE ASSETS (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Climate-related matters
The Company constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Company does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Company's products. The Company has concluded that no single climate-related assumption is a key assumption for the 2023 test of trademark impairment.

Sensitivity analysis

Assumptions used	**Fluctuation to cause impairment**
Revenue	-28.7%
Discount rate	+3.9%
Royalty rate	-0.55%

9 INVENTORIES

	31 December 2023 SR	*31 December 2022 SR*	*1 January 2022 SR*
Spare parts and others	**36,789,364**	71,893,139	80,968,489
Raw materials	**28,150,915**	22,001,355	24,579,360
Finished goods	**7,636,514**	6,175,233	7,356,486
Other inventories	**5,210**	152,818	2,961,546
Less: allowance for slow moving inventory	**(12,753,021)**	(19,898,431)	(19,898,431)
Less: allowance for scrap items	**(3,860,810)**	-	-
	55,968,172	80,324,114	95,967,450

Movement in allowance for slow moving inventories

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**19,898,431**	19,898,431
Reclassified as allowance for scrap	**(3,860,810)**	
Transferred to property, plant and equipment (note 6)	**(3,284,600)**	-
At the end of the year	**12,753,021**	19,898,431

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2023 SR	*31 December 2022 SR*	*1 January 2022 SR*
Advance to suppliers	**10,199,235**	3,675,840	-
Margin against letter of guarantees	**2,625,640**	2,941,373	2,571,414
Prepaid expenses	**2,499,415**	2,034,646	1,823,685
Accrued income on short-term deposits	**140,645**	340,126	-
Staff loans and advances	**54,085**	21,020	7,114
Other receivables	**55,872**	-	-
Margin against letter of credits	**-**	1,639,227	4,007,728
	15,574,892	10,652,232	8,409,941

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11 ACCOUNTS RECEIVABLES

	31 December 2023 SR	*31 December 2022 SR*	*1 January 2022 SR*
Accounts receivables	**6,094,901**	2,954,484	-
Less: provision for expected credit losses	**(884,367)**	(168,402)	-
	5,210,534	2,786,082	-

Accounts receivables are non-interest bearing and are generally on terms of 30 to 60 days. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured. Refer to note 27 on credit risk of accounts receivable, which explains how the Company manages and measures credit quality of accounts receivables that they are neither past due nor impaired.

There are 5 customers which represent more than 67% (2022: 87%) of the total gross accounts receivables.

Movement in provision for expected credit losses is presented below:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**168,402**	-
Charge for the year	**715,965**	168,402
At the end of the year	**884,367**	168,402

12 CASH AND CASH EQUIVALENTS

	31 December 2023 SR	*31 December 2022 SR*	*1 January 2022 SR*
Short-term deposits*	**82,967,570**	80,000,000	-
Cash at bank	**23,287,854**	84,617,343	67,256,012
Cash in hand	**88,046**	44,284	-
	106,343,470	164,661,627	67,256,012

**Short-term deposits are deposited into a commercial bank for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earns interest at floating rate based on daily bank deposit rate. Effective interest rate is 5.38%.*

13 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital is divided into 47,390,317 shares of SR 10 each (31 December 2022: 47,390,317 shares of SR 10 each), owned by Gulf Flour Milling Industrial Company ("the Shareholder").

The ultimate shareholding of the Company is disclosed below:

Ultimate shareholder	Number of Shares	Share Value	Total
Abdullah Alothaim Markets Company	50,000	1,000	50,000,000
United Feed Manufacturing Company	50,000	1,000	50,000,000
Allana International Limited Company	50,000	1,000	50,000,000
	150,000	1,000	150,000,000

During the year, the shareholder of the Company passed a resolution of the extraordinary General Assembly of the Company at their meeting held on 14 Jumada Al-Akhirah 1445H (corresponding to 27 December 2023) on the increase in the Company's share capital from SR 473,903,170 to SR 540,000,000 through the transfer of SR 40,017,406 from the account of "retained earnings" and SR 26,079,424 from the account of "statutory reserve" respectively. Legal formalities in this regard have been completed subsequent to the year-end on 27 Jumada Al-Akhirah 1445H (corresponding to 9 January 2024).

Statutory reserve
On 14 Jumada Al-Akhirah 1445H (corresponding to 27 December 2023), the Company's General Assembly approved amending the Company's bylaws to comply with the new Companies' Law, issued on 1 Duh Al-Hijjah 1443H (corresponding to 30 June 2022) ("the law"), to increase the share capital through transfer from statutory reserve and retained earnings. Legal formalities were completed in this regard after the reporting date.

14 EMPLOYEES' DEFINED BENEFITS LIABILITIES

The Company has defined benefit plan (unfunded), which is a final salary plan in Kingdom of Saudi Arabia and require to recognise the provision for employees' end-of-service benefits for the amounts payable at the statement of financial position date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit liabilities in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements.

Upto the time of acquisition of the Company by its Former Owner in November 2021, all the employees of the Company were seconded from General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")) and GFSA used to charge the cost of end of service benefits payable to seconded employees of the Company in accordance with the agreement made in that regard.

Main actuarial assumptions used to calculate the defined unfunded benefit liabilities are as follows:

	31 December 2023	*31 December 2022*
Financial assumptions		
Discount rate	**4.75%**	4.20%
Salary increase rate	**4.00%**	4.20%
Demographic assumptions		
Withdrawal rate	**15%**	15%
Mortality rate	**0.08% to 1.05%**	0.08% to 1.05%

14 EMPLOYEES' DEFINED BENEFITS LIABILITIES (continued)

Movement in employees' defined benefit liabilities were as follows:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**1,418,025**	1,074,780
Current service cost	**2,417,544**	252,257
Interest expense	**59,557**	32,243
Amount recognised in statement of profit or loss	**2,477,101**	284,500
Re-measurements		
Loss from change in financial assumptions	**(198,313)**	-
Actuarial loss	**385,550**	238,078
Amount recognised in other comprehensive income	**187,237**	238,078
Benefits paid during the year	**(162,370)**	(179,333)
At the end of the year	**3,919,993**	1,418,025

Sensitivity analysis

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit liability. Sensitivity of the defined benefit obligation to charges in the weighted principal assumptions is presented below:

	Change	**Present value of the defined benefit liabilities (SR)**	
		31 December 2023	*31 December 2022*
Discount rate	+1%	**3,669,414**	1,320,268
	-1%	**4,201,676**	1,528,790
Salary increase rate	+1%	**4,161,518**	1,513,148
	-1%	**3,700,411**	1,332,163
Mortality rate	+10%	**3,919,684**	1,417,884
	-10%	**3,920,303**	1,418,162
Withdrawal rate	+10%	**3,835,632**	1,378,974
	-10%	**4,011,284**	1,460,979

Following undiscounted payments are expected against the defined benefit liability in future years:

	31 December 2023 SR	*31 December 2022 SR*
Within the next 12 months (next annual reporting period)	**519,046**	148,740
Between 2 and 5 years	**1,583,247**	549,848
After 5 years	**3,538,876**	1,304,113

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.5 years (2022: 7.5 years).

15 ACCOUNTS PAYABLES

Trade accounts payables are non-interest bearing and are normally settled on 30 to 60-day terms.

16 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2023 SR	*31 December 2022 SR*	*1 January 2022 SR*
Accrued employees' costs	**9,664,067**	25,413,032	10,718,826
Accrued rent	**5,130,308**	2,221,210	-
Accrual for professional fees	**4,987,500**	-	-
Value added tax ("VAT") payable	**3,116,943**	1,016,906	1,752,732
Accrued utilities expense	**1,072,592**	687,271	-
Accrual for General Organization for Social Insurance ("GOSI")	**99,847**	462,622	-
Other accruals	**2,656,756**	1,426,742	890,800
	26,728,013	31,227,783	13,362,356

17 ADVANCE FROM CUSTOMERS

It represents short-term advances received from customers to deliver goods in future period. The outstanding balances of these accounts increased in 2023 and 2022 due to the continuous increase in the Company's customer base. Out of the balance of advances outstanding as at 31 December 2022, SR 8,499,729 has been fully converted to revenue during the year (2022: SR 4,519,253).

18 ZAKAT AND INCOME TAX

Zakat and income tax charged for the year consist of the following:

	31 December 2023 SR	*31 December 2022 SR*
Current income tax	**6,315,324**	10,855,342
Deferred income tax	**5,805,761**	-
Zakat	**2,745,766**	2,991,120
	14,866,851	13,846,462

Zakat

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

Zakat provision for the current year has been calculated according to the following basis:

	31 December 2023 SR	*31 December 2022 SR*
Additions to zakat base	**966,211,191**	926,048,308
Deductions from zakat base	**(983,836,328)**	(963,511,233)
Zakat base	**(17,625,137)**	(37,462,925)
Zakat base on Saudi shareholders' shares at 66.67%	**(11,750,679)**	(24,976,532)
Zakatable income for the year for Saudi shareholders' shares at 66.67%	**109,830,625**	119,644,809
Zakat expense	**2,745,766**	2,991,120

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18 ZAKAT AND INCOME TAX (continued)

Zakat (continued)
The difference between the financial and the zakatable results mainly relates to adjustments for certain costs / claims based on the relevant fiscal regulation.

