

Transforming Milling Excellence into Sustainable Growth

Annual Report 2024



The Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al-Saud



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al-Saud

Crown Prince, Prime Minister of Saudi Arabia

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Review of 2024

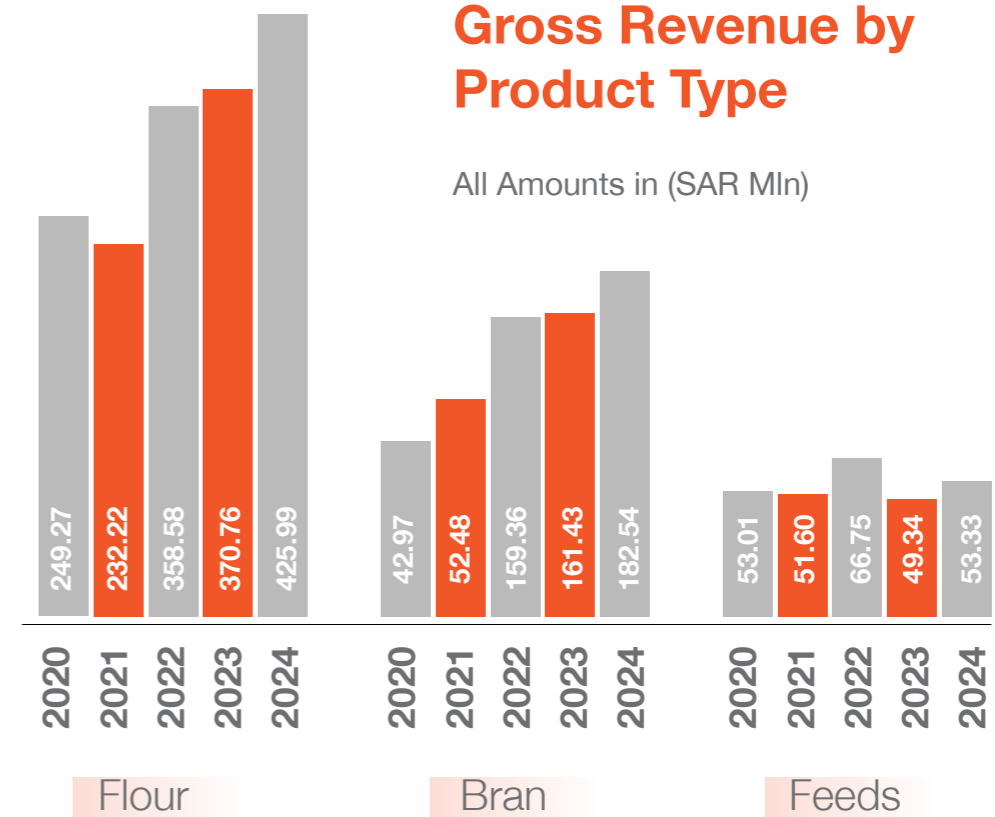
Key Financial and Operational Results

Financial Performance Highlights



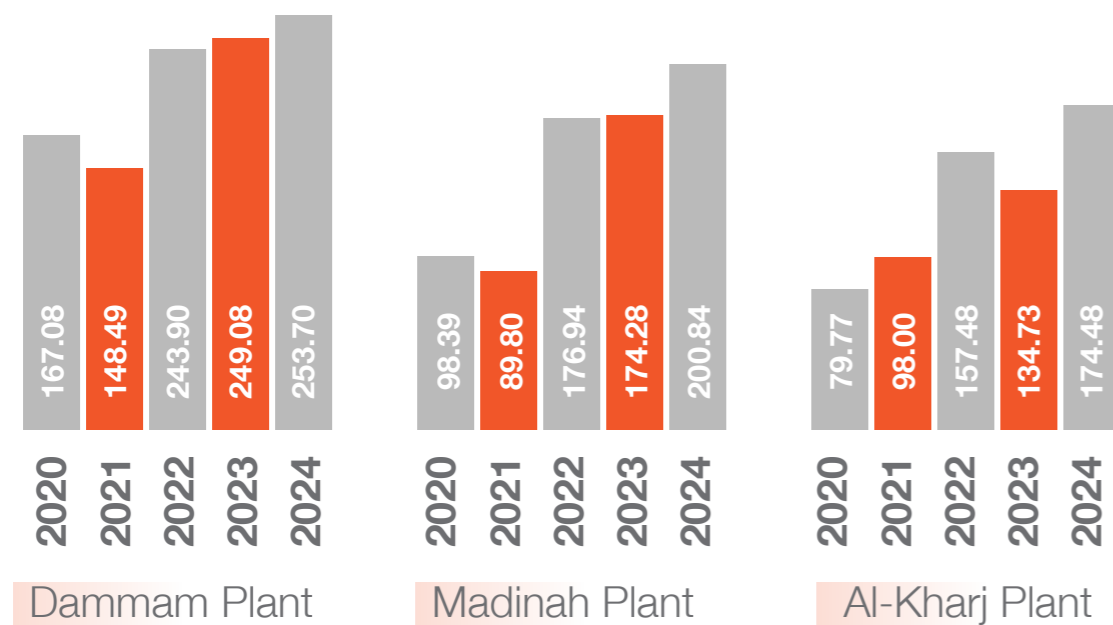
Gross Revenue by Product Type

All Amounts in (SAR Mln)



