

Press Release – FY/Q4 2023 Financial Results



FIRST MILLS RECORDS SAR 220.2 MILLION NET PROFIT IN FY 2023 REFLECTING A 22.8% MARGIN DRIVEN BY STRONG GROWTH IN FLOUR SALES

Jeddah, Saudi Arabia – 11 March 2024: First Milling Company (“the Company”, or “First Mills”), a market-leading Saudi milling company, today announced its financial performance for the fiscal year (“FY”) and fourth quarter (“Q4”) of 2023.

Commenting on the results, **Abdullah Ababtain, Chief Executive Officer of First Mills**, said, “2023 was a year in which First Mills lived up to its pioneering name, becoming the first milling company to list on the Saudi Exchange and subsequently reporting its first complete fiscal year as a listed company. We delivered a robust financial performance, showcasing our ability to enhance both top and bottom-line growth, underpinned by our extensive production capabilities, high utilization rates, and cost-efficiency measures.

Guided by a clear roadmap, we are successfully executing our strategy of diversifying our product portfolio into high margin products, expanding our geographical footprint, and reaching a broader customer base. Our downstream operations grew in 2023, exemplified by the launch of our PESA Mill and Mixing Plant and the commissioning of our Durum Mill and Jeddah Mill-C Upgrade, which we expect to further solidify our market leadership in Saudi Arabia.

Looking to the year ahead, we remain committed to our strategic roadmap and delivering long term sustainable value for our shareholders.”

FINANCIALS: HEALTHY AND SUSTAINABLE REVENUE GROWTH YIELDING DOUBLE-DIGIT PROFIT MARGINS

	FY 2023 (SAR Million)	FY 2022 (SAR Million)	% Change	Variance (SAR Million)
Sales/ Revenue	<u>964.3</u>	<u>913.6</u>	<u>5.5%</u>	<u>50.6</u>
Gross Profit	<u>413.1</u>	<u>397.9</u>	<u>3.8%</u>	<u>15.2</u>
Operational Profit (Loss)	<u>287.0</u>	<u>255.6</u>	<u>12.3%</u>	<u>31.4</u>
Net Profit (Loss) after Zakat and Tax	<u>220.2</u>	<u>217.5</u>	<u>1.3%</u>	<u>2.7</u>
Gross Margin %	<u>42.8%</u>	<u>43.6%</u>	<u>-0.7%</u>	<u>15.2</u>
Operating Profit Margin %	<u>29.8%</u>	<u>28.0%</u>	<u>1.8%</u>	<u>31.4</u>
Net Profit Margin %	<u>22.8%</u>	<u>23.8%</u>	<u>-1.0%</u>	<u>2.7</u>

First Mills achieved a 5.5% year-on-year (YoY) revenue growth in FY 2023, generating SAR 964.3 million. This topline growth is attributed to its largest product segment, Flour, growing by 9.0% compared to last year despite the shutdown of Mill C for capacity upgrade, supported by 5.9% growth in Bran revenue driven by the success of the Company’s strategy in building and further diversifying its customer base, in addition to increasing its geographic coverage across Saudi Arabia. Importantly, for the first time, the Company registered sales in its newly launched Premix category, which is expected to achieve double-digit growth in its nascency as the Company continues to expand its B2C platform. Aloula “Retail Brand”

witnessed 37% growth in small-pack sales YoY, reflecting First Mills' ability to capture growth in the highly competitive retail market segment.

	Q4' 2023 (SAR Million)	Q4' 2022 (SAR Million)	% Change	Q3' 2023 (SAR Million)	% Change
Sales/ Revenue	246.6	226.6	8.8%	248.1	-0.6%
Gross Profit	104.6	87.9	19.0%	100.4	4.2%
Operational Profit (Loss)	73.9	37.2	99.0%	70.7	4.5%
Net Profit (Loss) after Zakat and Tax	57.5	20.3	183.8%	54.0	6.4%
Gross Margin %	42.4%	38.8%	3.6%	40.5%	2.0%
Operating Profit Margin %	30.0%	16.4%	13.6%	28.5%	1.5%
Net Profit Margin %	23.3%	9.0%	14.4%	21.8%	1.5%

During Q4 2023, revenue grew 8.8% YoY, driven by the increase across all categories but mainly through the growth of Flour by 11.8% and Feed by 6.0%. Bran grew by 2.4% YoY as a result of the Company's decision to prioritize intake towards Feed production to meet the upsurge in demand for this larger product category.

The Company closed 2023 with an operating profit of SAR 287.0 million, a 12.3% increase YoY, underscoring the solid standing of First Mills' core business and its ability to manage its operational costs effectively. For Q4 2023, operating profit grew 99.0% to SAR 73.9 million due to both strong organic growth in the business and one-off costs related to the IPO, depreciation correction, and provisions set aside for legal case. Excluding the impact of one-off costs, the like-for-like operating profit would grow by approximately 30%, generating c. SAR 17 million compared to the previous year.

FY 2023 net profit stood at SAR 220.2 million, increasing 1.25%, despite the application of the financing costs related to the long-term financing arrangement that was part of the merger with the parent company "Al Raha Al Safi" and began being recorded in the Company's books on 15 September 2022. Excluding the impact of interest costs, the like-for-like profit would result in a 17.6% growth compared to the same period of last year, driven by the 5.5% revenue increase. and 11.3% decline in operating expenses (Opex) mainly in G&A while Sales and Distribution (S&D) increased by 21.5% during 2023 due to the additional investment behind Aloula brand, increased in stock movement between branches to support the shutdown of Mill C in Jeddah, and the other organization costs related to new projects. Likewise, Q4 2023 net profit grew by 183.4% to reach SAR 57.5 million. Excluding one-off costs such as depreciation correction, provisions for legal cases and IPO costs, Q4 2023 net profits would increase by c.43% YoY..

First Mills maintained healthy net profit margins of 22.8% in FY 2023 and 23.3% in Q4 2023.

OPERATIONS: STRONG FLOUR PERFORMANCE AND BETTER POSITIONING FOR ACCELERATED GROWTH IN B2C PRODUCT SEGMENTS

First Mills is successfully executing its strategy of expanding further downstream into B2C business segments. During FY 2023, First Mills launched the PESA Mill in Q3 2023 and began producing the Kingdom's first locally produced Chakki Atta Flour. Similarly, the Kingdom's first Durum Mill, was commissioned in Q4 2023, while the Pre-Mix plant began production and sales.

These strategic projects enable First Mills to optimize its cost and production dynamics to achieve economies of scale as it expands its geographic reach, covering all major regions of the Kingdom. Reflecting this expansion, the Company recorded revenue growth across all its geographic segments in

FY 2023, with Alhasa leading the growth by 12.3% followed by Jeddah plant achieving strong YoY growth of 7.2%, , Tabuk at 2.6% and Qassim at 2%.

In FY 2023, the Company registered an installed wheat milling capacity utilization of 88%, increasing by 3% compared to the same period last year (Operating at 322 days "+10 days vs. Last Year").

SHAREHOLDER VALUE: STRONG CASHFLOW GENERATION

Leveraging its unique working capital model, First Mills generated a robust Free Cash Flow (FCF) of SAR 222.4 million with an FCF Conversion Rate of 66.3%, underscoring the Company's commitment to efficient capital allocation and cash flow optimization. Moreover, the strategic increase in CAPEX to SAR 119.4 million in FY 2023 fueled First Mills' downstream expansion aspirations and provided a solid foundation to propel both growth and expansion opportunities.

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The First Mills - Investor Relations Team can be reached on IR@firstmills.com for any further inquiries.