Income tax
The Company is subject to income tax at the rate of 20% of taxable income related to non-Saudi shareholder calculated in accordance with income tax regulations enforced in the Kingdom of Saudi Arabia.

	31 December 2023 SR	*31 December 2022 SR*
Accounting profit for the year	**157,683,838**	178,767,261
Depreciation of property, plant and equipment	**35,491,832**	32,089,805
Provision for expected credit losses	**715,965**	168,402
Provision for scrap items	**3,860,810**	-
Loss on disposal of property, plant and equipment	**-**	17,744
Provision for employees' defined benefit liabilities	**2,477,101**	522,579
Depreciation of property, plant and equipment as per ZATCA rates	**(98,182,414)**	(48,540,037)
Employees' defined benefit liabilities paid	**(162,370)**	(179,333)
Reversal of provision for slow-moving items	**(7,145,408)**	-
	94,739,354	162,846,421
Taxable profit for non-Saudi shareholders' shares at 33.33%	**31,576,627**	54,276,712
Income tax expense @ 20%	**6,315,324**	10,855,342

Movement in zakat and income tax provision during the year were as follows:

	Zakat SR	***Income tax SR***	***Total SR***
At 1 January 2022	83,051	122,700	**205,751**
Charge for the year	2,991,120	10,855,342	**13,846,462**
Payments during the year	(83,051)	(122,700)	**(205,751)**
At 31 December 2022	2,991,120	10,855,342	**13,846,462**
Charge for the year	2,745,766	6,315,324	**9,061,090**
Payments during the year	(2,991,120)	(18,996,849)	**(21,987,969)**
At 31 December 2023	**2,745,766**	**(1,826,183)**	**919,583**

Deferred tax
Deferred taxes are recognised for all taxable temporary differences and all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which these assets can be utilised. Following represents the approximate tax effect of cumulative temporary differences between financial net income and taxable income, which has been recognised as a deferred income tax liabilities as of reporting date:

	31 December 2023 SR	*31 December 2022 SR*
Property, plant and equipment	**7,233,498**	-
Provision for employees' defined benefit liabilities	**(261,307)**	-
Provision for expected credit losses	**(58,952)**	-
Provision for slow-moving and scrap inventories	**(1,107,478)**	-
	5,805,761	-

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18 ZAKAT AND INCOME TAX (continued)

Deferred tax (continued)
Movement in deferred tax liabilities during the year is presented below:

	31 December 2023 SR	*31 December 2022 SR*
At the beginning of the year	**-**	-
Charge for the year recorded in profit or loss	**5,805,761**	-
At the end of the year	**5,805,761**	-

Status of zakat and income tax assessment
The Company was subject to zakat and income tax from 1 December 2021 as previously its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority (ZATCA). The Company has submitted its zakat and income tax return for a period from 1 December 2021 to 31 December 2021 and for the year ended 31 December 2022, however assessment has not been raised by ZATCA.

19 REVENUE

	31 December 2023 SR	*31 December 2022 SR*
Flour	**370,763,830**	358,576,791
Bran	**161,428,341**	159,358,850
Feed	**49,342,716**	66,753,944
	581,534,887	584,689,585
Less: Discount and promotions	**(15,897,999)**	(6,370,246)
	565,636,888	578,319,339

The Company sells its goods based on sale orders from customers, majority of which is secured by the advance receipts of value of goods. The sale of goods by the Company is recognised at a point in time basis. The performance obligation is satisfied at time of dispatch of goods from the warehouse.

Disaggregation of revenue

	31 December 2023 SR	*31 December 2022 SR*
Type of sector		
Corporate sector	**515,640,938**	509,860,408
Individual sector	**28,563,225**	56,273,418
Hypermarkets	**21,432,725**	12,185,513
	565,636,888	578,319,339
Duration of contracts		
Less than one year	**565,636,888**	578,319,339

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20 DIRECT COSTS

	31 December 2023 SR	*31 December 2022 SR (Restated, note 29)*
Raw material consumed	**193,082,070**	195,314,217
Employees' costs	**42,815,219**	54,155,084
Depreciation of property, plant and equipment (note 6)	**30,521,749**	29,142,208
Depreciation of right-of-use assets (note 7)	**16,705,796**	11,865,466
Fuel and Power	**14,512,302**	14,981,341
Insurance	**3,192,082**	3,880,729
Maintenance	**2,682,690**	3,926,517
Subscriptions	**2,333,082**	1,147,330
Rent	**675,324**	595,168
Transportation	**59,355**	887,919
Other direct costs	**1,069,236**	1,127,422
	307,648,905	317,023,401
Finished goods at the beginning of the year	**6,175,233**	7,356,486
Total production cost prepared for sale during the year	**313,824,138**	324,379,887
Finished goods at the end of the year (note 9)	**(7,636,514)**	(6,175,233)
	306,187,624	318,204,654

21 SELLING AND DISTRIBUTION EXPENSES

	31 December 2023 SR	*31 December 2022 SR (Restated, note 29)*
Transportation and shipping charges	**20,775,522**	14,359,278
Marketing and advertising costs	**9,047,237**	2,150,564
Employees' costs	**8,870,451**	7,827,662
Sales commission to hypermarkets	**4,892,252**	-
Depreciation of property, plant and equipment (note 6)	**3,420,112**	3,335,268
Depreciation of right-of-use assets (note 7)	**1,902,756**	1,363,847
Fuel and Power	**1,657,979**	1,632,478
Expected credit losses of accounts receivables (note 11)	**715,965**	168,402
Insurance	**425,390**	444,511
Rent	**45,959**	58,469
Other expenses	**740,543**	682,975
	52,494,166	32,023,454

22 GENERAL AND ADMINISTRATION EXPENSES

	31 December 2023 SR	*31 December 2022 SR (Restated, note 29)*
Employees' costs	**25,041,570**	26,464,577
Professional and consultation services	**9,998,969**	3,535,536
Depreciation of property, plant and equipment (note 6)	**1,549,969**	1,491,700
Maintenance	**1,336,783**	986,098
Insurance	**1,030,472**	1,059,636
Communication	**836,329**	712,094
Depreciation of right-of-use assets (note 7)	**676,842**	409,154
Fuel and Power	**566,377**	707,822
Amortisation of intangible assets (note 8)	**33,509**	40,448
Other expenses	**2,053,076**	3,127,077
	43,123,896	38,534,142

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23 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholder and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

Name of related party	**Nature of relationship**
Gulf Flour Milling Industrial Company	Shareholder
Abdullah Alothaim Markets Company	Ultimate shareholder
United Feed Manufacturing Company	Ultimate shareholder
Allana International Limited Company	Ultimate shareholder
Riyadh Industries Company	Affiliate
Pure food corporations	Affiliate

Following table shows the total amount of transactions that were made with the related parties during the year ended 31 December 2023 and 31 December 2022.

Related parties	***Nature of transactions***	***Amounts of transactions*** ***2023 SR***	*2022 SR*
Zod Factory for Pastries and Bakeries - a branch of Abdullah Al-Othaim Markets Company *(An affiliate)*	Sales Collection	**800,739** **1,047,240**	901,603 583,571
Gulf flour Milling Industrial Company *(Shareholder)*	Sale of spare parts at cost	**21,190,702**	-
Riyadh Industries Company *(An affiliate)*	Sales Collection	**560,017** **586,921**	570,202 495,791
Pure food corporations *(An affiliate)*	Sales Collection	**4,183,650** **4,012,008**	- -
Abdullah Al-Othaim Markets Company *(Ultimate shareholder)*	Sales Collection	**14,233,039** **13,524,338**	7,064,444 6,487,591
United Feed Manufacturing Company *(Ultimate shareholder)*	Sales Collection	**50,150,694** **49,066,635**	39,245,267 41,629,917

Balances outstanding with the related parties is presented below:

Amounts due from related parties (under current assets)	***31 December 2023 SR***	*31 December 2022 SR*	*1 January 2022 SR*
Gulf Flour Milling Industrial Company	**21,190,702**	-	-
Abdullah Al-Othaim Markets Company	**1,285,554**	576,853	-
Pure Food Cooperation	**171,642**	-	-
Zod Factory for Pastries and Bakeries, a branch of Abdullah Al-Othaim Markets Company	**71,531**	318,032	-
Riyadh Industries Company	**47,507**	74,411	-
	22,766,936	969,296	-

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23 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	31 December 2023	*31 December 2022*	*1 January 2022*
Amounts due to a related party (under current liabilities)	***SR***	*SR*	*SR*
United Feed Manufacturing Company	**1,490,643**	2,574,702	190,052
	1,490,643	2,574,702	190,052

Compensation of key management personnel of the Company
The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel.