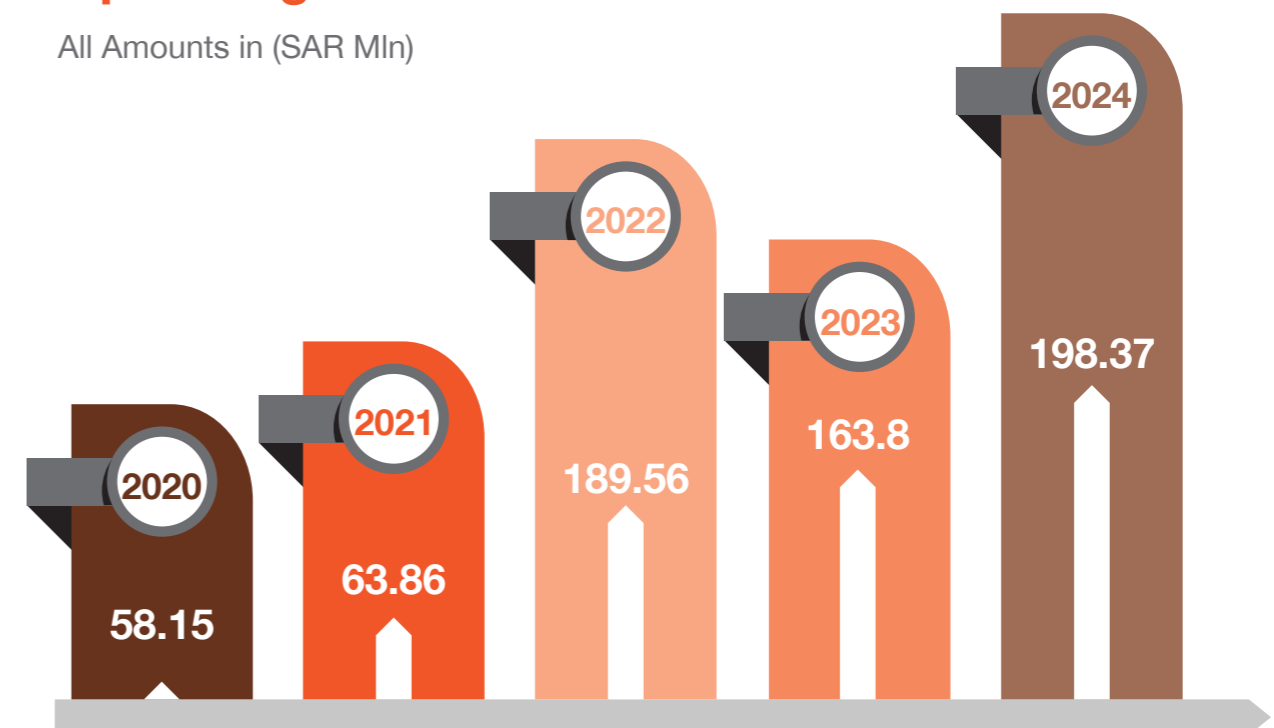
Revenue by Geographic Regions

All Amounts in (SAR Mln)



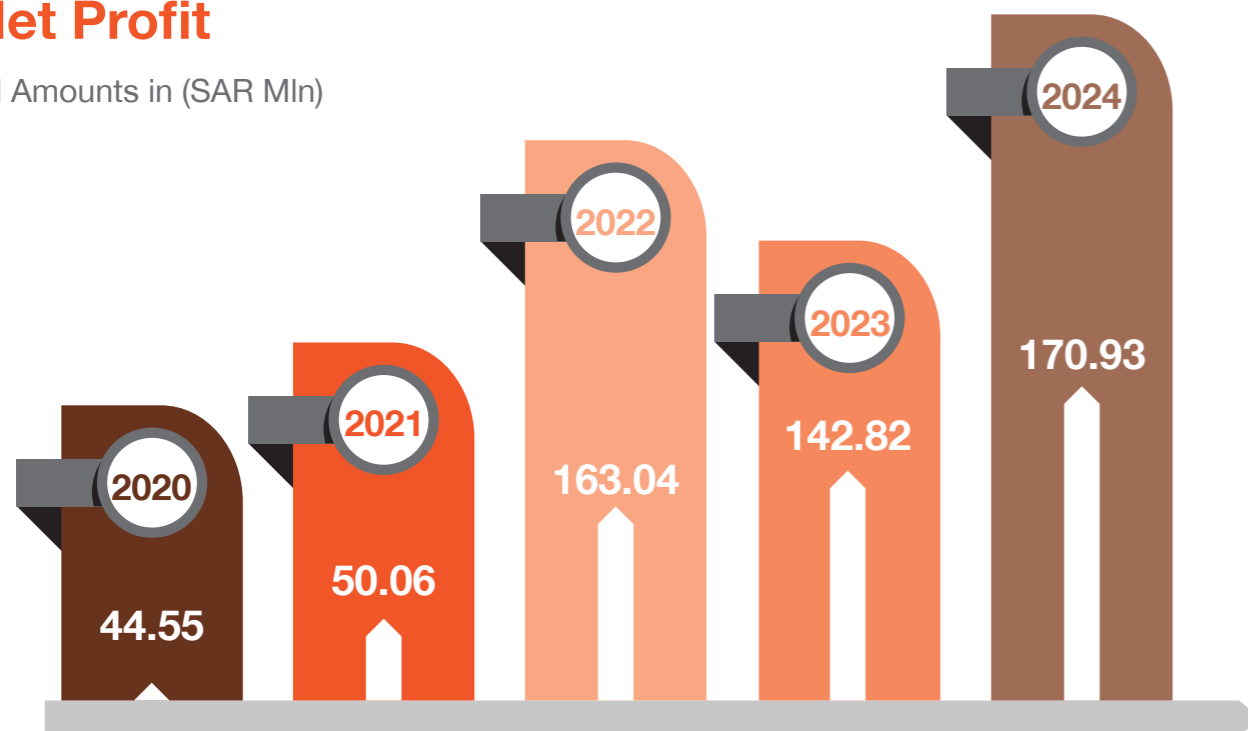
Operating Profit

All Amounts in (SAR Mln)



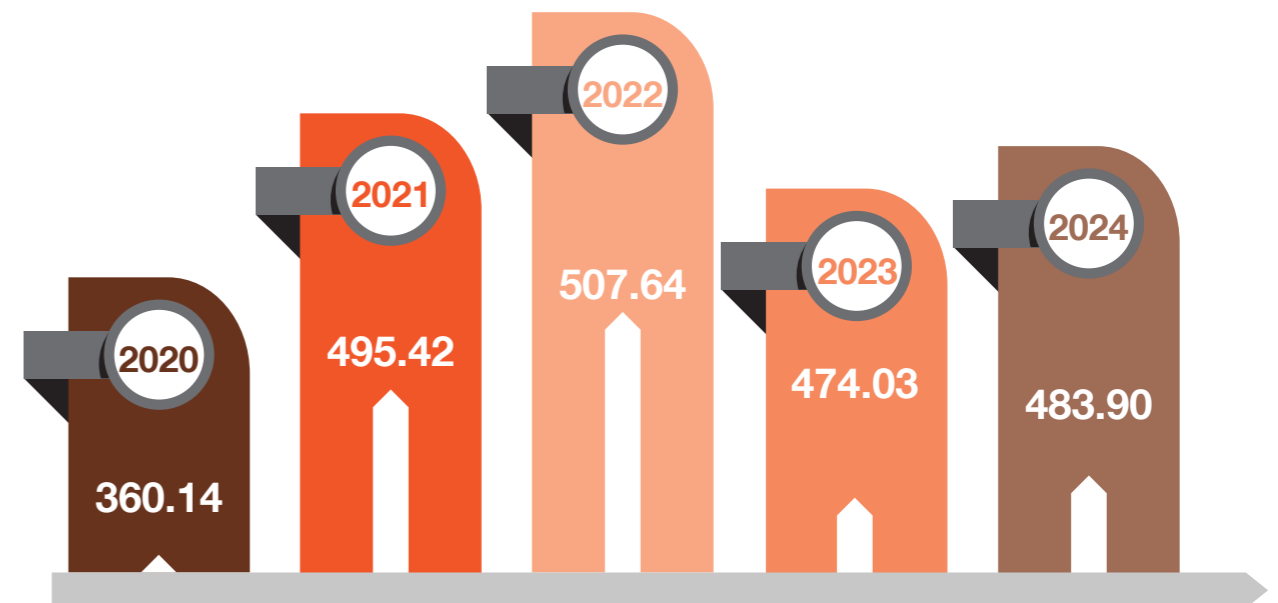
Net Profit

All Amounts in (SAR Mln)



