

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2025
together with the
INDEPENDENT AUDITORS' REPORT

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS
For the year ended 31 December 2025

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KPMG Professional Services Company

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P.O. Box 4803
Al Khobar, 34412 - 3146
Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرعش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of The Fourth Milling Company (A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of The Fourth Milling Company ("the Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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, as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report

To the Shareholders of The Fourth Milling Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)	
Revenue recognition	
See note 4.8 for the accounting policies and note 22 for the related disclosure in the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2025, the Company recognized revenue from contract with customers of SR 660.41 million.</p> <p>Revenue from contract with customers is recognised at point in time when control over the goods is transferred to the customer.</p> <p>Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks to overstate revenue recognition to increase profitability and earnings. Therefore, revenue recognition was considered a key audit matter.</p>	<p>Our audit procedures in this area include, among others:</p> <ul style="list-style-type: none">- Assessed the appropriateness of the Company's accounting policies for revenue recognition in line with the requirements of applicable financial reporting framework;- Assessed the design and implementation of the Company's controls over the recognition of revenue;- Evaluated key contractual and returns arrangements by considering relevant documentation and agreements with the customers on sample basis;- Tested sample of sales transactions taking place during the year and inspected the supporting documents to assess they were recognized at the correct amounts;- Recalculated and inspected the supporting documents for discounts and rebates for a sample of customers according to their agreements;- Tested sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; and- Assessed the adequacy of the relevant disclosures in accordance with the requirements of applicable financial reporting framework included in the financial statements.



Independent Auditor's Report

To the Shareholders of The Fourth Milling Company (A Saudi Joint Stock Company) (continued)

Other matter

The financial statements of the Company as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 Ramadan 1446H (corresponding to 16 March 2025).

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of 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, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

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 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 judgement and maintain professional scepticism 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.



Independent Auditor's Report

To the Shareholders of The Fourth Milling Company (A Saudi Joint Stock Company) (continued)

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

- 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, then 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of The Fourth Milling Company ("the Company").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services Company



Mohammad Najeeb Alkhelaiwi

License No: 481

Al Khobar, 15 March 2026G

Corresponding to: 26 Ramadan 1447H

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

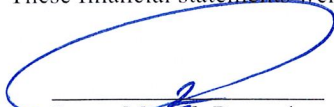
STATEMENT OF FINANCIAL POSITION

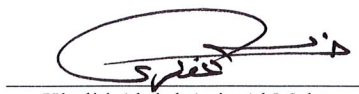
As at 31 December 2025

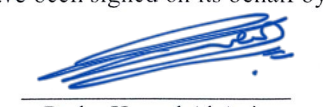
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 December 2025	31 December 2024
Assets			
Property, plant and equipment	7	501,129,769	504,554,482
Right-of-use assets	8	328,799,589	349,801,424
Intangible assets	9	58,045,648	57,668,007
Advance to contractor and suppliers	10	52,454,595	9,430,802
Non-current assets		940,429,601	921,454,715
Inventories	11	62,006,494	56,935,999
Trade receivables	12	21,397,214	8,409,070
Due from related parties	29	4,713,852	3,048,480
Prepayments and other current assets	13	11,190,924	10,954,152
Short-term Murabaha deposits	14	156,163,613	74,060,069
Cash and cash equivalents	14	63,100,434	122,414,701
Current assets		318,572,531	275,822,471
Total assets		1,259,002,132	1,197,277,186
Equity and liabilities			
Equity			
Share capital	15	540,000,000	540,000,000
Actuarial reserve		(1,233,112)	(596,990)
Retained earnings		255,962,700	173,970,022
Total equity		794,729,588	713,373,032
Liabilities			
Lease liabilities	17	363,178,573	381,177,375
Deferred tax liabilities	26	6,952,791	8,789,489
Employees' defined benefit obligations	18	7,965,917	5,621,768
Non-current liabilities		378,097,281	395,588,632
Trade and other payables	19	29,748,311	32,556,857
Due to related parties	29	106,377	58,008
Current portion of lease liabilities	17	13,175,237	12,554,282
Contract liabilities	21	9,519,953	9,858,000
Dividend payable	16	102,313	289,015
Accrued expenses and other current liabilities	20	27,316,502	25,520,312
Zakat and income tax payable	26	6,206,570	7,479,048
Current liabilities		86,175,263	88,315,522
Total liabilities		464,272,544	483,904,154
Total equity and liabilities		1,259,002,132	1,197,277,186

These financial statements were approved by the Board of Directors and have been signed on its behalf by:


Rayan Mustafa Baaqeel
(Chief Financial Officer)


Khalid Abdul Aziz Al Maktary
(Chief Executive Officer)


Bader Hamed Al Aujan
(Chairman Board of Directors)

The accompanying notes from 1 to 33 form an integral part of the financial statements.

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

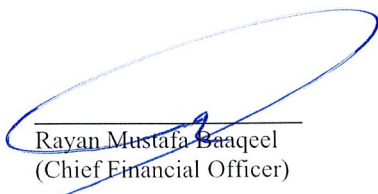
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

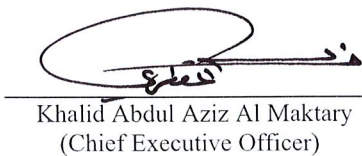
For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	2025	2024
Revenue	22	660,405,945	617,484,534
Cost of revenue	23	(354,024,860)	(334,452,999)
Gross profit		306,381,085	283,031,535
Selling and distribution expenses	24	(35,461,947)	(25,701,439)
General and administrative expense	25	(59,406,620)	(59,176,051)
Reversal of expected credit loss on trade receivables	12	276,008	216,543
Operating profit		211,788,526	198,370,588
Finance cost	17	(11,113,475)	(11,434,948)
Finance income	14	9,893,725	7,276,740
Other income / (expenses)		1,171,185	(8,081,743)
Profit before zakat and income tax		211,739,961	186,130,637
Zakat expense	26	(4,187,060)	(3,445,688)
Income tax	26	(8,596,921)	(8,769,868)
Deferred tax	26	1,836,698	(2,983,728)
Profit for the year		200,792,678	170,931,353
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement loss on employees' defined benefit obligations	18	(636,122)	(171,675)
Total comprehensive income for the year		200,156,556	170,759,678
Earnings per share for the period attributable to shareholders of the Company (SR):			
Basic and diluted	28	0.37	0.32

These financial statements were approved by the Board of Directors and have been signed on its behalf by:


Rayan Mustafa Baaqeel
(Chief Financial Officer)


Khalid Abdul Aziz Al Maktary
(Chief Executive Officer)


Bader Hamed Al Aujan
(Chairman Board of Directors)

The accompanying notes from 1 to 33 form an integral part of these financial statements.

THE FOURTH MILLING COMPANY

(A Saudi Joint Stock Company)

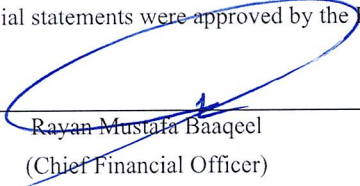
STATEMENT OF CHANGES IN EQUITY


For the year ended 31 December 2025


(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	Share capital	Proposed increase in share capital	Actuarial reserve	Retained earnings	Total
As at 31 December 2024		540,000,000	-	(596,990)	173,970,022	713,373,032
Profit for the year		-	-	-	200,792,678	200,792,678
Other comprehensive loss for the year		-	-	(636,122)	-	(636,122)
Total comprehensive income for the year		-	-	(636,122)	200,792,678	200,156,556
Dividends distribution	16	-	-	-	(118,800,000)	(118,800,000)
As at 31 December 2025		540,000,000	-	(1,233,112)	255,962,700	794,729,588
As at 31 December 2023		473,903,170	66,096,830	(425,315)	143,438,669	683,013,354
Profit for the year		-	-	-	170,931,353	170,931,353
Other comprehensive loss for the year		-	-	(171,675)	-	(171,675)
Total comprehensive income for the year		-	-	(171,675)	170,931,353	170,759,678
Transfer to share capital	15	66,096,830	(66,096,830)	-	-	-
Dividends distribution	16	-	-	-	(140,400,000)	(140,400,000)
As at 31 December 2024		540,000,000	-	(596,990)	173,970,022	713,373,032

These financial statements were approved by the Board of Directors and have been signed on its behalf by:


Rayan Mustafa Baaqeel
(Chief Financial Officer)


Khalid Abdul Aziz Al Maktary
(Chief Executive Officer)


Bader Hamed Al Aujan
(Chairman Board of Directors)

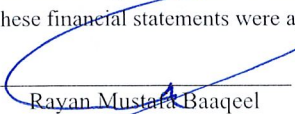
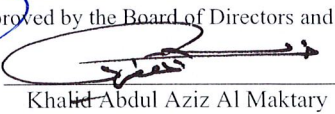
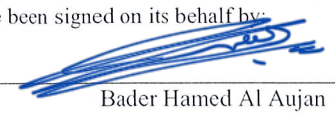
The accompanying notes from 1 to 33 form an integral part of these financial statements.