Transactions with key management personnel

	2023	*2022*
	SR	*SR*
Board and committees' expenses, rewards and allowances	**1,775,017**	545,000
Compensation of key management personnel of the Company (*)	**5,461,059**	5,960,250
Total compensation paid to key management personnel	**7,236,076**	6,505,250

(*) Compensation of key management personnel of the Company		
Short-term employee benefits	**5,313,966**	5,860,131
Termination benefits	**147,093**	100,119

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel.

Terms and conditions of transactions with related parties
Terms and policies of related parties' transactions are approved by the Company's management. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

24 DIVIDENDS

In its meeting held on 11 Jumada Al-Ula 1445H (corresponding to 5 December 2022), the Ordinary General Assembly of the Company has authorised the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2023.

On 24 Rajab 1444H (corresponding to 15 February 2023), the Board of Directors resolved to distribute interim cash dividends of SR 2.11 per share amounting to SR 100 million for the first quarter of 2023.

On 6 Safar 1445H (corresponding to 22 August 2023), the Board of Directors resolved to distribute interim cash dividends of SR 1.06 per share amounting to SR 50 million for the second quarter of 2023.

On 8 Jumada Al-Ula 1445H (corresponding to 22 November 2023), the Board of Directors resolved to distribute interim cash dividends of SR 1.02 per share amounting to SR 48,346,682 for the year 2023.

Dividends for the current year have been fully paid during the current year (2022: same).

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25 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year. Following table reflects the profit and share data used in the basic and diluted EPS computations:

	31 December 2023 SR	*31 December 2022 SR (Restated, note 29)*
Profit for the year	**142,816,987**	163,041,428
Weighted average number of ordinary shares for basic EPS	**47,390,317**	47,390,317
Weighted average number of ordinary shares for diluted EPS	**54,000,000**	47,390,317
Earnings per share – basic	**3.01**	3.44
Earnings per share –diluted	**2.65**	3.44

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the financial statements, except for those disclosed in note 13.

26 CONTINGENT LIABLILTIES

As of 31 December 2023, the Company had contingent liabilities arose during its normal business cycle, and related to letters of credit and letters of guarantee limited to SR 2.6 million (2022: SR 4.6 million).

27 FINACIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by shareholders that advises on financial risks and the appropriate financial risk governance framework for the Company. The board committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

Credit risk

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

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and all such investments are subject to approval of shareholders. Management continuously monitors the limits of investments with different financial institutions to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

	Rating		***Rating***	***31 December***	*31 December*
Banks	***Long term***	***Short term***	***Agency***	***2023***	*2022*
				SR	*SR*
Riyad Bank	**A-1**	**P-1**	Moody`s	**92,024,939**	119,454,466
Banque Saudi Fransi	**A-1**	**P-1**	Moody's	**13,730,485**	44,662,877
Saudi Alawwal Bank	**A-1**	**P-1**	Moody`s	**500,000**	500,000
				106,255,424	164,617,343

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27 FINACIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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

The Company limits its exposure to credit risk from trade receivables by establishing and maintaining a cash-based mode of conducting business. As the advance of customer is received before any supply of goods, the Company is not exposed to any such credit risk on trade receivables.

Expected credit loss assessment for accounts receivables, amounts due from related parties and other receivables:
As per IFRS 9, the simplified approach is used to measure expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortised cost and contract assets.

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

31 December 2023	***ECL rate %***	***Gross carrying amount SR***	***Expected credit loss SR***
0-30 days	-	**4,603,746**	-
31-60 days	**35.38%**	**194,842**	**68,935**
61-90 days	**47.17%**	**511,787**	**241,410**
91-120 days	**56.36%**	**301,234**	**169,775**
Above 120 days	**83.64%**	**483,292**	**404,247**
TOTAL		**6,094,901**	**884,367**

31 December 2022	***ECL rate %***	***Gross carrying amount SR***	***Expected credit loss SR***
0-30 days	1.24%	1,691,208	20,915
31-60 days	19.10%	185,739	35,476
61-90 days	10.40%	560,331	58,246
91-120 days	10.40%	517,206	53,765
TOTAL		2,954,484	168,402

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include accounts receivable and contract assets.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company is not subject to commission rate risk – there are no interest-bearing liabilities. The Company has investments in short-term deposits which are at floating rate however the impact is not material.

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

27 FINACIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). However, as the Company primarily deals in USD and Euro (immaterial), with the majority being in USD, which is pegged with SR, the Company's exposure to foreign currency risk is immaterial. No sensitivity for foreign currency risk is presented due to its minimal effect on the financial statements.

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

The table below summarises the maturities of the Company's financial liabilities as of 31 December 2023 and 31 December 2022 based on undiscounted contractual payment dates and current market interest rates as following:

31 December 2023

	Less than 3 months SR	*3 to 12 Months SR*	*1 to 5 years SR*	*More than 5 years SR*	*Total SR*
Accounts payables	22,402,300	-	-	-	**22,402,300**
Accrued expenses and other liabilities	26,728,013	-	-	-	**26,728,013**
Amount due to related parties	1,490,643	-	-	-	**1,490,643**
Lease liabilities	-	22,986,091	93,169,793	425,704,472	**541,860,356**
	50,620,956	**22,986,091**	**93,169,793**	**425,704,472**	**592,481,312**

31 December 2022 (restated)

	Less than 3 months SR	*3 to 12 Months SR*	*1 to 5 years SR*	*More than 5 years SR*	*Total SR*
Accounts payables and accruals	28,304,111	-	-	-	28,304,111
Accrued expenses and other liabilities	31,227,783	-	-	-	31,227,783
Amount due to related parties	2,574,702	-	-	-	2,574,702
Lease liabilities	-	22,766,573	89,010,583	449,113,706	568,362,996
	62,106,596	22,766,573	89,010,583	449,113,706	630,469,592

Capital Management
For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and adjusts considering changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt accounts payables, accrued expenses and other current liabilities, amounts due to related parties and lease liabilities, less cash at banks.

There were no changes in the objectives, policies, and procedures for capital management during the years ended December 31, 2023 and December 31, 2022.

27 FINACIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital Management (continued)

	31 December 2023 SR	*31 December 2022 SR*
Accounts payables	**22,402,300**	28,304,111
Accrued expenses and other liabilities	**26,728,013**	31,227,783
Amounts due to related parties	**1,490,643**	2,574,702
Lease liabilities	**402,254,418**	420,874,762
Less: cash and cash equivalents	**(106,343,470)**	(164,661,627)
Net debt	**346,531,904**	318,319,731
Shareholders' equity	**683,013,354**	738,730,286
Total capital and debt	**1,029,545,258**	1,057,050,017
Gearing ratio	**34%**	30%

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of cash and cash equivalents, accounts receivables, amounts due from related parties and other receivables. Its financial liabilities consist of accounts payables, amounts due to related parties and lease liabilities.

Management believes that the fair value of the financial instruments of the Company at the reporting date approximate their carrying value.

29 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

During the year, the Company restated certain amounts and balances included in the prior periods financial statements to reflect appropriate accounting treatment and classification. The details of each of such restatements have been summarised below:

Restatement - 1
During the year ended 31 December 2023, management of the Company has identified that they have not reassessed the value of lease liabilities after obtaining flour milling license in 2021. Management has done the reassessment during the year and as a result, the right-of-use assets and lease liabilities were understated. The error has been corrected by restating each of the affected financial statement line items for the prior period opening balance.

Restatement - 2
During the year ended 31 December 2023, management discovered that the useful life of the buildings that are built on leased land in prior periods were erroneously based on the economic life of the buildings instead of the lease term. Consequently, the carrying value of buildings were overstated and the related accumulated depreciation was understated.