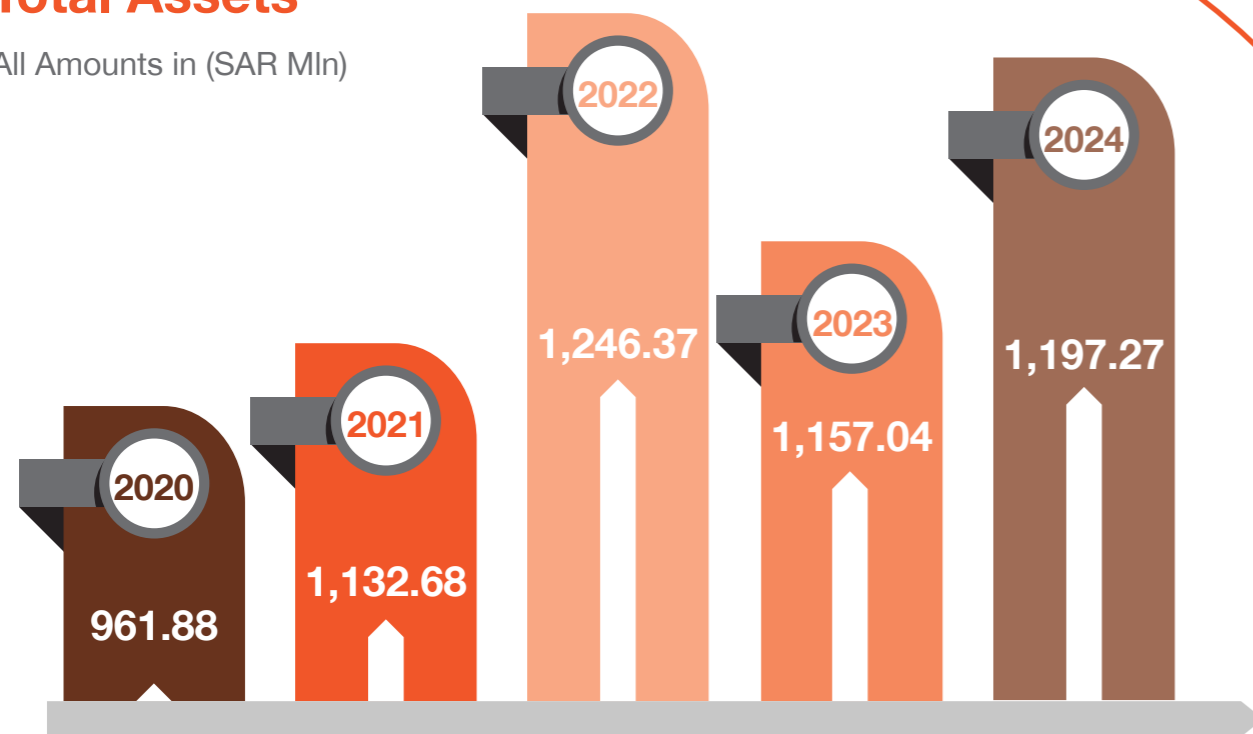
Total Liabilities

All Amounts in (SAR Mln)



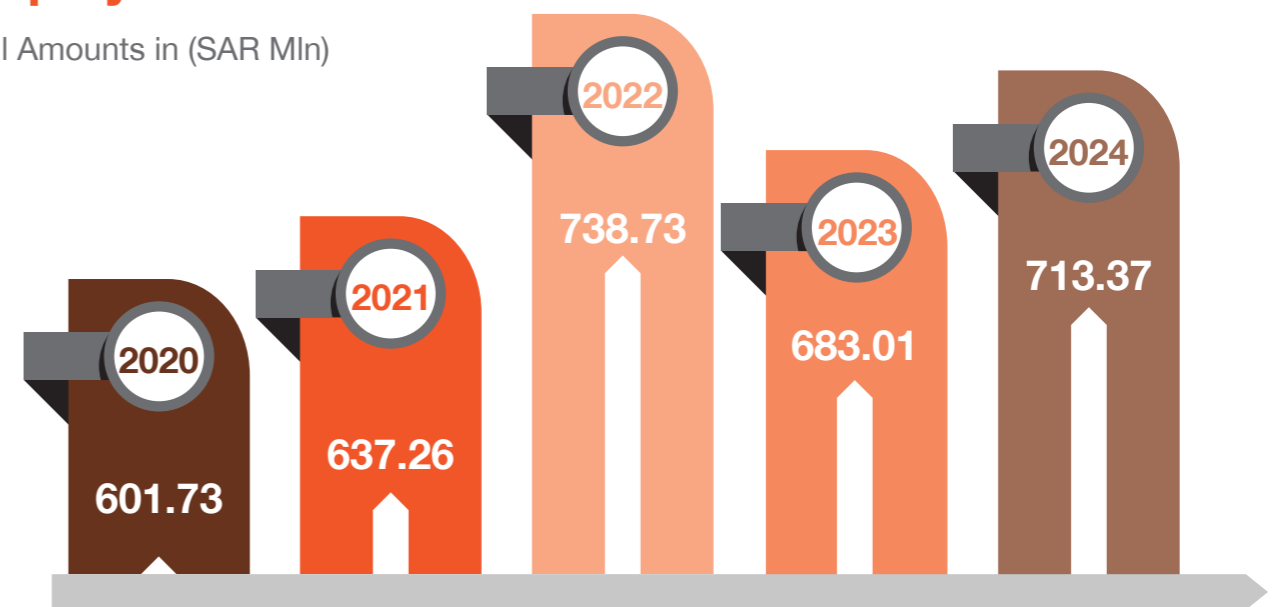
Total Assets

All Amounts in (SAR Mln)



Equity

All Amounts in (SAR Mln)



Number
of Plants **3**

Number
of Mills **7**

Volume
Share of
Consumer
Pack* **30%**

Daily Feed
Production
Capacity **450**
Tons

Silos Total
Storage
Capacity **150**
thousand
Tons

Number of
Customers **163**

Daily Wheat
Milling
Capacity **3150**
Tons

Number of
Products **29**

*As per Nielsen reports in 2024

Company Overview

(Establishment and Activities)

Summary of the Company's Establishment

Fourth Milling Company (the "Company" or "MC4") has become a leading player in the flour, animal feed, bran, and wheat derivatives market. Guided by well-crafted and consistent strategies, the Company is dedicated to balancing sustainable value creation, revenue maximization, and market expansion while contributing significantly to bolstering food security in the Kingdom of Saudi Arabia.