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 December 2025	31 December 2024
Cash flows from operating activities			
Profit before zakat and income tax		211,739,961	186,130,637
<i>Adjustments:</i>			
Depreciation on property, plant and equipment	7	37,492,314	36,088,442
Depreciation of right-of-use assets	8	16,849,082	16,456,765
Amortisation of intangible assets	9	832,092	630,847
Finance cost on lease liabilities	17	11,113,475	11,434,948
Loss on disposal of property, plant and equipment		276,599	374,020
Write-off of property, plant and equipment	7	-	4,402,937
Gain on termination of lease	8.1	(840,487)	-
Reversal of expected credit loss on trade receivables	12	(276,008)	(216,543)
Provision for employees' defined benefit obligations	18	2,786,938	2,480,083
Finance income	14	(9,893,725)	(7,276,740)
<i>Changes in working capital:</i>			
Inventories		(5,070,495)	(967,827)
Trade receivables		(12,712,136)	(2,981,993)
Prepayments and other current assets		(243,407)	2,451,362
Due from related parties		(1,665,371)	19,718,456
Trade and other payables		(2,808,546)	10,154,557
Due to related parties		48,369	(1,432,634)
Contract liabilities		(338,047)	(650,589)
Accrued expenses and other liabilities		1,796,191	(1,207,702)
Cash generated from operating activities		249,086,799	275,589,026
Employees' defined benefit obligations paid	18	(1,078,911)	(949,983)
Zakat and income tax paid	26	(14,056,459)	(5,656,091)
Net cash from operating activities		233,951,429	268,982,952
Cash flows from investing activities			
Additions to property, plant and equipment	7	(34,525,548)	(13,985,215)
Additions to intangible assets	9	(1,209,733)	(1,578,350)
Finance income received		9,900,359	6,700,959
Proceeds from disposal of property, plant and equipment	7	181,348	532,433
Advances to contractor and suppliers	10	(43,023,793)	(6,685,643)
Net movement in short-term murabaha deposits	14	(82,103,544)	(74,060,069)
Net cash used in investing activities		(150,780,911)	(89,075,885)
Cash flows from financing activities			
Repayment of lease liabilities	17	(12,384,608)	(12,289,903)
Finance costs paid on lease liabilities	17	(11,113,475)	(11,434,948)
Dividends paid	16	(118,986,702)	(140,110,985)
Net cash used in financing activities		(142,484,785)	(163,835,836)
Net change in cash and cash equivalents		(59,314,267)	16,071,231
Cash and cash equivalents as at 1 January		122,414,701	106,343,470
Cash and cash equivalents as at 31 December		63,100,434	122,414,701
Significant non-cash transactions:			
Modification in right of use assets against lease liabilities		131,305	-
Addition of right of assets and lease liabilities		-	3,767,142
These financial statements were approved by the Board of Directors and have been signed on its behalf by:			
			
Rayan Mustafa Baaqeel (Chief Financial Officer)	Khalid Abdul Aziz Al Maktary (Chief Executive Officer)	Bader Hamed Al Aujan (Chairman Board of Directors)	

The accompanying notes from 1 to 33 form an integral part of these financial statements.

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY INFORMATION

The Fourth Milling Company (the “Company”) is a Saudi Joint Stock Company registered in Dammam, Kingdom of Saudi Arabia under commercial registration numbered 2050110856 dated 10 Safar 1438H (corresponding to 10 November 2016) and unified number 7003698870. The national address of the Company is Building no. 6729, King Saud Road, As Safa District, Dammam 34222, Kingdom of Saudi Arabia.

The Company’s licensed activities include the packing and milling of wheat, maize packing and milling, barley milling and packing, packing and milling of flour, meal and bulgur wheat, oats production, rice packing and milling, production of flour from rice, milling and packing of dried leguminous vegetables and edible nuts, manufacture of flour and dough for bakeries, manufacture of breakfast grain foods in flakes, including (cereals, chips etc.), popcorn manufacturing, manufacture of starch from corn, manufacture of starch from potatoes, corn milling, manufacture of domestic bread, manufacture of bread and bread products by automatic bakeries, manufacture of different kind of pies, manufacture of layer cake and all kinds of cakes, manufacture of all kinds of biscuits, manufacture of bread and pastry flakes, manufacture of frozen bakery products, making different kinds of eastern and traditional desserts, manufacture of concentrated fodder for animals, manufacture of cattle fodder, manufacture of second plant products as animal feed, preparation, milling and pressing of animal feed, production of salt lick stones for animal feed, manufacture of non-medicinal feed additives, manufacture of poultry fodder, manufacture of bird fodder, manufacture of pet feeds, freight transport by road, operation of storage facilities for all types of goods except food, loading and unloading of goods, animal food and feed stores, Storage in warehouses of grain silos, flour and agricultural products, public storages with a variety of goods, Storage of goods in foreign trade zones, dry food stores, wholesale of barley, grain wholesale except for barely, wholesale of livestock feed for pharmaceutical feed additives, wholesale of feed and non-medicinal feed additives, wholesale of bakery products, wholesale of food and beverage, retail sale of bakery products and sugar confectionery, retail sale of barley, trade of special and healthy food and combined office administrative service activities.

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 September 2020), Cabinet Resolution No. (631) was issued to transfer the ownership of the Company to the National Center for Privatisation (the “NCP”) and for the NCP to carry out the tasks assigned to the Public Investment Fund by Cabinet Resolution No. (118) and dated 30 October 2018 (corresponding to 21 Safar 1440H). 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 General Food Security Authority (“GFSA”), as GFSA imports wheat to Saudi Arabia for the purpose of producing subsidised flour. This agreement was entered into force on 3 Rabi Al Thani 1438H (corresponding to 1 January 2017). The agreement stipulates that the purchase price of the subsidised wheat is calculated according to the monetary value per metric ton of subsidised wheat specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton since 2017. The Company also has an option to import the wheat directly or to source it from the open market.

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY INFORMATION (CONTINUED)

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

On 19 Ramadan 1445H (corresponding to 24 March 2024), the General Assembly of Partners decided to go for an Initial Public Offering ("IPO") on Saudi Stock Exchange ("Tadawul"), which was approved by Capital Market Authority ("CMA") on 20 Duh Al-Hijjah 1445H (corresponding to 26 June 2024) and formal announcement was published in this regard. The allotment of shares to new shareholders was completed and the Company's ordinary shares began trading on Tadawul on 24 Rabi Al-Thani 1446H (corresponding to 27 October 2024).

The Company operates through its Head Office in Dammam and three branches in Kingdom of Saudi Arabia as follows:

<u>Branch Location</u>	<u>Date</u>	<u>Commercial Registration No.</u>
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
Al-Kharj	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	1011024354

2. BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (here and after referring to as "IFRSs as endorsed in KSA").

2.2 Basis of measurement

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

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

THE FOURTH MILLING COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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.

3.1 Useful lives and residual value of property, plant and equipment and intangible assets

The Company's management determines the estimated useful lives of its property, plant and equipment and intangible assets with finite useful lives for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation and amortization methods and useful lives annually and future depreciation and amortization charges would be adjusted where the management believes the useful lives differ from previous estimates and to ensure that the methods and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

3.2 Determining lease term for leases with termination option - Company as lessee

The Company determines the term of the lease as non-cancellable periods plus any period covered by a renewable option if the Company is reasonably certain to exercise that option. The Company has several lease contracts that include termination options. The Company decides through its evaluation of the lease whether it is reasonable to exercise the option to terminate the lease. This means that the Company considers all relevant factors that constitute an economic incentive to exercise the option to terminate the lease. After the lease commencement date, the Company reassesses the lease term if there is an event or change in circumstances within the Company's control that affects the Company's ability to exercise the option to terminate (such as: making material improvements to the lease or a material restructuring of the lease).

3.3 Adjustment of inventory net realizable value

Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the financial position date to the extent that such events confirm conditions existing at the end of year.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)

Estimates and assumptions (Continued)

3.3 Adjustment of inventory net realizable value (continued)

Adjustment for net realizable value of spare parts inventories is made on the basis of the NRV adjustments of the relevant finished goods. Spare parts that are in excess of the Company's use are written down to their estimated scrap values determined on the basis of the market quotations. The identification of excess spare parts and estimates of their scrap value are based upon historical experience, expected inventory turnover, current condition, and future expectations with respect to its consumption and are reviewed at each reporting date.