The above-mentioned errors have been corrected by restating each of the affected financial statement line items for the prior periods. Following tables summaries the impacts on the Company's financial statements:

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2023

29 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS (continued)

At 1 January 2022

	Previously stated (SR)	***Restatement (SR)***	***Restated (SR)***
STATEMENT OF FINANCIAL POSITION			
Right-of-use assets	287,373,497	111,777,478	399,150,975
Lease liabilities	316,402,557	111,777,478	428,180,035
Property, plant and equipment	570,870,882	(14,537,328)	556,333,554
Retained earnings	168,281,942	(14,537,328)	153,744,614

At 31 December 2022

	Previously stated (SR)	***Restatement (SR)***	***Restated (SR)***
STATEMENT OF FINANCIAL POSITION			
Right-of-use assets	273,735,030	111,777,478	385,512,508
Lease liabilities	309,097,284	111,777,478	420,874,762
Property, plant and equipment	562,012,297	(16,416,699)	545,595,598
Retained earnings	255,402,469	(16,416,699)	238,985,770

	Previously stated (SR)	***Restatement (SR)***	***Restated (SR)***
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Direct costs	316,569,601	1,635,053	318,204,654
Selling and distribution expenses	31,835,517	187,937	32,023,454
General and administration expenses	38,477,761	56,381	38,534,142
Profit for the year	164,920,799	(1,879,371)	163,041,428
Earnings per share	3.48	(0.04)	3.44

STATEMENT OF CASHFLOWS
There has been no change in the statement of cashflows.

30 EVENTS AFTER THE REPORTING DATE

During the year, the shareholder of the Company passed a resolution of the extraordinary General Assembly of the Company at their meeting held on 14 Jumada Al-Akhirah 1445H (corresponding to 27 December 2023) on the increase in the Company's share capital from SR 473,903,170 to SR 540,000,000 through the transfer of SR 40,017,406 from the account of "retained earnings" and SR 26,079,424 from the account of "statutory reserve" respectively. Legal formalities in this regard have been completed subsequent to the year-end on 27 Jumada Al-Akhirah 1445H (corresponding to 9 January 2024).

Apart from above, no significant subsequent event since the year ended 31 December 2023 that would have a material impact on the financial position of the Company as reflected in these financial statements.

31 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issuance by the Company's Board of Directors on 19 Ramadan 1445H (corresponding to 29 March 2024).

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2024

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month and six-month periods ended 30 June 2024

EY
Building a better working world

Ernst & Young Professional Services (Professional LLC)
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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY (OWNED BY ONE PERSON)
(A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of The Fourth Milling Company ("the Company") as at 30 June 2024, and the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2024 and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement 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 interim condensed financial statements are not prepared, in all material respects, in accordance IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Hesham A. Alatiqi
Certified Public Accountant
License No. (523)

EY
CR. 1010383821
Ernst & Young Professional Services (Professional LLC)

Riyadh: 10 Safar 1446H
(14 August 2024)

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
At 30 June 2024

	Notes	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**521,096,897**	531,967,099
Right-of-use assets	5	**354,341,147**	362,491,047
Intangible assets	6	**57,733,140**	56,720,504
TOTAL NON – CURRENT ASSETS		**933,171,184**	951,178,650
CURRENT ASSETS			
Inventories	7	**54,619,714**	55,968,172
Prepayments and other current assets	8	**14,896,765**	15,574,892
Amounts due from related parties	10	**1,974,684**	22,766,936
Accounts receivables	9	**7,879,814**	5,210,534
Cash and cash equivalents	11	**130,445,204**	106,343,470
TOTAL CURRENT ASSETS		**209,816,181**	205,864,004
TOTAL ASSETS		**1,142,987,365**	1,157,042,654
EQUITY AND LIABILITIES			
EQUITY			
Share capital	12	**540,000,000**	473,903,170
Proposed increase in share capital	12	-	66,096,830
Actuarial reserve		**(461,275)**	(425,315)
Retained earnings		**144,203,415**	143,438,669
TOTAL EQUITY		**683,742,140**	683,013,354
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities	5	**361,969,760**	379,268,327
Employees' defined benefits obligation		**5,090,742**	3,919,993
Deferred tax liabilities, net	14	**6,783,121**	5,805,761
TOTAL NON-CURRENT LIABILITIES		**373,843,623**	388,994,081
CURRENT LIABILITIES			
Accounts payables		**25,915,284**	22,402,300
Accrued expenses and other liabilities	13	**21,300,014**	26,728,013
Amounts due to a related party	10	-	1,490,643
Current portion of lease liabilities	5	**22,986,091**	22,986,091
Advances from customers		**10,418,663**	10,508,589
Zakat and income tax payable	14	**4,781,550**	919,583
TOTAL CURRENT LIABILITIES		**85,401,602**	85,035,219
TOTAL LIABILITIES		**459,245,225**	474,029,300
TOTAL EQUITY AND LIABILITIES		**1,142,987,365**	1,157,042,654

Rabih

Chief Financial Officer
Rabih Abdul Kader Nahas

Chief Executive Officer
Khalid Abdul Aziz Al Maktary

Chairman BoD
Rakan Hamed Al Aujan

المقر الرئيسي Headquarters
الدعام المطاحن المدينة المنورة الذرى
C.R: 2050110856 س.ت

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.
2

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three-month and six-month periods ended 30 June 2024

		For the three-month period ended		*For the six-month period ended*	
	Notes	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Revenue	15	**138,122,688**	115,157,855	**308,454,092**	277,200,350
Direct costs	16	**(79,646,619)**	(68,896,932)	**(165,792,499)**	(151,399,651)
GROSS PROFIT		**58,476,069**	46,260,923	**142,661,593**	125,800,699
EXPENSES					
Selling and distribution	17	**(8,230,416)**	(12,237,642)	**(26,432,809)**	(26,416,977)
General and administration	18	**(12,850,104)**	(7,542,812)	**(24,291,291)**	(15,964,275)
TOTAL EXPENSES		**(21,080,520)**	(19,780,454)	**(50,724,100)**	(42,381,252)
OPERATING PROFIT		**37,395,549**	26,480,469	**91,937,493**	83,419,447
Finance costs		**(2,843,763)**	(1,970,574)	**(5,687,524)**	(3,941,148)
Finance income		**1,596,222**	1,492,495	**2,977,258**	2,917,443
Other income (expenses), net		**53,253**	259,407	**122,612**	(3,698,682)
PROFIT BEFORE ZAKAT AND INCOME TAX		**36,201,261**	26,261,797	**89,349,839**	78,697,060
Zakat	14	**(420,210)**	(1,111,858)	**(1,968,126)**	(2,001,952)
Deferred income tax	14	**(977,360)**	(1,003,254)	**(977,360)**	(4,474,199)
Income tax	14	**(1,656,248)**	(730,796)	**(4,639,607)**	(3,292,242)
PROFIT FOR THE PERIOD		**33,147,443**	23,415,889	**81,764,746**	68,928,667
OTHER COMPREHENSIVE LOSS		**(175,081)**	(46,809)	**(35,960)**	(93,618)
TOTAL COMPREHENSIVE INCOME		**32,972,362**	23,369,080	**81,728,786**	68,835,049
Earnings per share (EPS)					
Basic and diluted earnings per share for the period	19	**0.06**	0.04	**0.15**	0.13

Rabih

Chief Financial Officer
Rabih Abdul Kader Nahas

Chief Executive Officer
Khalid Abdul Aziz Al Maktary

Chairman BoD
Bader Hamed Al Aujan

Headquarters المقر الرئيسي
C.R: 2050110856 س.ت

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

3

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2024

	Share capital SR	*Proposed increase in share capital* SR	*Statutory reserve* SR	*Actuarial reserve* SR	*Retained earnings* SR	*Total* SR
At 31 December 2023 (audited)	473,903,170	66,096,830	-	(425,315)	143,438,669	**683,013,354**
Profit for the period	-	-	-	-	81,764,746	**81,764,746**
Other comprehensive loss	-	-	-	(35,960)	-	**(35,960)**
Total comprehensive income	-	-	-	(35,960)	81,764,746	**81,728,786**
Transfer to share capital (note 12)	66,096,830	(66,096,830)	-	-	-	**-**
Dividends (note 20)	-	-	-	-	(81,000,000)	**(81,000,000)**
At 30 June 2024 (unaudited)	**540,000,000**	**-**	**-**	**(461,275)**	**144,203,415**	**683,742,140**

	Share capital SR	*Proposed increase in share capital* SR	*Statutory reserve* SR	*Actuarial reserve* SR	*Retained earnings* SR	*Total* SR
At 31 December 2022 (audited) (restated, note 24)	473,903,170	-	26,079,424	(238,078)	238,985,770	738,730,286
Profit for the period	-	-	-	-	68,928,667	68,928,667
Other comprehensive loss	-	-	-	(93,618)	-	(93,618)
Total comprehensive income	-	-	-	(93,618)	68,928,667	68,835,049
Dividends (note 20)	-	-	-	-	(100,000,000)	(100,000,000)
At 30 June 2023 (unaudited)	473,903,170	-	26,079,424	(331,696)	207,914,437	707,565,335

Chief Financial Officer
Rabih Abdul Kader Nahas
Rabih

Chief Executive Officer
Khalid Abdul Aziz Al Maktary

Chairman BoD
Bader Hamed Al Aujan

The attached notes 1 to 26 form an integral part of these interim condensed financial statements.