Fourth Milling Company significantly contributes to the provision, production, storage, and distribution of flour and feeds across the Kingdom. Since 1972G, Milling operations were started under the General Food Security Authority (GFSA), formerly known as Saudi Grains Organization (SAGO). Since then, the Company has continued to make steady progress, accomplishing numerous significant milestones along the way.

Before privatization, GFSA established three production branches in Dammam, Al-Kharj, and Madinah in 1977G, 1990G, and 2008G, respectively. The Company began its business operations under GFSA supervision in the Saudi market, consistently striving to achieve the ultimate goal of ensuring national food security across the Kingdom.

A transformative phase began in 2011G, when the Saudi Council of Economic and Development Affairs (CEDA) approved the strategy for the privatization of the milling companies. This strategy involved consolidating milling operations within the Kingdom into four main companies. Additionally, in 2009G, GFSA launched a privatization program aimed at fostering economic growth and improving operational competency.

A pivotal legal and commercial transformation occurred in 2016G, marking the Company's transition to a new market and legal development phase. The

Council of Ministers promulgated Resolution No. 229, approving SAGO's privatization program. This led to the legal restructuring of the Company on 10/02/1438H (corresponding to 10/11/2016G) into a one-person closed joint stock company under the name "Fourth Milling Company", 100% owned by the Public Investment Fund (PIF), with a capital of SAR 500,000 divided into 50,000 ordinary shares.

The privatization process continued, transferring the Company's ownership from the PIF to the National Center for Privatization (NCP) in preparation for its sale. The Company was subsequently acquired by a consortium comprising Abdullah Al-Othaim Markets Company, United Feed Manufacturing Company, and Allana International Limited.

In 2022G, the Company significantly enhanced its branding strategy by successfully acquiring the renowned FOOM brand, originally launched by GFSA in 2009G. With its strong presence and established reputation in the local market, the FOOM brand has become a valuable asset, aligning seamlessly with the Company's vision to elevate its branding and market positioning.

The Company has been committed to a clear path towards achieving food abundance, security and stability for the entire community through the provision of its various basic commodities in compliance with the strategies of the regulatory authorities and its own goals on its way to achieving the objectives of 2030 Vision.

In line with its continued commitment to excellence, the Company was successfully accredited to ISO/IEC 17025, which relates to the general requirements for the competence of testing and calibration laboratories, thereby becoming the first milling company in the Kingdom to obtain such a certificate.



Main Activities

Fourth Milling Company's main activities include the manufacture of products of grain mill, manufacture of starch and starch products, manufacture of bakery products, manufacture of prepared animal feeds, sawing and planing wood, wholesale trade of agricultural raw materials and live animals, wholesale of food, beverages, and tobacco, other types of retail sale in non-specialized stores, retail sale of food in specialized stores, transportation, and storage – freight ground transportation, administrative and support services, and packaging and wrapping activities.

The Company serves a diverse customer base, with direct customers including wholesalers, distributors, large bakeries, food manufacturing companies, and major wholesalers. Indirect flour customers include bakeries, hotels, restaurants, cafés, and retail customers. The Company's flour sales are tailored to customer preferences in terms of packaging or regulating weights and sizes. The Company's brand portfolio is fundamental to its success, with "FOOM" at the forefront as the most established and widely known brand in the Saudi market, holding a substantial market share among domestic brands.

Geographical Presence

Fourth Milling Company enjoys strategic sites with competitive advantages that underpin its sustainable growth. The Company's facilities are located in some of the Kingdom's fastest-growing residential areas, thereby strengthening the plants' capacity to support the Company's operations and serve its current and prospective customers.

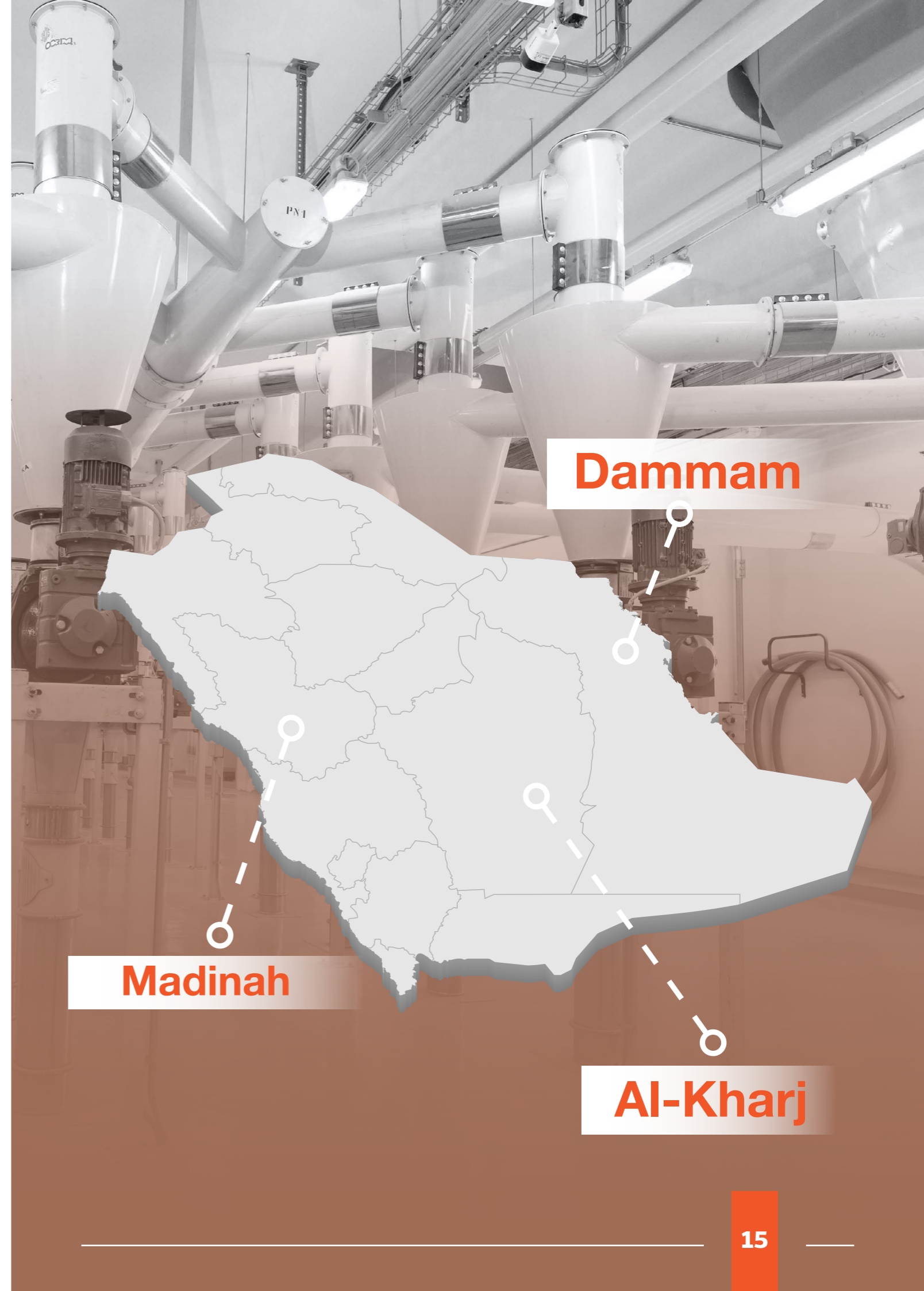
Fourth Milling Company's plants and facilities are located in Al-Kharj, which is characterized by its proximity to the capital city of Riyadh, with a production capacity of up to 600 tons per day. The Company's plant in Dammam also plays a vital role in meeting the demand for wheat and flour products in the Eastern Region, with a milling capacity of up to 1,350 tons per day, in addition to its capacity to produce approximately 450 tons per day of feeds.