3.4 Defined benefit plans

The cost of the employees' defined benefit obligations and other post-employment medical benefits and the present value of the employees' defined benefit obligations are determined based on the Projected Unit Credit Method as defined under IAS-19 "Employee Benefits" using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long term nature, employees' defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3.5 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 discounted cash flow (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.

3.6 Determination of discount rate for present value calculations

Discount rates represent the current market assessment of the risks specific to each cash flow stream, 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 recent market transactions and a market yields overview.

3.7 Revenue recognition – estimating variable consideration

The Company estimates variable considerations to be included in the transaction price in respect of each of its agreement with customers. Variable consideration mainly includes discounts and rebates granted to customers. The Company estimates its provision for discounts and rebates based on current contractual terms and conditions as well as historical experience, changes to business practices and credit terms. The Company continually monitors the provisions for discounts and rebates and makes adjustments when it believes that actual discounts may differ from established reserves.

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4. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

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.

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the 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 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 (if any) of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

<u>Categories</u>	<u>Useful lives</u>	<u>Categories</u>	<u>Useful lives</u>
Buildings	25	Furniture and fittings	6.67 - 10 years
Plant and equipment	10 - 25 years	Capital spares	10 - 25 years
Computer equipment	6.67 years	Motor vehicles	5 years

The depreciation of plant is calculated on the useful lives of the components of the principal asset. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income as gain or loss on disposal of property, plant and equipment as a part of the operating profit when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Property, plant and equipment (Continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Projects under construction are not depreciated and are stated at cost less accumulated impairment losses, if any, and are classified under "Capital work in progress". These assets are transferred to property, plant and equipment as and when assets are available for intended use.

4.2 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 was acquired and assessed as having indefinite useful life. It is stated at cost less accumulated impairment, if any.

NOTES TO THE FINANCIAL STATEMENTS

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 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 present value of the expected cost for the decommissioning (if any) of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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 insubstance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company's financial assets comprise of cash and cash equivalents, trade receivables and other current financial assets and margins against letter of guarantees. 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. On initial recognition, a financial asset is classified as measured at:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI) – equity instruments; or
- Fair value through profit or loss (FVTPL)

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.4 Financial instruments (Continued)

Financial Assets (continued)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with a original maturity of 90 days and are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks, cash on hand and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

Trade receivables and other current financial assets

Trade receivables and other current financial assets are measured at amortized cost and comprise of trade and other receivables.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or financial liabilities at fair value through profit or loss FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities are classified as "held for trading" if they are acquired for the purpose of selling in the near future. This category includes derivative financial instruments entered by the Company that are not designated as hedging instruments as stated in IFRS 9. Other financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities include trade and other payables, certain accrued expenses and other current liabilities, contract liabilities, lease liabilities and amounts due to related parties. At 31 December 2025, all the Company's financial liabilities are classified at amortised cost.

Off-setting 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.5 Inventories

Cost is measured as follows:

Finished goods	Direct cost of raw materials as well as overheads, the latter of which is allocated based on the normal level of activity.
Wheat (Raw material)	Weighted average which is SR 180 / metric ton (Note 1)
Spare parts and other raw materials	Weighted average
Goods in-transit	Inventories are stated at cost plus freight and other related expense.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Inventories (Continued)

Inventories are stated at cost or net realizable value, whichever is lower. 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.

Adjustment for net realizable value of spare parts inventories is made on the basis of the NRV adjustments of the relevant finished goods. Spare parts that are in excess of the Company's use are written down to their estimated scrap values determined on the basis of the market quotations. The identification of excess spare parts and estimates of their scrap value are reviewed at each reporting date.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4.6 Employees' benefit

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 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 date. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

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. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in income at the earlier of:

- The date of the plan amendment or curtailment; and
- The date on which the 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 changes in the net defined benefit obligation for service costs that comprises current service costs, past-service costs, gains and losses on curtailments, net interest expense and non-routine settlements under "general and administrative expenses" in the statement of profit or loss and other comprehensive income.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 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 Group 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-zakat 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. 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 and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

4.8 Revenue from contracts with customers

The Company is involved in manufacturing of flour, feed, bran (by-product) and other related products. The revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. 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.

Under IFRS 15 Revenue from Contracts with Customers, the Company recognises revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The 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.

Variable consideration mainly includes discounts and rebates granted to customers. The Company estimates its provision for discounts and rebates based on current contractual terms and conditions as well as historical experience, changes to business practices and credit terms. The Company continually monitors the provisions for discounts and rebates and makes adjustments when it believes that actual discounts may differ from established reserves. All discounts are recognised in the period in which the underlying sales are recognised as a reduction of revenue.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Zakat, income tax and deferred tax

Zakat is provided for in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Company is subject to income tax. Provision for zakat and income tax is charged to the statement of profit and loss and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred income tax is recognized on all major temporary differences between accounting income and taxable income during the year in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry-forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be adjusted. Deferred income tax is determined using tax rate which has been enacted by the statement of financial position date and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under the Saudi Arabian Income Tax Law.

4.10 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, finance income and zakat and tax expense.

4.11 Selling, distribution, general and administrative expenses

Selling, distribution, general and administrative expenses include direct and indirect costs not specifically part of cost of revenue. Allocations between cost of revenue, selling and distribution, and general and administrative expenses, when required, are made on a consistent basis.

4.12 Finance costs

Finance costs comprise of finance cost on loans, amortisation of loan transaction cost, finance cost on lease liabilities, interest cost on employees' defined benefit obligations and financing charges as and when incurred by the Company.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

5.1 Standards, interpretations and amendments issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2025 and that are available for early adoption in annual periods beginning on 1 January 2025.

<i>Standards, amendments, interpretations</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

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5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

5.2 Standards, interpretations and amendments issued but not yet effective

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

<i>Standards, amendments, interpretations</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of Financial Instruments - disclosures	1 January 2026
IFRS Accounting Standards – Volume 11	Annual improvements	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between investor and its Associate and Joint venture	To be determined

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

6. SEGMENT INFORMATION

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

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. All inter-segment transfers during the year are recorded at cost (2024: same).

The management has identified these business units based on their geographical locations. The following summary describes the operations of each reportable segment.

<u>Reportable segments</u>	<u>Operations</u>
Dammam	Production of flour, feed and bran
Madinah	Production of flour and bran
Al-Kharj	Production of flour and bran

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6. SEGMENT INFORMATION (CONTINUED)

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the financial statements. Transfer prices between operating segments are on cost and any transmission and distribution costs are recovered from the segments in a manner similar to transactions with third parties.

The selected financial information for these business units is set out below. All unallocated amounts are related to the head office and are not allocatable to the operating segments. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

For the year ended 31 December 2025	Dammam	Madinah	Al-Kharj	Total segments
Net revenue	241,369,139	225,649,804	193,387,002	660,405,945
Cost of material consumed	(80,520,482)	(65,347,687)	(79,473,650)	(225,341,819)
Employee benefits expenses	(21,596,456)	(21,185,649)	(13,641,665)	(56,423,770)
Depreciation and amortization	(16,003,815)	(22,803,511)	(14,008,542)	(52,815,868)
Finance costs	(5,849,494)	(4,365,140)	(461,723)	(10,676,357)
Other expenses	(23,390,520)	(23,219,510)	(20,526,087)	(67,136,117)
Segment profit before zakat and income tax	94,008,372	88,728,307	65,275,335	248,012,014
For the year ended 31 December 2024	Dammam	Madinah	Al-Kharj	Total segments
Net revenue	250,362,971	196,722,234	170,399,329	617,484,534
Cost of material consumed	(84,691,841)	(51,750,281)	(75,888,673)	(212,330,795)
Employee benefits expenses	(19,841,822)	(20,465,622)	(13,864,753)	(54,172,197)
Depreciation and amortization	(15,603,938)	(23,059,924)	(12,920,029)	(51,583,891)
Finance costs	(6,077,510)	(4,493,879)	(473,938)	(11,045,327)
Other expenses	(24,587,838)	(19,255,965)	(12,305,471)	(56,149,274)
Segment profit before zakat and income tax	99,560,022	77,696,563	54,946,465	232,203,050
At 31 December 2025	Dammam	Madinah	Al-Kharj	Total segments
Total assets	285,982,074	397,805,155	285,870,930	969,658,159
Total liabilities	185,146,854	211,677,204	35,943,668	432,767,726
Other disclosures:				
Property, plant and equipment	96,752,094	199,401,876	202,186,505	498,340,475
Right-of-use assets	143,238,371	165,219,975	17,285,824	325,744,170
Intangible assets	12,240	10,046	10,046	32,332
Inventories	31,281,580	21,458,558	9,235,194	61,975,332
At 31 December 2024	Dammam	Madinah	Al-Kharj	Total segments
Total assets	275,191,243	408,959,699	238,411,386	922,562,328
Total liabilities	208,288,529	224,555,488	48,876,138	481,720,155
Other disclosures:				
Property, plant and equipment	87,148,335	210,664,929	203,365,263	501,178,527
Right-of-use assets	150,743,130	173,087,594	18,108,959	341,939,683
Intangible assets	14,798	11,929	11,929	38,656
Inventories	27,927,108	20,128,913	8,839,343	56,895,364