4

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2024

	Notes	*For the six-month period ended* **30 June 2024 (Unaudited) SR**	*30 June 2023 (Unaudited) SR*
OPERATING ACTIVITIES			
Profit before zakat and income tax		**89,349,839**	78,697,060
Adjustments to reconcile profit before zakat and income tax to net cashflows:			
Depreciation for property, plant and equipment		**17,884,578**	17,624,736
Depreciation of right-of-use assets		**8,149,900**	9,642,697
Amortisation of intangible assets		**209,552**	16,306
Interest cost on lease liabilities		**5,687,524**	3,941,148
Provision for expected credit losses of account receivables		**1,478,638**	209,869
Provision for employees' defined benefit obligation		**1,240,041**	1,046,508
Finance income		**(1,596,222)**	(2,917,443)
		122,403,850	108,260,881
Changes in operating assets and liabilities:			
Inventories		**1,348,458**	(13,797,171)
Prepayments and other current assets		**1,404,347**	(2,119,181)
Amounts due from related parties		**20,792,252**	(1,789,717)
Account receivables		**(4,147,918)**	(1,101,297)
Accounts payables		**3,512,984**	(15,433,388)
Accrued expenses and other liabilities		**(5,427,999)**	(7,243,305)
Amounts due to related parties		**(1,490,643)**	337,060
Advance from customers		**(89,926)**	763,084
Net cash from operations		**138,305,405**	67,876,966
Zakat and income tax paid		**(2,745,766)**	(13,846,462)
Employees' defined benefit liabilities paid		**(105,252)**	(21,872)
Net cash flows from operating activities		**135,454,387**	54,008,632
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(7,014,376)**	(4,184,196)
Purchase of intangible assets	6	**(1,222,188)**	(253,746)
Investment in Islamic short-term Murabaha deposits		**-**	(20,000,000)
Finance income received		**870,002**	2,646,110
Net cash flows used in investing activities		**(7,366,562)**	(21,791,832)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		**(22,986,091)**	(13,942,184)
Finance costs paid on lease liabilities		**-**	(3,941,148)
Dividends paid	20	**(81,000,000)**	(62,135,618)
Net cash flows used in financing activities		**(103,986,091)**	(80,018,950)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**24,101,734**	(47,802,150)
Cash and cash equivalents at the beginning of the period		**106,343,470**	164,661,627
Cash and cash equivalents at the end of the period		**130,445,204**	116,859,477
Non-cash transactions:			
Classification of capital spares from inventories to property, plant and equipment, net book value		-	12,595,444

Rabih

Headquarters المقر الرئيسي

Chief Financial Officer
Rabih Abdul Kader Nahas

Chief Executive Officer
Khalid Abdul Aziz Al Makrary

Chairman BoD
Bader Hamed Al Aujan

The attached notes 1 to 26 [illegible] of these interim condensed financial statements.

5

The Fourth Milling Company (Owned by One Person)
(A Saudi Closed Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
At 30 June 2024

1. CORPORATE INFORMATION

The Fourth Milling Company is a Saudi Closed Joint Stock Company (the "Company") owned by One Person, and registered in Dammam, Kingdom of Saudi Arabia under commercial registration numbered 2050110856 dated 10 Safar 1438H (corresponding to 10 November 2016).

The national address of the Company is Building no. 7210, King Abdulaziz Road, King Abdulaziz Sea Port District, Dammam 32211, Kingdom of Saudi Arabia.

The Company's licensed activities include packing and milling of wheat, maize, Barley and rice, production of flour from rice, manufacture of flour and dough for bakeries, manufacture of concentrated fooder for animal, manufacture of cattle fodder, preparation, milling and pressing of animal feed, animal food and feed stores, storage in warehouse of grain silos, flour and agricultural products, storage of goods in foreign trade zones, wholesale of bakery products and trade of special and healthy food.

The Company was formed by the Public Investment Fund (the "Former Owner") pursuant to the resolution of the Council of Ministers no. (35) of 27 Muharram 1437H (corresponding to 9 November 2015) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The Public Investment Fund, in coordination with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")), completed so in accordance with Royal Decree no. 62 dated 4 Shawwal 1435H (corresponding to 31 July 2014).

On 17 Shawwal 1441H (corresponding to 9 July 2020) the resolution of the Council of Ministers No. 631 states to transfer the ownership to Specialized Committee, and for the Specialized Committee to handle the task that was handled to Public Investment Fund as stated in The Council of Ministers' resolution no. (118) dated 21 Safar 1440H (corresponding to 30 October 2018).

On 25 Rabi Al-Thani 1443H (corresponding to 30 November 2021), the Company's share capital of 47,390,317 shares, the value of each share is 10 SR, were wholly sold to Gulf Flour Milling Industrial Company ("the Shareholder") for the purchase price specified in the share sale and purchase agreement on the same date.

The Company has entered into a subsidised wheat purchase agreement with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organizations (''SAGO'')) as GFSA imports wheat to Saudi Arabia for the purpose of producing subsidised flour. This Agreement shall enter into force on 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017) and shall be terminated when the Former Owner sells its shares in the Company. The agreement stipulates that the subsidised wheat subsidy price is calculated according to the monetary value per metric ton of subsidised wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020), the agreement regulating the purchase and sale of subsidised and non-subsidised wheat has been renewed by GFSA, and this agreement is valid until the expiry date of the license of the main purchaser (the "Company").

The Company operates through its Head Office in Dammam and three branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

City	*Date*	*Commercial Registration Number*
Head Office (Dammam)	10 Safar 1438H (corresponding to 10 November 2016)	2050110856
Dammam	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	2050111821
Madinah	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	4650082090
Kharj	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	1011024354

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2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements of the Company for the three-month and six-month periods ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2023. These interim condensed financial statements for the three-month and six-month periods ended 30 June 2024 are not affected significantly by seasonality of results. The results shown in these interim condensed financial statements may not be indicative of the annual results of the Company's operations.

These interim condensed financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for employees' defined benefit liabilities which is recognised at the present value of future obligations using the projected unit credit method. These interim condensed financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Company. All values are rounded to the nearest Saudi Riyal, except when otherwise indicated.

2.2 Material Accounting Policies Information and new standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed financial statements of the Company.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Company's interim condensed financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company's interim condensed financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Company's interim condensed financial statements.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2024

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

2.3 Significant accounting estimates

The preparation of the interim condensed financial statements in conformity with IAS 34 as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments used in the preparation of these interim condensed financial statements are consistent with those used in preparation of the Company's annual financial statements for the year ended 31 December 2023.

3 SEGMENT INFORMATION

The operations of the Company are mainly in the Kingdom of Saudi Arabia in three branches: Dammam, Madinah and Kharj. For management reporting purpose, the Company is organised into these business units which are identified as reportable segments. No operating segments have been aggregated to form the above reportable operating segments.

Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM") who 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 profit or loss and is measured consistently in the interim condensed financial statements. Also, zakat and income tax are managed on a head office level and are not allocated to operating segments. All reportable segments have similar type of products. There are no inter-segment transfers during the period.

The selected financial information for these branches is as follows:

For the six-month period ended 30 June 2024 (unaudited)	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Revenue	125,305,023	98,160,252	84,988,817	-	**308,454,092**
Materials consumed	(42,110,654)	(22,306,888)	(36,901,396)	-	**(101,318,938)**
Employees' costs	(10,464,334)	(10,803,965)	(7,498,943)	(14,901,220)	**(43,668,462)**
Depreciation and amortisation	(7,762,939)	(11,926,004)	(5,956,133)	(598,954)	**(26,244,030)**
Other expenses	(13,618,352)	(16,853,128)	(11,430,568)	(3,383,121)	**(45,285,169)**
Finance costs	(3,038,755)	(2,246,940)	(236,969)	(164,860)	**(5,687,524)**
Finance income	-	-	-	2,977,258	**2,977,258**
Other income	44,505	16,952	61,155	-	**122,612**
Segment profit (loss)	**48,354,494**	**34,040,279**	**23,025,963**	**(16,070,897)**	**89,349,839**

For the six-month period ended 30 June 2023 (unaudited)	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Revenue	127,736,819	87,303,100	62,160,431	-	277,200,350
Materials consumed	(45,412,787)	(27,745,460)	(19,152,788)	-	(92,311,035)
Employees' costs	(9,520,920)	(10,235,149)	(7,126,805)	(11,242,656)	(38,125,530)
Depreciation and amortisation	(8,203,916)	(11,901,604)	(6,845,774)	(332,445)	(27,283,739)
Other expenses	(13,380,790)	(13,807,586)	(6,496,825)	(6,454,603)	(40,139,804)
Finance costs	(2,473,863)	(1,192,036)	(131,526)	(143,723)	(3,941,148)
Finance income	-	-	-	2,917,443	2,917,443
Other income	225,814	83,878	22,862	47,969	380,523
Segment profit (loss)	48,970,357	22,505,143	22,429,575	(15,208,015)	78,697,060