The Company's plant in Madinah also stands out as a key contributor to supporting operations in the Western Region. The branch contributes to serving visitors during the Hajj and Umrah seasons by ensuring a continuous supply of stock for the religious seasons in coordination with the relevant government authorities, with a milling capacity of approximately 1,200 tons per day and a storage capacity of nearly 66,000 tons.

The contribution of each of the Company's branches to its revenue varies. In 2024G, Dammam Plant accounted for approximately 40% of total revenue, followed by Al-Kharj Plant with 28%, and Madinah Plant with 32%. All branches produce flour, while Dammam Plant is distinguished by its feed production.

Plant	Daily Production Capacity of Flour (Tons)	Daily Production Capacity of Feeds (Tons)	Contribution Ratio to Revenues
Dammam	1,350	450	40%
Madinah	1,200	-	32%
Al-Kharj	600	-	28%

As at December 31, 2024



Vision, Mission, and Core Values



Vision

To be the first and trusted choice for human and animal food staple products.



Mission

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



Core Values

Fourth Milling Company is committed to adopting core values based on excellence, transparency, and credibility, which enhance its position as a leading company in the sector. These values include:

Social Responsibility:

This reflects the Company's commitment to the community through its sustainable initiatives that contribute to improving quality of life and supporting community development.

Research and Development:

The Company strives for leadership in innovation through continuous investment in research and development, which contributes to improving product quality and meeting the evolving market needs.

Sustainability:

The Company places sustainability at the core of its strategies, focusing on minimizing environmental impact and promoting responsible use of natural resources.

Innovation:

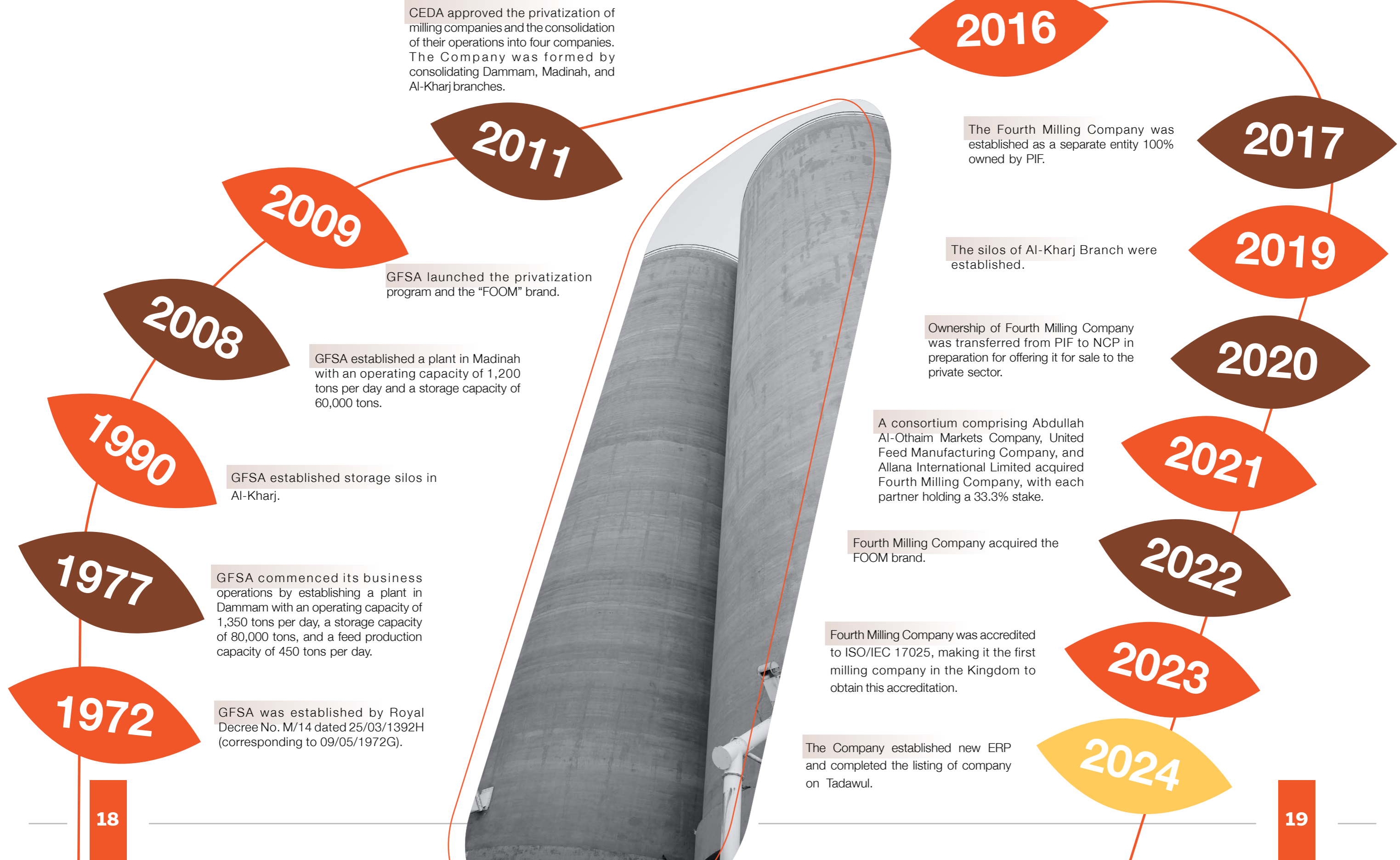
The Company is committed to adopting the latest technologies and innovative practices in all aspects of its operations, enhancing its competitive efficiency in the market.