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6. SEGMENT INFORMATION (CONTINUED)

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

i) Profit before tax

	<u>2025</u>	<u>2024</u>
Total profit before tax for reportable segments	248,012,014	232,203,050
<i>Unallocated amounts</i>		
Cost of material consumed	(40,594)	(20,167)
Employee benefits expenses	(30,950,926)	(33,502,383)
Depreciation	(2,357,618)	(1,592,164)
Finance costs	(437,118)	(389,620)
Finance income	9,893,725	7,276,740
Other expenses	(12,379,522)	(17,844,819)
Profit before zakat and income tax	<u>211,739,961</u>	<u>186,130,637</u>

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

ii) Total assets

	<u>31 December 2025</u>	<u>31 December 2024</u>
Total assets for reportable segments	969,658,159	922,562,328
Unallocated amounts	289,343,973	274,714,858
	<u>1,259,002,132</u>	<u>1,197,277,186</u>

iii) Total liabilities

	<u>31 December 2025</u>	<u>31 December 2024</u>
Total liabilities for reportable segments	432,767,726	481,720,155
Unallocated amounts	31,504,818	2,183,999
	<u>464,272,544</u>	<u>483,904,154</u>

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7. PROPERTY, PLANT AND EQUIPMENT

	<i>Buildings (a)</i>	<i>Plant and Machinery</i>	<i>Furniture and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicle</i>	<i>Capital work in progress (b)</i>	<i>Total</i>
<u>Cost</u>							
At 1 January 2025	243,417,548	499,757,594	4,459,994	8,838,425	2,587,544	3,760,342	762,821,447
Additions during the year	551,839	6,045,598	159,796	554,717	-	27,213,598	34,525,548
Transfers	3,227,928	3,451,380	1,674,500	532,432	-	(8,886,240)	-
Disposal	(145,800)	(229,683)	(146,675)	(1,471,757)	-	-	(1,993,915)
At 31 December 2025	247,051,515	509,024,889	6,147,615	8,453,817	2,587,544	22,087,700	795,353,080
<u>Accumulated depreciation</u>							
At 1 January 2025	63,885,893	184,757,297	2,858,918	4,350,227	2,414,630	-	258,266,965
Charge for the year	9,471,797	25,932,066	669,668	1,245,877	172,906	-	37,492,314
Disposals	(28,258)	(107,602)	(57,537)	(1,342,571)	-	-	(1,535,968)
At 31 December 2025	73,329,432	210,581,761	3,471,049	4,253,533	2,587,536	-	294,223,311
<u>Net book value</u>							
At 31 December 2025	173,722,083	298,443,128	2,676,566	4,200,284	8	22,087,700	501,129,769

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7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<i>Buildings (a)</i>	<i>Plant and Machinery</i>	<i>Furniture and fittings</i>	<i>Computer equipment</i>	<i>Motor vehicle</i>	<i>Capital work in progress (b)</i>	<i>Total</i>
<i>Cost</i>							
At 1 January 2024	242,408,499	491,299,630	4,318,437	7,195,946	2,587,561	7,490,252	755,300,325
Additions during the year	-	4,109,106	48,557	945,178	-	8,882,374	13,985,215
Disposal	(320,250)	(1,740,686)	-	(203)	(17)	-	(2,061,156)
Write-off (b)	-	-	-	-	-	(4,402,937)	(4,402,937)
Transfers	1,329,299	6,089,544	93,000	697,504	-	(8,209,347)	-
At 31 December 2024	243,417,548	499,757,594	4,459,994	8,838,425	2,587,544	3,760,342	762,821,447
<i>Accumulated depreciation</i>							
At 1 January 2024	54,762,074	160,751,820	2,527,442	3,351,070	1,940,820	-	223,333,226
Charge for the year	9,145,095	25,138,703	331,476	999,358	473,810	-	36,088,442
Related to disposals	(21,276)	(1,133,226)	-	(201)	-	-	(1,154,703)
At 31 December 2024	63,885,893	184,757,297	2,858,918	4,350,227	2,414,630	-	258,266,965
<i>Net book value</i>							
At 31 December 2024	179,531,655	315,000,297	1,601,076	4,488,198	172,914	3,760,342	504,554,482

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7. PROPERTY, PLANT AND EQUIPMENT (CONITNUED)

- (a) Buildings are built on lands leased from the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organization (“SAGO”)) with an annual rental value of SR 12.84 million. The initial term of the land lease is 25 calendar years commencing from 1 January 2017 (corresponding to 3 Rabi Al-Thani 1438H), which was adjusted in 2021 to match with the duration of flour milling license up to 30 November 2046. The lease is renewable automatically subject to renewal of Company’s milling license.
- (b) Projects under progress, as at 31 December 2025, mainly consist of the following projects:
- i) Expansion of Flour Mill & feed production plant for Al-Kharj Branch which is expected to be completed by June 2027 and June 2026 respectively.
 - ii) Project of implementing security and safety works in Dammam Branch, which has reached an execution progress of approximately 86% as of the reporting date and is expected to be completed by March 2026. Further, during the year ended 31 December 2024, SR 4.40 million related to this project was written off, as it did not meet requirements of High Commission for Industrial Security (“HCIS”), Kingdom of Saudi Arabia.
 - iii) Bran handling projects including bran bulk loading areas in Dammam, which is expected to be completed by October 2026.
 - iv) The replacement of the impact detacher with a Matador unit in the flour processing line at the Dammam branch is currently in progress and is expected to be completed by June 2026.

Capital commitments relating to these projects are disclosed in note 27.

There is no temporary idle asset (2024: None). Assets with cost amounting SR 7.94 million have been fully depreciated as of the year-end (2024: SR 7.80 million).

Depreciation expenses for the year were allocated as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue (note 23)	33,742,170	32,452,068
Selling and distribution expenses (note 24)	179,270	434,103
General and administration expenses (note 25)	3,570,874	3,202,271
	<u>37,492,314</u>	<u>36,088,442</u>

8. RIGHT-OF-USE ASSETS

The Company entered into lease agreements with the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organization (“SAGO”)) for the rental of silos, lands and building. The initial term of the lease was 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 up to 30 November 2046 and is renewable automatically subject to renewal of Company’s milling license. 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.

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8. RIGHT-OF-USE ASSETS (CONTINUED)

For leases, the Company is restricted from assigning and subleasing the leased assets.

The Company leases office and staff accommodation with contractual terms of one year. These leases are classified as short-term leases. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	<u>Silos</u>	<u>Lands</u>	<u>Buildings</u>	<u>Total</u>
<u>Cost</u>				
At 1 January 2024	203,756,283	230,251,917	5,304,743	439,312,943
Additions during the year	-	-	3,767,142	3,767,142
At 31 December 2024	203,756,283	230,251,917	9,071,885	443,080,085
Impact of modification	-	-	(131,305)	(131,305)
Termination (note 8.1)	-	(5,449,894)	-	(5,449,894)
At 31 December 2025	203,756,283	224,802,023	8,940,580	437,498,886
<u>Accumulated depreciation</u>				
At 1 January 2024	41,447,916	34,556,998	816,982	76,821,896
Charge for the year	7,056,885	9,006,719	393,161	16,456,765
At 31 December 2024	48,504,801	43,563,717	1,210,143	93,278,661
Charge for the year	7,056,885	9,007,322	784,875	16,849,082
Termination (note 8.1)	-	(1,428,446)	-	(1,428,446)
At 31 December 2025	55,561,686	51,142,593	1,995,018	108,699,297
<u>Net book Value</u>				
At 31 December 2024	155,251,482	186,688,200	7,861,742	349,801,424
At 31 December 2025	148,194,597	173,659,430	6,945,562	328,799,589

8.1 During the year, the Company terminated its lease agreement with the General Food Security Authority (“GFSA”) for the Old Head Office Land at Dammam Port. The right-of-use asset associated with this lease, having a carrying amount of SR 4.02 million, and the related lease liability of SR 4.95 million, were derecognized upon termination of the lease arrangement. The gain on termination of lease amounts to SR 0.84 million.