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3 SEGMENT INFORMATION (continued)

For the three-month period ended 30 June 2024 (unaudited)	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Revenue	58,122,320	41,487,039	38,513,329	-	**138,122,688**
Materials consumed	(19,277,335)	(10,638,903)	(16,016,451)	-	**(45,932,689)**
Employees' costs	(5,282,264)	(5,188,304)	(3,697,991)	(8,092,321)	**(22,260,880)**
Depreciation and amortisation	(3,886,509)	(6,151,738)	(2,796,715)	(396,626)	**(13,231,588)**
Other expenses	(6,277,310)	(5,190,511)	(6,107,565)	(1,726,596)	**(19,301,982)**
Finance costs	(1,519,378)	(1,123,470)	(118,485)	(82,430)	**(2,843,763)**
Finance income	-	-	-	1,596,222	**1,596,222**
Other income	13,040	2,124	38,112	(23)	**53,253**
Segment profit (loss)	**21,892,564**	**13,196,237**	**9,814,234**	**(8,701,774)**	**36,201,261**

For the three-month period ended 30 June 2023 (unaudited)	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Revenue	54,537,798	33,945,980	26,674,077	-	115,157,855
Materials consumed	(20,126,148)	(10,032,019)	(8,173,397)	-	(38,331,564)
Employees' costs	(4,582,152)	(5,070,314)	(3,388,888)	(5,930,190)	(18,971,544)
Depreciation and amortisation	(4,109,235)	(5,970,930)	(3,427,738)	(169,845)	(13,677,748)
Other expenses	(5,435,799)	(9,506,420)	(2,303,132)	(451,179)	(17,696,530)
Finance costs	(1,236,932)	(596,018)	(65,763)	(71,861)	(1,970,574)
Finance income	-	-	-	1,492,495	1,492,495
Other income	209,851	47,070	438	2,048	259,407
Segment profit (loss)	19,257,383	2,817,349	9,315,597	(5,128,532)	26,261,797

As of 30 June 2024 (unaudited)	***Dammam***	***Madinah***	***Kharj***	***Head office***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***
Total assets	278,968,218	423,104,389	233,165,446	207,749,312	**1,142,987,365**
Total liabilities	(188,422,057)	(210,513,692)	(34,913,679)	(25,395,797)	**(459,245,225)**
Other disclosures:					
Property, plant and equipment	94,183,635	216,467,109	208,271,229	2,174,924	**521,096,897**
Capital expenditures	2,421,429	454,634	4,007,084	131,229	**7,014,376**
Right of use assets	154,429,555	177,021,403	18,520,526	4,369,663	**354,341,147**
Intangible assets	-	-	-	57,733,140	**57,733,140**
Inventories	25,914,918	22,194,454	6,510,342	-	**54,619,714**

As of 31 December 2023 (audited)	*Dammam*	*Madinah*	*Kharj*	*Head office*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*
Total assets	296,757,258	438,702,809	245,304,333	176,278,254	1,157,042,654
Total liabilities	(198,247,795)	(219,261,478)	(32,692,001)	(23,828,026)	(474,029,300)
Other disclosures:					
Property, plant and equipment	95,838,585	223,075,064	210,737,995	2,315,455	531,967,099
Capital expenditures	5,246,798	1,725,129	1,801,606	1,377,500	10,151,033
Right of use assets	158,115,982	180,955,211	18,932,093	4,487,761	362,491,047
Intangible assets	-	-	-	56,720,504	56,720,504
Inventories	29,687,578	18,999,851	7,268,411	12,332	55,968,172

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4 PROPERTY, PLANT AND EQUIPMENT

Net book value	***At 31 December 2023 (audited)***	***Additions during the period***	***Depreciation charge for the period***	***Transfers***	***At 30 June 2024 (unaudited)***
	SR	***SR***	***SR***	***SR***	***SR***
Buildings	**187,646,425**	-	(4,559,146)	1,329,299	**184,416,578**
Plant and machinery	**330,547,810**	3,167,699	(12,473,120)	3,226,642	**324,469,031**
Furniture and fittings	**1,790,995**	34,678	(158,566)	-	**1,667,107**
Computer equipment	**3,844,876**	121,180	(456,841)	697,504	**4,206,719**
Motor vehicle	**646,741**	-	(236,905)	-	**409,836**
Capital work in progress**	**7,490,252**	3,690,819	-	(5,253,445)	**5,927,626**
Total	**531,967,099**	**7,014,376**	**(17,884,578)**	**-**	**521,096,897**

Net book value	*At 31 December 2022 (audited)*	*Additions during the period*	*Depreciation charge for the period*	*Transfers*	*Reclassed from inventories****	*At 31 December 2023 (audited)*
	SR	*SR*	*SR*	*SR*		*SR*
Buildings	196,249,112	137,897	(9,106,034)	365,450	-	187,646,425
Plant and machinery	332,454,763	4,722,577	(24,687,354)	5,462,280	12,595,544	330,547,810
Furniture and fittings	1,775,611	267,459	(304,189)	52,114	-	1,790,995
Computer equipment	4,472,739	277,839	(905,702)	-	-	3,844,876
Motor vehicle	1,135,292	-	(488,551)	-	-	646,741
Capital work in progress	9,508,081	3,862,015	-	(5,879,844)	-	7,490,252
Total	545,595,598	9,267,787	(35,491,830)	-	12,595,544	531,967,099

Buildings are built on land leased from the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")) with an annual rental value of SR 12.7 million. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (30 November 2046). The lease is renewable automatically subject to renewal of Company's milling license.

** Capital work in progress mainly consist of:
- the project of installing scaling machines in Dammam and Kharj Branch; and
- New packing line in Kharj Branch.

Expected completion date is end of December 2024 and the capital commitments relating to this amount is SR 2,501,177 (31 December 2023: SR 3.1 million).

*** During the year ended 31 December 2023, management has assessed that certain capital spares with a cost of SR 15,880,144 and provision for slow-moving inventories of SR 3,284,600 have useful life of above 1 year and hence it meets the criteria of capitalisation under property, plant and equipment. Consequently, management has reclassed SR 12.59 million from inventories to property, plant and equipment.

Depreciation has been allocated as follows:

	30 June 2024 (Unaudited)	*31 December 2023 (Audited)*
	SR	*SR*
Direct costs for the period / year	**16,031,843**	30,521,749
General and administration for the period / year	**1,506,438**	1,549,969
Selling and distribution for the period / year	**346,297**	3,420,112
Total charge for the period / year	**17,884,578**	35,491,830

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5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a lease agreement with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")) for the rental of silos for the purpose of storing wheat, flour and feed. The term of the lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in December 2021 to match with the duration of flour milling license upto 30 November 2046. and is renewable automatically subject to renewal of Company's milling license. The estimated useful lives of leased assets for amortising right-of-use assets purposes are 25 years.

The Company has entered into land leases for business units. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (i.e., 30 November 2046). These leases do not transfer ownership of the assets to the lessor at the end of the lease. The estimated useful lives of right-of-use assets are 25 years and ending on 30 November 2046.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

Movement in right-of-use assets is presented below:

	30 June 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period / year	**362,491,047**	385,512,508
Lease modification	**-**	(3,736,067)
Depreciation charge for the period / year	**(8,149,900)**	(19,285,394)
At the end of the period / year	**354,341,147**	362,491,047

Movement in lease liabilities is presented below:

	30 June 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period / year	**402,254,418**	420,874,762
Lease modification	**-**	(3,736,067)
Accretion of interest for the period / year	**5,687,524**	7,882,296
Payments during the period / year	**(22,986,091)**	(22,766,573)
At the end of the period / year	**384,955,851**	402,254,418
Bifurcated into:		
Current portion	**22,986,091**	22,986,091
Non-current portion	**361,969,760**	379,268,327

Depreciation has been allocated as follows:

	30 June 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Direct costs for the period / year	**7,683,756**	16,705,796
General and administration for the period / year	**198,418**	676,842
Selling and distribution for the period / year	**267,726**	1,902,756
Total charge for the period / year	**8,149,900**	19,285,394

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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6 INTANGIBLE ASSETS

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
At the beginning of the period / year	**56,720,504**	55,870,767
Additions during the period / year	**1,222,188**	883,246
Amortisation charge for the period / year	**(209,552)**	(33,509)
At the end of the period / year	**57,733,140**	56,720,504

Intangible assets include trademark amounting SR 50,102,500 which has indefinite useful life. The Company has performed its impairment test for intangible asset with indefinite useful life on 31 December 2023. The recoverable amount of the asset of SR 66 million as at 31 December 2023 has been determined based on a value-in-use calculation using cash flow projections from financial budgets reviewed by senior management covering a five-year period. The weighted average cost of capital ("WACC") applied to cash flow projections is 11.7%. As at 31 December 2023, the value-in-use of the asset was higher than the net assets value of the Company, indicating no impairment of trademark. There has been no significant change in assumptions as of the reporting date, compared to 31 December 2023.