Food Security:

The Company focuses on ensuring the stability of food security in the Kingdom by providing high-quality food products that reliably and safely meet market needs.



The Company's Historic March



Our Achievements in a 2024

The year 2024G marked several notable milestones, achieved through sustained efforts and meticulous strategic planning. These milestones have had a significant impact across various areas. A key highlight for the Company was its successful listing on the Saudi Stock Exchange "Tadawul", demonstrating the confidence of regulatory bodies in the accuracy and quality of the information disclosed and aligning with the Kingdom's vision to support and promote the growth of non-oil sectors, including the flour milling industry.

At the Administrative Level, the Company Achieved Several Milestones:

- In 2024G, the Company took its first steps towards obtaining accreditation for the Integrated Management System (IMS) 9001-45001-14001 and successfully passed this stage. The Company has earned several prestigious certificates that highlight its excellence and efficiency in the Saudi market, including global quality certifications such as GMP, underscoring its continuous commitment to "Delivering High-quality Products Every Time". The following are some of the notable certifications:
 - "ISO 22000" related to food safety in all Company operations.
 - "ISO 17025" for test and calibration reliability with adherence to quality standards.
 - "GMP" Certification for Good Manufacturing Practices granted by AIB International.
 - "FSSC 22000" Food Safety System (FSS) Certification.
 - "HALAL" Certification ensuring the Company's products meet Islamic food standards.
- "FOOM" acquired a 30% Volume Share of Consumer Pack as per Nielsen reports in 2024G.
- The Company successfully secured GFSA approval to

extend its working days from 300 to 335 days, leading to a notable increase in production capacity by 11.67%.

- Milling production efficiency was expanded through the integration of production equipment with operational systems using the Open Platform Communications (OPC) technology, which provides real-time data monitoring. This technology has facilitated continuous data exchange and immediate detection of any malfunctions, as well as the implementation of corrective actions, ultimately resulting in reduced downtime and increased productivity.
- In 2024G, the Company added a wide range of stock-keeping units (SKUs) to diversify revenue sources and expand marketing coverage areas, while also developing modern sales channels, resulting in cost efficiency and increased market share.
- The Company implemented the Enterprise Resource Planning (ERP) system in 2024G, enhancing operational efficiency and integration.
- The Company, through its Human Resources Department, launched the SAP Success Factors system, which aims to improve management processes and enhance interaction among the Company employees.
- The Company also introduced the Sales and Operations Planning (S&OP) system, aligning supply and demand, as well as financial planning.
- As part of a safe work environment, the Company has begun a project at Dammam Plant focusing on enhancing safety, aiming to create advanced safety systems, with an estimated project cost of approximately SAR 11.3 million.
- Regarding Digital Transformation, the Company, through its Information Technology Department, has automated several operational processes, such as patch automation and the sales incentive system, in addition to automating numerous recurring processes.

A Year Fruited with Awards and Brand Excellence

Fourth Milling Company secured two prestigious accolades at the FMCG Asia Awards 2024, winning Digitalization Initiative of the Year - Saudi Arabia for its successful adoption of SAP S/4HANA Cloud, Private Edition, and Home Brand of the Year - Saudi Arabia for its flagship flour brand, FOOM. These achievements underscore the company's commitment to digital transformation and brand excellence, reinforcing its leadership in the FMCG sector.

By moving to an ERP system, Fourth Milling Company achieved enhanced data accuracy and availability. Once time-consuming, prone-to-error financial reporting had become streamlined whilst delivering reliable results. Inventory management had likewise improved, with real-time tracking capabilities allowing the company to respond to changes in supply and demand.

The Company's popular flour brand, FOOM, meanwhile took center stage in the Home Brand of the Year - Saudi Arabia category. Known for its quality and dedication to consumer needs, FOOM has distinguished itself through a product line that caters to both professional chefs and home bakers alike. By offering flour crafted from the highest quality wheat and adhering to strict quality control measures, FOOM has built a loyal customer base that values consistency, flavors, and texture in baking ingredients.

Most importantly, the brand has established strong communication channels through social media and surveys, allowing it to remain responsive to customer feedback. These interactions have enabled FOOM to refine its offerings based on direct consumer input.

The FMCG Asia Awards, presented by Retail Asia, spotlights companies that have left a significant impact on the industry. It is a prestigious event that celebrates outstanding companies in the fast-moving consumer goods sector for their exceptional products and remarkable initiatives.





Offering and Listing on the Saudi Exchange

- Before transferring its full shares to NCP, the General Assembly of the Company approved a capital increase from SAR 500,000 to SAR 473.9 million, divided into 47.39 million shares. The shares were transferred to NCP in June 2020G.
- In June 2021G, NCP transferred its full shareholding in Fourth Milling Company to Gulf Flour Milling Industrial Company, which was established by the partners as a special purpose vehicle (SPV) to fulfill privatization requirements. Gulf Flour Milling Industrial Company acquired the Company for SAR 912.4 million, with ownership distributed among "Allana International Limited", "United Feed Manufacturing Company", and "Abdullah Al-Othaim Markets Company", each holding a 33.3% stake.
- In late 2023G, news spread about the Company's plans to offer its shares on the Saudi market, which was confirmed by "Al-Othaim Markets" announcing the appointment of a Financial Advisor for a partial share offering, marking a new step and new challenges for the Company.
- In the same year, the General Assembly approved the amendment of the par value of the Company's shares from SAR 10 to SAR 1 per share, in addition to increasing the Company's capital from SAR 473.9 million to SAR 540 million. SAR 66.1 million was also transferred to the statutory reserve, and retained earnings were transferred to the "Capital" account.
- The Company conducted a comprehensive market study by consulting related agencies and institutions to ensure the feasibility of any future step, reflecting the Company's commitment to using scientific methods and adopting technological advancements to keep up with rapid progress across all fields.
- In early 2024G, the Company appointed Riyadh Capital to manage the offering process, and the Capital Market Authority (CMA) approved the Company's request to register its shares, offering 162 million shares for the initial public offering (IPO), representing 30% of the Company's total shares, which amount to 540 million shares.
- In September 2024G, the Company released the prospectus for the offering of 162 million of its shares, bringing it closer to a new and significant event in the Saudi market. In the same month, on 29th September 2024G, the financial advisor and bookrunner announced the successful completion of the book-building process for the participating segments class, with the final offer price set at SAR 5.30 per share. The Company also clarified that institutional coverage reached approximately 119 times the total shares offered and announced that a maximum of 32.4 million ordinary shares, representing 20% of the total shares offered, would be allocated to individual investors.
- On 2nd October 2024G, the retail subscription period began for 32.4 million shares, lasting for two days until 3rd October 2024G.
- On 27th October 2024G, Tadawul announced the commencement of listing and trading of the Company's shares on the Main Market, effective 29th October 2024G, under the trading symbol 2286 and ISIN Code SA16502H3N15, marking the eleventh listing on the Saudi Main Market in 2024G.