8.2 For the purposes of preparing the statement of cash flows, the movement in right of use assets during the year ended 31 December is as follows:

	<u>2025</u>	<u>2024</u>
Depreciation	16,849,082	16,456,765
Disposal (note 8.1)	4,021,448	-
Modification	131,305	-

8.3 Depreciation charge for the year has been allocated as follows:

	<u>2025</u>	<u>2024</u>
Cost of revenue (note 23)	15,554,407	15,554,406
Selling and distribution expenses (note 24)	96,593	95,990
General and administration expenses (note 25)	1,198,082	806,369
	16,849,082	16,456,765

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9. INTANGIBLE ASSETS

	<i>Software</i>	<i>Software under implementation</i>	<i>Trademark</i>	<i>Total</i>
<u>Cost</u>				
At 1 January 2024	404,888	6,560,377	50,102,500	57,067,765
Additions	49,600	1,528,750	-	1,578,350
Transfer	8,089,127	(8,089,127)	-	-
At 1 December 2024	8,543,615	-	50,102,500	58,646,115
Additions	108,173	1,101,560	-	1,209,733
Transfers	1,101,560	(1,101,560)	-	-
At 31 December 2025	9,753,348	-	50,102,500	59,855,848
<u>Accumulated depreciation</u>				
At 1 January 2024	347,261	-	-	347,261
Charge for the year	630,847	-	-	630,847
At 31 December 31 2024	978,108	-	-	978,108
Charge for the year	832,092	-	-	832,092
At 31 December 2025	1,810,200	-	-	1,810,200
<u>Net book value</u>				
At 31 December 2025	7,943,148	-	50,102,500	58,045,648
At 31 December 2024	7,565,507	-	50,102,500	57,668,007

Computer software

Amortisation is charged to general and administration expenses. Remaining useful life of the computer softwares at 31 December 2025 is around 4.25 years.

Software under development

Software under development represents costs incurred in relation to the SAC Project involving the implementation of a new ERP system designed to generate financial and management reports from the existing SAP ERP platform.

Trademark

The Company has acquired the trademark 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 trademark name across the Kingdom with the exclusive rights. The acquired trademark has been recognized as intangible asset under IAS 38 “intangible asset” and initially recognized at cost and designated as indefinite useful life and is stated at cost less accumulated impairment, if any.

The Company conducted an impairment test on the brand on 31 December 2025 and concluded that no impairment losses were recognized. This is estimated using the Relief from Royalty Method, resulting in an amount of SR 92.87 million (2024: SR 86.80 million). This valuation reflects the present value of royalties that would otherwise be payable if the brand were licensed. Management will continue to monitor economic conditions and brand performance to identify any potential indicators of impairment in the future.

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9. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in calculations and sensitivity to changes in assumptions are as follows:

Royalty rate:

A benchmark royalty rate of 1.9% (2024: 1.9%) was applied. A decrease of 0.88% (2024: 0.81%) would result in impairment.

Revenue assumptions:

Forecast revenues are based on the average revenues achieved during the three years preceding the budget period and are assumed to remain broadly consistent over the forecast period. A decrease in revenues of 53.9% (2024: 42.3%) would result in impairment.

Market share:

Management expects the Company's retail market share to improve over the forecast period.

Discount rate:

The discount rate is derived from the Company's weighted average cost of capital (WACC). An increase in the pre-tax discount rate to 19.80% (2024: 19.18%) would result in impairment.

Growth rate:

Cash flows are projected over a five-year forecast period with a terminal growth rate of 2% (2024: 2%) applied thereafter.

10. ADVANCE TO CONTRACTORS AND SUPPLIERS

Advances to contractors and suppliers classified as non-current assets represent payments for machinery, equipment including installation and engineering works, and other project-related services. These amounts are recognised as advances until the related assets or services are received by the Company. The movement in advances to contractors and suppliers was as follows:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	9,430,802	2,745,159
Payments during the year	50,640,917	9,384,802
Transfer to property, plant and equipment	(7,617,124)	(2,699,159)
At the end of the year	<u>52,454,595</u>	<u>9,430,802</u>

11. INVENTORIES

11.1 Inventories comprise of the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Raw materials	33,112,126	30,213,738
Finished goods	5,501,369	8,575,096
Goods in transit	77,240	54,461
Spare parts and others	35,734,618	30,845,725
Less: adjustment for net realizable value of inventories	(12,418,859)	(12,753,021)
	<u>62,006,494</u>	<u>56,935,999</u>

11.2 During the year ended 31 December 2025, inventories recognised as expense amounted to SR 225.3 million (31 December 2024: SR 212.3 million) included under cost of revenue. Furthermore, the Company has written off spare parts amounting to SR 0.33 million as scrap (2024: Nil).

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12. TRADE RECEIVABLES

Trade receivables comprise of the following:

	31 December 2025	31 December 2024
Trade receivables	21,789,030	9,076,894
Less: allowance for expected credit loss on trade receivables	(391,816)	(667,824)
	21,397,214	8,409,070

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 generally the practice of the Company to obtain collateral over receivables, and the vast majority are secured against the promissory notes. Refer to note 30 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 63% (2024: 71%) of the total gross accounts receivables. The movement in provision for expected credit losses is presented below:

	2025	2024
At the beginning of the year	667,824	884,367
Reversal for the year	(276,008)	(216,543)
At the end of the year	391,816	667,824

13. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2025	31 December 2024
Prepaid expenses	3,530,765	3,809,753
Margin against letter of guarantees	3,447,914	3,447,914
Advance to suppliers (note 13.1)	3,423,666	2,894,305
Accrued interest on deposits	709,792	716,426
Others	78,787	85,754
	11,190,924	10,954,152

13.1 Advances to suppliers represent payments made in advance for the procurement of materials, consumables, and services to be received within the normal operating cycle of the Company

14. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Short-term Murabaha deposits	59,566,291	108,161,974
Cash at bank	3,424,727	14,179,459
Cash in hand	109,416	73,268
	63,100,434	122,414,701

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.

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14. CASH AND CASH EQUIVALENTS (CONTINUED)

Short-term Murabaha deposits (exceeding 90 days duration)

Deposits with period exceeding 90 days amounting SR 156.16 million (2024: SR 74.06 million) are presented separately from cash and cash equivalents in the statement of financial position.

During the year ended 31 December 2025, finance income from short-term Murabaha deposits amounting to SR 9.89 million (2024: SR 7.28 million) has been recognised in statement of profit and loss and other comprehensive income. The interest rate on these deposits ranges between 2.96% - 6.10% (2024: 4.20% - 6.10%).

15. SHARE CAPITAL

The authorized, issued and fully paid-up share capital of the Company as at 31 December 2025 amounted to SR 540,000,000 (31 December 2024: SR 540,000,000) consists of 540,000,000 shares (31 December 2024: 540,000,000 shares) at SR 1 each share.

	2025	2024	2025	2024
	<i>Percentage</i>		2025	2024
Gulf Flour Milling Industrial Company	70%	70%	378,000,000	378,000,000
General public	30%	30%	162,000,000	162,000,000
	100%	100%	540,000,000	540,000,000

The shareholding of the majority shareholder, Gulf Flour Milling Industrial Company, is disclosed below:

<i>Shareholders of parent Company</i>	<u>Ownership</u>
Abdullah Al-Othaim Markets Company	33.33%
United Feed Manufacturing Company	33.33%
Allana International Limited Company	33.33%
	100%

During the year ended 31 December 2024, 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 473.90 million to SR 540 million through the transfer of SR 40.02 million from the account of "retained earnings" and SR 26.08 million from the account of "statutory reserve" respectively. Legal formalities in this regard have been completed after the year-end on 27 Jumada Al-Akhirah 1445H (corresponding to 9 January 2024).

16. DIVIDENDS PAYABLE

In its meeting held on 29 Dul-Qi'dah 1446H (corresponding to 27 May 2025), 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 fiscal year 2025.

16.1 On 7 Ramadan 1446H (corresponding to 7 March 2025), the Board of Directors resolved to distribute interim cash dividend of SR 0.11 per share amounting to SR 59.4 million for the second half of the year ended 31 December 2024. The amount has been paid on 9 April 2025.