It also includes software under implementation with net book value of SR 7.7 million which went live in April 2024.

7 INVENTORIES

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Spare parts and others	**34,828,104**	36,789,364
Raw materials	**30,889,501**	28,150,915
Finished goods *	**5,492,768**	7,636,514
Other inventories	**23,172**	5,210
Less: provision for slow moving inventories and scrap items	**(16,613,831)**	(16,613,831)
	54,619,714	55,968,172

* The cost of finished goods includes direct costs and indirect costs, indirect costs are allocated based on the quantities produced.

8 PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Advance to suppliers	**5,318,758**	10,199,235
Prepaid expenses	**4,088,440**	2,499,415
Margin against letter of guarantees	**3,447,914**	2,625,640
Accrued income on Islamic short-term Murabaha deposits	**866,865**	140,645
VAT receivable	**817,920**	-
Other receivables	**356,868**	109,957
	14,896,765	15,574,892

9 ACCOUNTS RECEIVABLES

	30 June 2024 (Unaudited) SR	31 December 2023 (Audited) SR
Accounts receivables	**10,242,819**	6,094,901
Less: Provision for expected credit loss	**(2,363,005)**	(884,367)
	7,879,814	5,210,534

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2024

10 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent the Shareholder and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Company's management and shareholders.

Name of related party	Nature of relationship
Gulf Flour Milling Industrial Company	Shareholder
Abdullah Alothaim Markets Company	Ultimate shareholder
United Feed Manufacturing Company	Ultimate shareholder
Allana International Limited Company	Ultimate shareholder
Riyadh Food Industries Company	Affiliate
Pure food corporations	Affiliate

Following table provides the total amount of transactions that have been entered into with related parties during the three-month and six-month periods ended 30 June 2024 and 30 June 2023:

Transactions for the six-month period ended 30 June 2024 and 30 June 2023:

	Nature of transaction	Amount of transaction (SR)	
		30 June 2024 (Unaudited)	*30 June 2023 (Unaudited)*
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	Revenue	**445,326**	205,459
	Collections	**347,881**	400,955
Riyadh Food Industries Company	Revenue	**-**	290,629
	Collections	**-**	223,271
Abdullah Al-Othaim Markets Company	Revenue	**5,143,376**	6,191,797
	Collections	**4,938,408**	4,051,603
	Shared services	**-**	517,546
	Sales support services	**417,814**	309,409
United Feed Manufacturing Company	Revenue	**23,209,770**	32,437,940
	Collections	**21,400,000**	32,775,000
Pure Food Corporations	Revenue	**2,723,940**	1,971,295
	Collections	**2,532,494**	1,366,679
	Sales support services	**254,928**	-
Gulf Flour Milling Industrial Company	IPO costs charged	**3,795,719**	-
	Collections	**3,537,513**	-

Transactions for the three-month period ended 30 June 2024 and 30 June 2023:

	Nature of transaction	Amount of transaction (SR)	
		30 June 2024 (Unaudited)	*30 June 2023 (Unaudited)*
Zod Factory for Pastries and Bakeries, a branch of Al-Othaim Markets Company	Revenue	**346,993**	205,459
	Collections	**178,017**	165,847
Riyadh Food Industries Company	Revenue	**-**	48,438
	Collections	**-**	-

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10 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Transactions for the three-month period ended 30 June 2024 and 30 June 2023 (continued):

	Nature of transaction	Amount of transaction (SR) *30 June 2024 (Unaudited)*	*30 June 2023 (Unaudited)*
Abdullah Al-Othaim Markets Company	Revenue	**75,773**	3,169
	Collections	**1,769,355**	3,515,814
	Shared services	**-**	517,546
	Sales support services	**417,814**	19,174
United Feed Manufacturing Company	Revenue	**10,713,299**	12,440,612
	Collections	**10,600,000**	12,480,490
Pure Food Corporations	Revenue	**596,589**	97,007
	Collections	**1,673,807**	360,944
	Sales support services	**254,928**	-
Gulf Flour Milling Industrial Company	IPO costs charged	**3,795,719**	-
	Collections	**3,537,513**	-

	30 June 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Amounts due from related parties		
Abdullah Al-Othaim Markets Company	**1,072,708**	1,285,554
United Feed Manufacturing Company	**319,127**	-
Gulf Flour Milling Industrial Company	**258,206**	21,190,702
Zod Factory for Pastries and Bakeries, a branch of Abdullah Al-Othaim Markets Company	**168,976**	71,531
Pure Food Cooperation	**108,160**	171,642
Riyadh Food Industries Company	**47,507**	47,507
	1,974,684	22,766,936
Amounts due to a related party		
United Feed Manufacturing Company	**-**	1,490,643
	-	1,490,643

Compensation of key management personnel of the Company
The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Board and committees' expenses, rewards and allowances during the period amounts to SR 1,526,691 (30 June 2023: SR 49,283).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2024

10 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

	For the three-month period ended		*For the six-month period ended*	
	30 June 2024 (Unaudited) SR	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Short-term employee benefits	**954,609**	989,828	**2,526,038**	1,979,656
Long-term employee benefits	**72,830**	44,876	**139,039**	99,182

11 CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Islamic short-term Murabaha deposits*	**103,585,655**	82,967,570
Cash at bank	**26,781,734**	23,287,854
Cash in hand	**77,815**	88,046
	130,445,204	106,343,470

(*) Islamic short-term Murabaha deposits are deposited with banks for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earns interest at floating rate based on daily bank deposit rate. Effective interest rate is 5.51%.

12 SHARE CAPITAL

The Company's authorised, issued and paid-up share capital is divided into 540,000,000 shares of SR 1 each (31 December 2023: 47,390,317 shares of SR 10 each), owned by Gulf Flour Milling Industrial Company ("the Shareholder").

The ultimate shareholding of the Company as at 30 June 2024 and 31 December 2023 is disclosed below:

Ultimate shareholder	***%age ownership***
Abdullah Al-Othaim Markets Company	33.33%
United Feed Manufacturing Company	33.33%
Allana International Limited Company	33.33%
	100%

Proposed increase in share capital

On 14 Jumada Al-Akhirah 1445H (corresponding to 27 December 2023), the Shareholder of the Company passed a resolution of the Extraordinary General Assembly of the Company to increase the Company's share capital from SR 473,903,170 to SR 540,000,000 through the transfer of SR 40,017,406 from the account of "retained earnings" and SR 26,079,424 from the account of "statutory reserve" respectively and to split the nominal value of the share from SR 10 per share to SR 1 per share. Legal formalities in this regard have been completed on 27 Jumada Al-Akhirah 1445H (corresponding to 9 January 2024).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2024

13 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
Accrued employees' costs	**9,952,564**	9,664,067
Accrued customer discounts	**4,633,645**	628,425
Accrual for inventories received	**1,508,079**	-
Accrued utilities expense	**1,344,640**	1,072,592
Accrued marketing and promotions	**734,936**	295,425
Accrual for General Organization for Social Insurance ("GOSI")	**649,361**	99,847
Accrual for professional fees	**493,106**	4,987,500
Value added tax ("VAT") payable	**-**	3,116,943
Accrued rent	**-**	5,130,308
Other accruals	**1,983,683**	1,732,906
	21,300,014	26,728,013

14 ZAKAT AND INCOME TAX

Movement in zakat and income tax provision during the period were as follows:

	30 June 2024 (Unaudited) SR	*31 December 2023 (Audited) SR*
At the beginning of the period / year	**919,583**	13,846,462
Charge for the period / year	**6,607,733**	9,061,090
Payments during the period / year	**(2,745,766)**	(21,987,969)
At the end of the period / year	**4,781,550**	919,583

Deferred tax
Deferred taxes are recognised for all taxable temporary differences and all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which these assets can be utilised. Cumulative impact of deferred tax was recorded in the statement of profit or loss for the first time during the year ended 31 December 2023.

Status of zakat and income tax assessment
The Company was subject to zakat and income tax from 1 December 2021 as previously its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority ("ZATCA"). The Company has submitted its zakat and income tax return for a period from 1 December 2021 to 31 December 2021 and for the year ended 31 December 2022 and 31 December 2023, however assessment has not been raised by ZATCA.