Key Stages

of Fourth Milling Company's Offering and Listing on "Tadawul"





Investment Case

Fourth Milling Company boasts a diverse range of investment pillars that have reinforced its progress and affirmed its market position. These pillars are currently subject to ongoing development and enhancement. The Company leverages established strengths that propel and underpin its pursuit of market dominance, both locally and globally. These competitive advantages play a key role in defining its future course towards greater accomplishments and successes, positioning it as a compelling, reliable, and ambitious destination for any investor aiming for excellence and market leadership.

Market Leadership

In light of the anticipated growth in flour consumption in the Kingdom, which is expected to reach 4.1 million tons with total projected sales of SAR 4.1 billion by 2028G, this growth is driven by population growth, expansion in the tourism sector, and rising consumption of value-added products. All these factors indicate the potential for Fourth Milling Company to capture an increasing market share in the Saudi market.

Geographic Footprint

Fourth Milling Company's plants are located in regions experiencing increasing population growth, indicating growing demand for its products. Al-Kharj Plant's proximity to Riyadh provides it with a logistical advantage, facilitating efficient supply chain management and distribution operations. Dammam Plant serves as a key distribution hub for the Company's products in the Eastern Region, benefiting from strong attributes that enhance its distinctiveness due to its proximity to major transportation networks. Furthermore, Madinah Plant plays a pivotal role in supplying the Company's products to the Western Region, holding particular significance as a religious destination for Hajj and Umrah pilgrims, providing an exceptional market opportunity for the Company.

"FOOM", a Distinguished Brand

The ownership and development of the "FOOM" brand offers Fourth Milling Company many benefits, including building a strong reputation and achieving customer loyalty. The Company strengthens its leadership in the market thanks to its renowned brand that acquired about 30% Volume Share of Consumer Pack in the 1-10 kg market segment. In addition, the Company manages to leverage the brand's market position, paving the way for potential strategic partnerships with major players in the market.

Infrastructure and Strategic Investment

Fourth Milling Company has invested effectively in developing a strong and efficient infrastructure to support its sales and operations. This strategic direction has been reflected in strengthening specialized sales teams, developing logistics networks for delivery and customer relationship management, as well as improving after-sales support services. These combined factors have contributed to enhancing the Company's image among its customers, thereby strengthening its competitive position in the market.

Operational Excellence

Fourth Milling Company's ownership of the three plants in the aforementioned regions has notched up multiple operational successes. This excellence was supported by the launch of strategic programs aimed at achieving the highest levels of efficiency and excellence across various operational processes. Such efforts bore fruit, and the Company upgraded Dammam Plant for feed mills. The Company has also strived to significantly reduce unplanned downtime by adopting the best international standards. As a result, the overall equipment effectiveness (OEE) increased from 78% in 2021G to 97% in 2024G, while downtime decreased from 13% in 2021G to 5.3% in 2024G.

Adoption of ERP System

Fourth Milling Company plans to attain a competitive advantage by the consolidation and integration of operational processes and the management and organization of internal operations. The system is implemented to streamline the flow of data across different departments, improve efficiency, and enhance decision-making through advanced analytics and up-to-date data.

Robust Financial Position

Fourth Milling Company's sales witnessed remarkable growth from 2021G to 2024G, increasing from SAR 336 million to SAR 629 million. These sales were characterized by their diversity, both in terms of geographical distribution and customer segments. In addition, profit margins have improved from 15% in 2021G to 28% in 2024G. The Company is also in a position enabling it to make operational improvements by taking advantage of its local plants, allowing for increased operating days and effective control of the cost per ton of production.

Distinguished Management & Shareholders

Fourth Milling Company has a management team with strong managerial and technical expertise, which has contributed to enhancing the Company's performance, particularly through initiatives focused on manufacturing efficiency and improving the quality of the Company's products. The Company has also benefited from its shareholders network, which possesses the ability to guide and support future growth, with each shareholder distinguished by qualifications and factors that make achieving the Company's growth and leadership a feasible goal in the Saudi market.

Debt Free Company

Fourth Milling Company's competitive strength is enhanced through its adherence to a prudent financial policy based on avoiding debt, which provides it with a significant competitive advantage in the form of financial independence. This means that the Company has no outstanding debt imposing current or future constraints. This also reflects positively on improving investment activity and increasing growth opportunities, supported by the absence of any debt on the balance sheet, allowing for the allocation of these investments towards core business activities, future expansions, or even exploring new and promising opportunities.

Our Products

- Fourth Milling Company adopts a customer-centric and product-focused strategy, as evidenced by its production of a diverse range of high-quality products. This approach ensures customer satisfaction on the one hand and enhances sales growth and its presence in the Saudi market on the other.
- The total daily production capacity of the three plants reached 3.15 thousand tons. The Company recorded an annual flour production of 438.8 thousand tons, approximately 60.5 thousand tons of animal feed, and 124.7 thousand tons of bran.
- Fourth Milling Company maintained trending market share in all product categories across all regions. "FOOM" brand commanded staggering 30% market share in the 1-10 KG product category.
- The Company has placed particular focus on 45kg packaged wheat flour and bulk wheat flour, which together account for approximately 88% of the Company's total flour sales.
- In 2024G, the Fourth Milling Company achieved steady growth across all revenue streams, meeting shareholder expectations. The flour segment recorded a 13% revenue increase, while the feed and bran segment achieved 11% growth.
- Geographically, the Eastern Region accounted for approximately 42.2% of the Company's sales, followed by Madinah area with 30.6%, and Riyadh with 27.2%. The Company's Dammam Plant, located near the port, provides an additional competitive advantage both regionally and internationally, particularly following GFSA's approval to export surplus products from local mills abroad.