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16. DIVIDENDS PAYABLE (CONTINUED)

16.2 On 5 Safar 1447H (corresponding to 30 July 2025), the Board of Directors resolved the distribution of interim cash dividends of SR 0.11 per share amounting to SR 59.4 million for the first half of the year ended 31 December 2025. The amount has been paid on 4 September 2025.

16.3 For the twelve-month year ended 31 December 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).
- SR 59.4 million on 27 Rabi Al-Akhirah 1446H (corresponding to 30 October 2024).

Refer to note 32 for the proposed dividends declared subsequent to the reporting date.

16.4 The movement in dividends payable is as follows:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	289,015	-
Declared during the year	118,800,000	140,400,000
Paid during the year	<u>(118,986,702)</u>	<u>(140,110,985)</u>
At the end of the year	<u>102,313</u>	<u>289,015</u>

17. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	393,731,657	402,254,418
Accretion of interest	11,113,475	11,434,948
Lease modification	(131,305)	-
Termination	(4,861,934)	-
Addition during the year	-	3,767,142
Payments during the year	<u>(23,498,083)</u>	<u>(23,724,851)</u>
At the end of the year	<u>376,353,810</u>	<u>393,731,657</u>

17.1 The bifurcation between current and non-current lease liabilities is as follows:

	<u>2025</u>	<u>2024</u>
Current	13,175,237	12,554,282
Non-current	363,178,573	381,177,375
	<u>376,353,810</u>	<u>393,731,657</u>

17.2 Amounts recognised in statement of profit or loss:

	<u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	11,113,475	11,434,948
Expense on short term leases (note 23 and 24)	734,424	741,075
	<u>11,847,899</u>	<u>12,176,023</u>

17.3 Amounts recognised in statement of cash flows:

	<u>2025</u>	<u>2024</u>
Repayment of lease liabilities	12,384,608	12,289,903
Finance cost paid on lease	11,113,475	11,434,948
	<u>23,498,083</u>	<u>23,724,851</u>

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18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

	<u>2025</u>	<u>2024</u>
Present value of defined benefit obligation	<u>7,965,917</u>	<u>5,621,768</u>

The major financial assumptions used to calculate the defined benefit obligation are as follows:

	<u>2025</u>	<u>2024</u>
<i>Financial assumptions</i>		
Discount rate	5.10%	5.50%
Salary increase rate	5.00%	5.00%
<i>Demographic assumptions</i>		
Withdrawal rate	15%	15%
Mortality rate	0.08% to 1.05%	0.08% to 1.05%

The movement in employees' defined benefit liabilities were as follows:

	<u>2025</u>	<u>2024</u>
Net liability at the beginning of the year	5,621,768	3,919,993
Current service cost	2,477,742	2,293,883
Interest expense	309,196	186,200
Amount recognised in statement of profit or loss	2,786,938	2,480,083
<i>Re-measurements</i>		
Change in financial assumption	210,212	45,213
Experience adjustments	425,910	126,462
Amount recognised in other comprehensive income	636,122	171,675
Benefits paid during the year	(1,078,911)	(949,983)
At the end of the year	<u>7,965,917</u>	<u>5,621,768</u>

Sensitivity analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit liabilities 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 liabilities 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.

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18. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Sensitivity of the defined benefit liabilities to charges in the weighted principal assumptions is presented below:

	<u>2025</u>	<u>2024</u>
<i>Salary growth rate</i>		
1% increase	8,451,009	5,973,504
1% decrease	7,523,330	5,301,557
<i>Discount rate</i>		
1% increase	7,457,564	5,256,353
1% decrease	8,535,815	6,032,133

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

	<u>2025</u>	<u>2024</u>
Within the next 12 months (next annual reporting period)	871,312	646,355
Between 2 and 5 years	3,484,793	2,423,610
After 5 years	7,417,945	5,612,351

The average duration of the defined benefit liabilities at the end of the reporting period is 7 years
(2024: 7 years)

19. TRADE AND OTHER PAYABLES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Trade payables	29,741,982	32,334,304
Other payables	6,329	222,553
	<u>29,748,311</u>	<u>32,556,857</u>

Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.

20. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Accrued employees' costs	14,091,702	12,598,450
Accrued fines and penalties (note 20.1)	4,000,000	4,000,000
Accrued customer rebates	2,948,958	1,209,322
Value added tax ("VAT") payable	2,501,804	226,129
Accrued utilities expense	1,659,346	1,386,041
Accrued transport costs	1,494,289	1,848,832
Accrued professional fees	582,475	308,000
Accrued Board and committees' expenses	-	2,975,952
Other accruals	37,928	967,586
	<u>27,316,502</u>	<u>25,520,312</u>

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20. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES (CONTINUED)

- 20.1** Fines and penalties relate to the claim received from General Food Security Authority (“GFSA”) on 18 Sha’ban 1446H (corresponding to 17 February 2025) for inspection made on 21 Rabi Al Thani 1446H (corresponding to 24 October 2024) alleging that the Company did not comply with the Flour Mills Production Regulation. The management has objected to the claim and shared their response on 4 Ramadan 1446H (corresponding to 4 March 2025). The Company’s management took a prudent view of the matter and made a provision of full amount of SR 4 million in the financial statements for the year ended 31 December 2024. On 5 February 2026, the administrative court ruling was received with the violation confirmed for the full amount. As of the date of approval of the financial statements, management is evaluating its regulatory grounds for objecting to the court’s ruling.

21. CONTRACT LIABILITIES

Contract liabilities represent advance from customers primarily relating to advance consideration received from customers to deliver goods in future period. The movement in contract liabilities is as follows:

	2025	2024
At the beginning of the year	9,858,000	10,508,589
Receipts during the year	523,167,888	625,820,041
Revenue recognised during the year	(523,505,935)	(626,470,630)
At the end of the year	9,519,953	9,858,000

22. REVENUE

The Company sells its goods based on sale orders from customers, majority of which is secured by the advance receipts of value of goods. Revenue is disaggregated by type of goods as shown below:

	2025	2024
Sale of goods	660,405,945	617,484,534
<i>Primary geographical markets</i>		
Local	660,349,917	617,484,534
Export	56,028	-
	660,405,945	617,484,534
<i>Types of sector</i>		
Corporate sector	615,824,601	576,246,876
Hypermarkets	16,992,409	15,561,015
Individual sector	27,588,935	25,676,644
	660,405,945	617,484,534

Timing of revenue recognition

The sale of the goods is recognised by the Company at a point in time, and the performance obligation is fulfilled when the goods are delivered to the customer.

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23. COST OF REVENUE

The cost of revenue comprises the following:

	<u>2025</u>	<u>2024</u>
Materials consumed	225,382,413	212,344,738
Employees' costs	40,758,012	42,263,142
Depreciation of property, plant and equipment (note 7)	33,742,170	32,452,068
Fuel and power	18,403,824	16,845,278
Depreciation of right-of-use assets (note 8)	15,554,407	15,554,406
Transportation	5,923,581	5,712,800
Maintenance	3,677,295	3,022,303
Subscriptions	3,191,016	1,551,373
Insurance	2,492,971	2,884,243
Rent	691,250	702,999
Consultancy fee	427,885	1,028,511
Other direct costs	706,309	1,029,720
	350,951,133	335,391,581
Finished goods at the beginning of the year	8,575,096	7,636,514
	359,526,229	343,028,095
Finished goods at the end of the year	(5,501,369)	(8,575,096)
	354,024,860	334,452,999

24. SELLING AND DISTRIBUTION EXPENSES

	<u>2025</u>	<u>2024</u>
Transportation and shipping charges	15,927,788	11,643,342
Employees' costs	10,110,772	7,773,624
Marketing and advertising costs	5,297,825	2,252,962
Sales support services	1,534,288	1,307,590
Insurance	730,582	418,252
Fuel and power	387,786	505,467
Depreciation of property, plant and equipment (note 7)	179,270	434,103
Depreciation of right-of-use assets (note 8)	96,593	95,990
Rent	43,174	38,076
Professional and consultancy fees	-	59,917
Other expenses	1,153,869	1,172,116
	35,461,947	25,701,439

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25. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>2024</u>
Employees' costs	36,505,912	37,637,814
Legal and professional fees (note 25.1)	4,265,238	5,655,041
Depreciation of property, plant and equipment (note 7)	3,570,874	3,202,271
Board and committees' expenses, rewards and allowances	3,550,175	3,340,265
Fuel and power	2,538,162	972,841
Insurance	2,009,978	1,704,177
Maintenance	1,439,937	1,737,314
Depreciation of right-of-use assets (note 8)	1,198,082	806,369
Communication	997,197	861,816
Amortisation of intangible assets (note 9)	832,092	630,847
Other expenses	2,498,973	2,627,296
	<u>59,406,620</u>	<u>59,176,051</u>

25.1 Legal and professional fees include audit fee amounting to SR 0.65 million (2024: SR 0.86 million).

26. ZAKAT, INCOME TAX AND DEFERRED TAX

Zakat and income tax charged for the year consist of the following:

	<u>2025</u>	<u>2024</u>
Zakat expense	4,187,060	3,445,688
Income tax	8,596,921	8,769,868
Deferred tax	(1,836,698)	2,983,728
	<u>10,947,283</u>	<u>15,199,284</u>

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:

	<u>2025</u>	<u>2024</u>
Additions to zakat base	967,221,382	933,376,862
Zakatable income for the year	211,739,960	186,130,637
Deductions from zakat base	(976,498,385)	(942,869,653)
Zakat base	202,462,957	176,637,846
Minimum Zakat base	211,865,275	-
Zakat base on Saudi shareholders' shares at 76.67% (2024: 75.47%)	162,434,988	133,308,583
Zakat expense	<u>4,187,060</u>	<u>3,445,688</u>

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.