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At 30 June 2024

15 REVENUE

	For the three-month period ended		*For the six-month period ended*	
	30 June 2024 (Unaudited) SR	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Flour	**92,352,746**	72,994,030	**211,066,380**	178,770,857
Bran	**37,682,520**	32,027,535	**84,548,754**	77,988,741
Feed	**10,996,574**	12,283,268	**21,652,742**	28,250,618
	141,031,840	117,304,833	**317,267,876**	285,010,216
Less: Discount and promotions	**(2,909,152)**	(2,146,978)	**(8,813,784)**	(7,809,866)
	138,122,688	115,157,855	**308,454,092**	277,200,350

The Company sells its goods based on sale orders from customers, majority of which is secured by the advance receipts of value of goods. The sale of goods by the Company is recognised at a point in time basis. The performance obligation is satisfied at time of dispatch of goods from the warehouse.

	For the three-month period ended		*For the six-month period ended*	
	30 June 2024 (Unaudited) SR	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Type of sector				
Corporate sector	**129,669,094**	106,849,674	**286,456,482**	244,832,722
Individual sector	**6,006,914**	5,986,784	**11,201,973**	20,810,977
Hypermarkets	**2,446,680**	2,321,397	**10,795,637**	11,556,651
	138,122,688	115,157,855	**308,454,092**	277,200,350

16 DIRECT COSTS

	For the three-month period ended		*For the six-month period ended*	
	30 June 2024 (Unaudited) SR	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Materials consumed	**45,932,689**	38,331,564	**101,318,938**	92,311,035
Employees' costs	**10,855,124**	10,855,250	**21,861,284**	22,444,452
Depreciation of property, plant and equipment	**8,081,260**	7,612,139	**16,031,843**	15,166,625
Depreciation of right-of-use assets	**3,841,878**	4,176,449	**7,683,756**	8,352,898
Fuel and power	**4,023,987**	3,110,504	**8,333,033**	6,748,497
Transportation	**1,385,093**	135,276	**3,118,676**	954,767
Insurance	**745,442**	852,230	**1,491,041**	1,641,614
Maintenance	**517,234**	577,980	**1,104,758**	1,312,807
Subscriptions	**266,996**	702,074	**692,383**	1,114,014
Rent	**172,000**	167,774	**344,000**	339,774
Professional and consultancy services	**406,481**	-	**428,050**	-
Other direct costs	**820,863**	275,686	**1,240,991**	522,389
	77,049,047	66,796,926	**163,648,753**	150,908,872
Finished goods at the beginning of the period	**8,090,340**	7,784,460	**7,636,514**	6,175,233
Total production cost prepared for sale during the period	**85,139,387**	74,581,386	**171,285,267**	157,084,105
Finished goods at the end of the period	**(5,492,768)**	(5,684,454)	**(5,492,768)**	(5,684,454)
	79,646,619	68,896,932	**165,792,499**	151,399,651

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17 SELLING AND DISTRIBUTION EXPENSES

	For the three-month period ended		*For the six-month period ended*	
	30 June 2024 (Unaudited) SR	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Transportation and shipping charges	**4,446,806**	2,884,027	**10,400,053**	7,786,116
Marketing and advertising costs	**463,215**	3,498,695	**4,240,302**	7,768,591
Consumer product sell-out to hypermarkets	**860,311**	1,422,907	**4,074,399**	1,422,907
Employees' costs	**1,962,963**	2,472,571	**3,983,950**	4,710,618
Expected credit losses of accounts receivables	**(463,158)**	(288,347)	**1,478,638**	209,869
Depreciation of property, plant and equipment	**43,904**	852,376	**346,297**	1,698,508
Fuel and power	**115,330**	356,765	**399,091**	773,856
Depreciation of right-of-use assets	**133,863**	475,688	**267,726**	951,378
Sales support services	**297,478**	278,463	**615,820**	568,698
Insurance	**93,414**	106,121	**194,388**	196,855
Rent	**9,157**	12,222	**18,212**	21,095
Professional and consultancy fees	**56,000**	-	**58,479**	-
Other expenses	**211,133**	166,154	**355,454**	308,486
	8,230,416	12,237,642	**26,432,809**	26,416,977

18 GENERAL AND ADMINISTRATION EXPENSES

	For the three-month period ended		*For the six-month period ended*	
	30 June 2024 (Unaudited) SR	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Employees' costs	**9,442,793**	5,643,723	**17,823,228**	10,970,460
Depreciation of property, plant and equipment	**830,677**	383,687	**1,506,438**	759,603
Professional and consultancy services	**1,096,466**	349,080	**1,707,274**	1,220,580
Insurance	**420,809**	281,657	**765,121**	457,855
Maintenance	**43,745**	405,223	**259,078**	746,602
Fuel and power	**108,742**	119,307	**285,129**	251,172
Communication	**290,461**	144,423	**453,631**	276,239
Depreciation of right-of-use assets	**99,209**	169,211	**198,418**	338,421
Amortisation of intangible assets	**200,797**	8,198	**209,552**	16,306
Other expenses	**316,405**	38,303	**1,083,422**	927,037
	12,850,104	7,542,812	**24,291,291**	15,964,275

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19 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. The number of shares for the three-month and six-month periods ended 30 June 2023 has been adjusted retrospectively to reflect the shares split (note 12). Since the change in number of shares outstanding during the year ended 31 December 2023 was due to increase in share capital and change in nominal value of shares, number of shares outstanding for all periods presented was adjusted retrospectively.

Following table reflects the income and share data used in the basic and diluted EPS computations:

	For the three-month period ended		*For the six-month period ended*	
	30 June 2024 (Unaudited) SR	*30 June 2023 (Unaudited) SR*	***30 June 2024 (Unaudited) SR***	*30 June 2023 (Unaudited) SR*
Profit for the period	**33,147,443**	23,415,889	**81,764,746**	68,928,667
Weighted average number of ordinary shares for basic and diluted EPS	**540,000,000**	540,000,000	**540,000,000**	540,000,000
Earnings per share – basic and diluted	**0.06**	0.04	**0.15**	0.13

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the interim condensed financial statements.

20 DIVIDENDS

In its meeting held on 11 Jumada Al-Ula 1445H (corresponding to 5 December 2022), the Ordinary General Assembly of the Company has authorised the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2023 and 2024.

For the six-month period ended 30 June 2024, the Board of Directors resolved to distribute interim cash dividends as below:

- SR 14 million on 27 Rajab 1445H (corresponding to 8 February 2024); and
- SR 67 million on 1 Thul-Qi'dah 1445H (corresponding to 9 May 2024).

In the prior period ended 30 June 2023, the Board of Directors resolved to distribute SR 100 million as interim cash dividends.

21 CONTINGENT LIABILTIES

As of 30 June 2024, the Company had contingent liabilities arose during its normal business cycle and related to letters of credit and letters of guarantee of SR 3.4 million (31 December 2023: SR 2.6 million).

22 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's capital and financial risk management strategies have not changed significantly since the last year end. All financial assets and financial liabilities of the Company are classified and measured at amortised cost.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial asset consists of cash and cash equivalents, accounts receivables, amounts due from related parties and other receivables. Its financial liabilities consist of accounts payables, amounts due to a related party, dividends payable and lease liabilities.

Management believes that the fair value of the financial instruments of the Company at the reporting date approximate their carrying value.

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24 RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

During the year ended 31 December 2023, the Company restated certain amounts and balances included in the prior periods financial statements to reflect appropriate accounting treatment and classification. The details of each of such restatements have been summarised below:

Restatement - 1
During the year ended 31 December 2023, management of the Company has identified that they have not reassessed the value of lease liabilities after obtaining flour milling license in 2021. Management has done the reassessment during the year and as a result, the right-of-use assets and lease liabilities were understated. The error has been corrected by restating each of the affected financial statement line items for the prior period opening balance.

Restatement - 2
During the year ended 31 December 2023, management discovered that the useful life of the buildings that are built on leased land in prior periods were erroneously based on the economic life of the buildings instead of the lease term. Consequently, the carrying value of buildings were overstated and the related accumulated depreciation was understated.

The above-mentioned errors have been corrected by restating each of the affected financial statement line items for the prior periods. Following tables summaries the impacts on the Company's financial statements:

At 31 December 2022

	Previously stated (SR)	***Restatement (SR)***	***Restated (SR)***
STATEMENT OF FINANCIAL POSITION			
Right-of-use assets	273,735,030	111,777,478	385,512,508
Lease liabilities	309,097,284	111,777,478	420,874,762
Property, plant and equipment	562,012,297	(16,416,699)	545,595,598
Retained earnings	255,402,469	(16,416,699)	238,985,770

25 EVENTS AFTER THE REPORTING DATE

No significant subsequent event since the six-month period ended 30 June 2024 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.

26 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorised for issuance by the Company's Board of Directors on 2 Safar 1446H (corresponding to 6 August 2024).

شـــركة المطـــاحن الرابـــعة

الدمام ▪ المدينة المنورة ▪ الخرج

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