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26. ZAKAT, INCOME TAX AND DEFERRED TAX (CONTINUED)

	<u>2025</u>	<u>2024</u>
Accounting profit for the year	211,739,960	186,130,637
Depreciation of property, plant and equipment	37,492,314	36,088,442
Provision for expected credit losses	-	(216,543)
Provision for scrap items	-	-
Non-deductible expenses	125,315	-
Provision for employees' defined benefit liabilities	2,786,939	2,480,083
Depreciation of property, plant and equipment as per ZATCA rates	(66,819,550)	(80,585,459)
Employees' defined benefit liabilities paid	(1,078,911)	(949,983)
Reversal of provision for slow-moving items	-	(3,860,810)
	184,246,067	139,086,367
Taxable profit for non-Saudi shareholders' shares at 23.33% (2024: 31.53%)	42,984,607	43,489,342
Income tax expense @ 20%	8,596,921	8,769,868

The movement in zakat and income tax provision during the year were as follows:

	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
At 1 January 2024	2,745,766	(1,826,183)	919,583
Charge for the year	3,445,688	8,769,868	12,215,556
Payments during the year	(2,745,766)	(2,910,325)	(5,656,091)
At 31 December 2024	3,445,688	4,033,360	7,479,048
Charge for the period	4,187,060	8,596,921	12,783,981
Payments during the period	(3,445,688)	(10,610,771)	(14,056,459)
At 31 December 2025	4,187,060	2,019,510	6,206,570

Zakat status

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, 31 December 2023 and 31 December 2024, however assessment has not been raised by ZATCA. During the period, the Company received a communication from the Zakat, Tax and Customs Authority (ZATCA) requesting additional information related to the zakat declaration for the year ended 31 December 2024. As of the date of approval of these financial statements, ZATCA has not issued any assessment.

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.

	<u>2025</u>	<u>2024</u>
Property, plant and equipment	7,937,818	9,990,191
Provision for employees' defined benefit liabilities	(371,690)	(354,472)
Provision for expected credit losses	(18,282)	(42,109)
Provision for inventories	(595,055)	(804,121)
	6,952,791	8,789,489

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26. ZAKAT, INCOME TAX AND DEFERRED TAX (CONTINUED)

The movement in deferred tax liabilities during the year is presented below:

	<u>2025</u>	<u>2024</u>
At the beginning of the year	8,789,489	5,805,761
Charge for the year recorded in profit or loss	(1,836,698)	2,983,728
At the end of the year	<u>6,952,791</u>	<u>8,789,489</u>

The amounts necessary to pay the zakat assessed on the share of Saudi shareholders and their equivalents and the tax assessed on the share of non-Saudi shareholders and their equivalents are calculated in accordance with the regulations in force in the Kingdom of Saudi Arabia.

27. CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has contingent liabilities in respect of legal proceedings and claims initiated by employees and regulatory authorities. These contingent liabilities arose in the normal course of business. No additional significant obligations are expected to be incurred from these potential claims, apart from the amount recorded under accrued expenses.

As of 31 December 2025, the Company has provided bank guarantees amounting to SR 3.45 million (31 Dec 2024: SR 3.45 million) in favor of General Food Security Authority (“GFSA”) for lease of silos and land in Dammam, Madinah and Al-Kharj.

Capital commitments

The capital commitments relating to ongoing capital work in progress projects amounts to SR 248.3 million (2024: SR 17.63 million).

28. EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the distributable earnings attributable to shareholders of ordinary shares and the weighted average number of ordinary shares outstanding at the date of the financial statements. 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.

	<u>2025</u>	<u>2024</u>
Profit for the year	200,792,678	170,931,353
Weighted average number of ordinary shares	540,000,000	540,000,000
Earnings per share –basic and diluted	0.37	0.32

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29. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders with significant influence, key management personnel of the Company, and entities controlled or significantly influenced by such parties (other related parties). Other related parties represent parties in addition to the requirements of IAS 24.

The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are on the basis of contractual arrangements made with them.

<i>Name of related party</i>	<i>Nature of relationship</i>
Gulf Flour Milling Industrial Company	Parent
Abdullah Al-Othaim Markets Company	Shareholder of parent company
United Feed Manufacturing Company	Shareholder of parent company
Allana International Limited Company	Shareholder of parent company
United Feed Company Limited	Other related party
Riyadh Food Industries Company	Other related party
Pure Food Corporations	Other related party
Abdulaziz Al-Othaim Markets Company	Other related party
Zod Factory for Pastries and Bakeries - a branch of Abdullah Al-Othaim Markets Company	Other related party

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

Compensation of key management personnel of the Company for the year ended 31 December:

	2025	2024
Short-term employee benefits	8,511,450	8,780,897
Post-employment benefits	592,029	367,084
	9,103,479	9,147,981

Board and committees' fees, rewards and allowances during the period amounting to SR 3.55 million (31 December 2024: SR 3.34 million).

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29. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

OTHER RELATED PARTY TRANSACTIONS

Transactions with related parties arise mainly from services provided / received and payments made on behalf of each other and are undertaken at mutually agreed terms. Due to related parties are the balances payable on demand, interest free and unsecured. The aggregate value of related parties' transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

<i>Related parties</i>	<i>Nature of transactions</i>	<i>Amount of transactions</i>	
		<u>2025</u>	<u>2024</u>
Gulf flour Milling Industrial Company (Shareholder)	Expenses incurred on behalf of shareholder	2,500	-
	Service fee	230,000	-
	IPO costs charged	-	15,230,229
	Collections	(405,977)	(36,017,454)
Abdullah Al-Othaim Markets Company (Shareholder of Parent Company)	Sales	13,239,054	12,086,269
	Rebates	(4,500,963)	(4,300,574)
	Collection	(7,867,903)	(7,154,841)
United Feed Manufacturing Company (Shareholder of Parent Company)	Sales	38,347,338	58,813,221
	Rebates	(358,271)	(8,276,076)
	Collection	(36,393,829)	49,046,503
Zod Factory for Pastries and Bakeries - a branch of Abdullah Al-Othaim Markets Company (Other related party)	Sales	169,059	949,123
	Returns	(169,059)	-
	Collection	(85,612)	935,042
Riyadh Food Industries Company (Other related party)	Sales	-	-
	Collection	-	(47,507)
Pure Food Corporations (Other related party)	Sales	4,730,730	7,524,384
	Rebates	(1,441,770)	(3,298,526)
	Collection	(3,829,924)	(3,754,517)
United Feed Company Limited (Other related party)	Purchases	-	16,434
	Payments	2,807	13,627
Abdulaziz Al-Othaim Markets Company (Other related party)	Sales	27,852	11,499
	Rebates	(79,028)	(66,700)

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29. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

OTHER RELATED PARTY TRANSACTIONS (Continued)

Balances outstanding with the related parties is presented below:

<i>Amounts due from related parties</i>	<u>2025</u>	<u>2024</u>
Abdullah Al-Othaim Markets Company	2,786,596	1,916,408
United Feed Manufacturing Company	1,595,238	-
Gulf Flour Milling Industrial Company	230,000	403,477
Pure Food Cooperation	102,018	642,983
Zod Factory for Pastries and Bakeries, a branch of Abdullah Al-Othaim Markets Company	-	85,612
Riyadh Food Industries Company	-	-
	<u>4,713,852</u>	<u>3,048,480</u>

<i>Amounts due to related parties</i>	<u>2025</u>	<u>2024</u>
Abdulaziz Abdullah Al-Othaim Markets Company	106,377	55,201
United Feed Company Limited	-	2,807
	<u>106,377</u>	<u>58,008</u>

30. FINANCIAL INSTRUMENTS

FINANCIAL 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 (including short term deposits)

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.

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30. FINANCIAL INSTRUMENTS (CONTINUED)
FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES
(Continued)

Cash and cash equivalents (continued)

Banks	Rating		Rating Agency	31 December 2025	31 December 2024
	Long term	Short term			
Riyad Bank	A-1	P-1	Moody's	216,244,695	191,758,103
Banque Saudi Fransi	A-1	P-1	Moody's	2,908,493	4,270,274
Saudi National Bank	Aa3	P-1	Moody's	1,442	-
Saudi Alawwal Bank	A-1	P-1	Moody's	-	373,125
				219,154,630	196,401,502

Accounts 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 accounts 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 accounts 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.

Credit risk

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 2025	ECL rate %	Gross carrying amount	Expected credit loss
Current	1.02%	20,031,797	203,544
1-90 days	12.72%	1,076,815	136,953
More than 90 days	7.54%	680,418	51,319
TOTAL		21,789,030	391,816

31 December 2024	ECL rate %	Gross carrying amount	Expected credit loss
Current	0.42%	7,817,876	32,759
1-90 days	45.56%	1,146,040	522,087
More than 90 days	100.00%	112,978	112,978
TOTAL		9,076,894	667,824

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30. FINANCIAL INSTRUMENTS (CONTINUED)
FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES
(Continued)

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.

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 Murabaha deposits which are at floating rate however the impact is not material on the financial statements (2024: none).

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.

31 December 2025	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total contractual amount
Trade payables	29,741,982	29,741,982	-	-	29,741,982
Accrued expenses and other liabilities	24,329,616	24,329,616	-	-	24,329,616
Amount due to related parties	106,377	106,377	-	-	106,377
Dividend payable	102,313	102,313	-	-	102,313
Lease liabilities	376,353,810	24,147,994	97,609,806	377,684,277	499,442,077
	430,634,098	78,428,282	97,609,806	377,684,277	553,722,365

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30. FINANCIAL INSTRUMENTS (CONTINUED)
FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES
(Continued)

Liquidity risk (continued)

31 December 2024	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total contractual amount
Trade payables	32,556,858	32,556,858	-	-	32,556,858
Accrued expenses and other liabilities	22,336,759	22,336,759	-	-	22,336,759
Amount due to related parties	58,008	58,008	-	-	58,008
Dividend payable	289,015	289,015	-	-	289,015
Lease liabilities	393,731,657	23,724,851	97,167,705	401,897,137	522,789,693
	448,972,297	78,965,491	97,167,705	401,897,137	578,030,333

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 shareholders' 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 31 December 2025 and 31 December 2024

	2025	2024
Trade and other payables	29,748,311	32,556,857
Accrued expenses and other liabilities	27,316,502	25,520,312
Amounts due to related parties	106,377	58,008
Lease liabilities	376,353,810	393,731,657
Less: cash and cash equivalents and Short-term Murabaha deposits	(219,264,047)	(196,474,770)
Net debt	214,260,953	255,392,064
Shareholders' equity	794,729,588	713,373,032
Total capital and debt	1,008,990,530	968,765,096
Gearing ratio	21%	26%

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30. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL INSTRUMENTS – FAIR VALUES

Financial assets

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

	31 December 2025	31 December 2024
Financial assets at amortised cost:		
Bank balances and short-term deposits	219,154,631	196,401,502
Trade receivables	21,397,214	8,409,070
Due from related parties	4,713,852	3,048,480
Other current financial assets	4,236,491	4,250,094
	249,502,188	212,109,146

Financial liabilities

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

	31 December 2025	31 December 2024
Financial liabilities at amortised cost:		
Lease liabilities	376,353,810	393,731,657
Trade and other payables	29,748,311	33,563,502
Due to related parties	106,377	58,008
Contract liabilities	9,519,953	9,858,000
Accrued expenses and other current liabilities	27,316,520	24,513,667
	443,044,971	461,724,834

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 and short-term deposits, trade receivables, amounts due from related parties and other current assets. Its financial liabilities consist of trade and other payables, certain accrued expense and other liabilities, obligations under finance lease and amounts due to related parties.

The management assessed that fair value of bank balances and short-term deposits, trade receivables, amounts due from related parties, other current assets, trade and other payables, certain accrued expense and other liabilities, lease liabilities and amounts due to related parties approximate their carrying amounts, largely due to the short-term maturities of these instruments.

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

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

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

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

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30. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL INSTRUMENTS – FAIR VALUES (Continued)

For assets and liabilities that are recognised 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.

There are no financial instruments recognised at fair value and there were no transfers between levels of fair value measurements in 2025 and 2024. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

31. RECLASSIFICATION

Certain comparative figures have been reclassified to comply with the current year presentation of these financial statements, where necessary. Below financial information in the comparative period has been reclassified to conform with current period presentation, as shown below:

Statement of profit or loss and other comprehensive income	Previously reported year ended 31 December 2024	Amount of reclassification	Reclassified amount year ended 31 December 2024
General and administrative expense	(58,959,508)	(216,543)	(59,176,051)
Expected credit loss on trade receivables	-	216,543	(216,543)
Revenue	629,027,399	(11,542,865)	617,484,534
Selling and distribution expenses	(37,244,304)	11,542,865	(25,701,439)
	Previously reported year ended 31 December 2024	Amount of reclassification	Reclassified amount year ended 31 December 2024
Statement of financial position			
Trade and other payables	33,340,949	(784,092)	32,556,857
Accrued expenses and other current liabilities	24,736,220	784,092	25,520,312
Advances to contractors and suppliers	-	9,430,802	9,430,802
Prepayments and other current assets	20,384,954	(9,430,802)	10,954,152
Lease liability – non current	370,006,806	11,170,569	381,177,375
Current portion of lease liabilities	23,724,851	(11,170,569)	12,554,282

The nature of above reclassifications is as follows:

- Certain expense items have been reclassified to conform with the current year's presentation.
- Transportation costs have been reclassified as a reduction of revenue instead of being presented under selling and distribution expenses.
- Advances to suppliers relating to non-current assets have been reclassified from prepayments to advances to contractors and suppliers.
- Certain payable balances have been reclassified from Trade payables to accrued expenses.

The above reclassifications caused the cashflows from operating activities to increase by SR 6.69 million and the cashflows from investing activities to decrease by SR 6.69 million and were made to conform to the current year's presentation.

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32. SUBSEQUENT EVENTS

On 5 February 2026, the Company has received the administrative court ruling on the General Food Security Authority (“GFSA”) case (refer note 20.1) with the violation confirmed for the full amount. The Company has a period of 60 days to file an objection against this ruling. As of the date of approval of these financial statements, the Company is assessing its legal position and evaluating the regulatory grounds for objecting to the court’s decision.

The Board of Directors of the Company, in their meeting held on 5 March 2026 (corresponding to 16 Ramadan 1447H), proposed the distribution of interim cash dividends amounting to SR 70,200,000 to its shareholders for the second half of the year 2025G at SR 0.13 per share. The approval of the shareholders of the Company for the proposed dividend shall be obtained in the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2025 do not include the effect of the aforementioned proposed dividend, which will be accounted for in the financial statements for the year ending 31 December 2026.

The evolving geopolitical developments in the Middle East Region have increased economic and operational uncertainty across the region. The situation remains fluid and circumstances may change rapidly. These developments have brought about additional uncertainties in the Company’s operating environment. With respect to the financial statements for the year ended 31 December 2025, the financial reporting effects of these developments are considered to be non-adjusting in nature. The Company has been closely monitoring the impact of these developments and has implemented a number of contingency measures which include maintaining adequate inventory levels, reviewing alternative logistics routes, closely monitoring liquidity and working capital requirements. As far as the Company’s businesses are concerned, these developments may cause disruptions in the supply of key raw materials, challenges in logistics and shipping, and delays in contract execution. As a result, depending on how the situation evolves, these developments might have a negative impact on the financial performance of the Company. As the situation is rapidly evolving and remains uncertain, the effect of these developments is subject to significant levels of uncertainty, with the full range of possible impacts currently unknown.

No matter has occurred up to and including the date of the approval of the financial statements by the Board of Directors which could materially affect the financial statements and the related disclosures for the year ended 31 December 2025.

33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements was approved and authorised for issuance by the Company's Board of Directors on 16 Ramadan 1447H, corresponding to 5 March 2026.