Flour



Superior Flour



Bakery Flour



Whole Wheat Flour



Brown Flour

A wide variety of flour products under different pack sizes of 1kg, 2kg, 5kg, 10kg, 45kg & Bulk

Animal Feed



Animal Bran 40 kg

Breeding Feed
14% Protein 50 KGFattening Animal
Feed 50 KG

Fattening Animal Feed Pallet Animal Bran

Wheat by-product



Edible Bran



Harees

A By-product of Flour

New SKUs



Italian Pizza Flour



Donut Flour

Partners in Excellence



Allana
International Ltd

Owns 33.33% of the shares of "Gulf Flour Milling Industrial Company", which holds 70% of the shares of "Fourth Milling".



Abdullah Al-Othaim
Markets Company

Owns 33.33% of the shares of "Gulf Flour Milling Industrial Company", which holds 70% of the shares of "Fourth Milling".



United Feed Manufacturing
Company (UFMC)

Owns 33.33% of the shares of "Gulf Flour Milling Industrial Company", which holds 70% of the shares of "Fourth Milling".

Our Brand

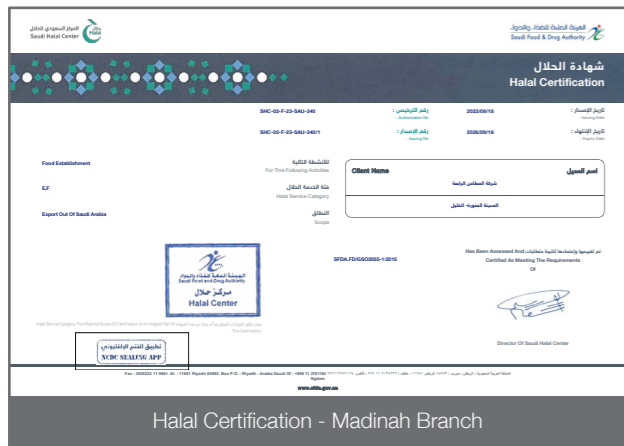
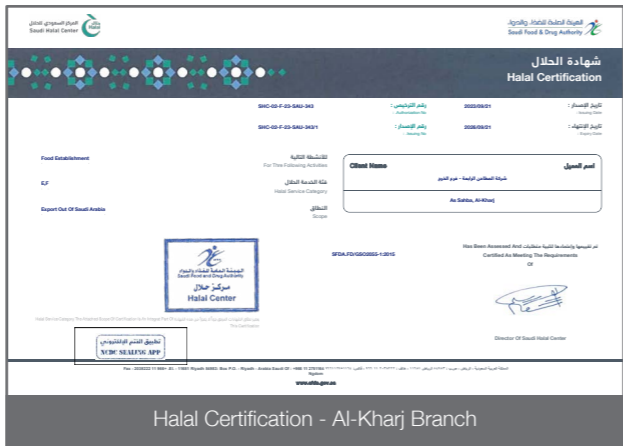
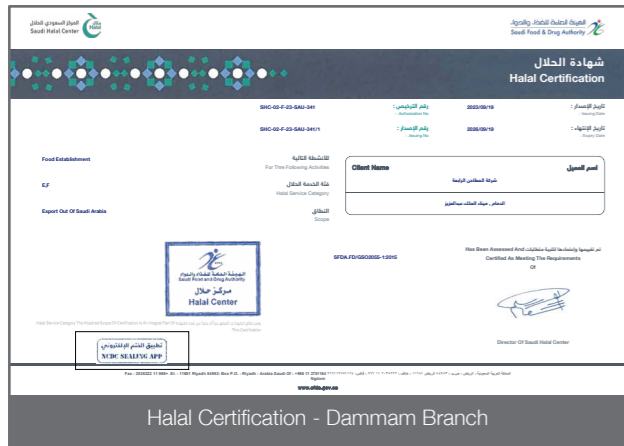
- The importance of the Fourth Milling brand lies in its ability to reflect the essence of the Company’s identity and its market value. The brand is not merely a name or a logo but rather the outcome of a professional journey marked by numerous challenges and a rich history of diverse experiences and studies. This journey leads to a stage of excellence and uniqueness, followed by maintaining and further developing this distinction.
- The Company focuses, through its brand, on increasing market value and strengthening customer loyalty, thereby contributing to enhancing marketing effectiveness. The Company will reap the rewards of these efforts through the power and influence of promotional campaigns, which maintain the distinctiveness of the brands at lower costs compared to campaigns aimed at building and strengthening these factors from scratch for new brands or those that have not yet gained the public’s trust.
- Recognizing the strategic and pivotal role of branding, the Company strengthened its market presence in 2022G by acquiring the “FOOM” brand, a distinguished symbol of Saudi industry.
- Additionally, the Company achieved a new milestone by launching the “Miller” brand, which was reintroduced in 2023G. This brand targets affordable packaging, ranging from 1-2 kg, providing the Company with a robust tool to compete in the competitive-priced product segment, with plans for expansion to compete across both modern and traditional commercial channels.
- Fourth Milling Company owns, in addition to its “FOOM” and “Miller” brands, two other brands: “FOOM Specialty” and “Mafla Feed”, bringing the total number of its brands to four. Under these brands, the Company offers a diverse range of human and animal products, enhancing its ability to grow in the local market daily and enabling it to compete globally.



Details of Company’s Registered Brands

Country of Registration	No. of Brand	Expiry Date	Category	Logo
Saudi Arabia	1444006495	16/2/1454H (Corresponding to 26/05/2032G)	30	
Saudi Arabia	1439011430	07/9/1449H (Corresponding to 03/02/2028G)	30	
Saudi Arabia	1444003328	22/1/1454H (Corresponding to 02/05/2032G)	1	
Saudi Arabia	1442014464	05/05/1452H (Corresponding to 04/09/2030G)	30	
Saudi Arabia	1444003333	22/1/1454H (Corresponding to 02/05/2032G)	1	
Saudi Arabia	1444003332	22/01/1454H (Corresponding to 02/05/2032G)	40	
Saudi Arabia	1444003331	22/01/1454H (Corresponding to 02/05/2032G)	30	
Saudi Arabia, European Union and 13 Middle East Countries	1442032979	21/10/1452H (Corresponding to 13/02/2031G)	30	
Saudi Arabia	TM-01-00-33579-24	23/02/1456H (Corresponding to 12/05/2034G)	30	
Saudi Arabia	TM-01-00-33585-24	23/02/1456H (Corresponding to 12/05/2034G)	30	

Awards and Certificates



Initiatives

Digital Transformation and Automation of Operations

Fourth Milling Company places great emphasis on digital technologies and digital transformation, driven by its belief in the importance of utilizing digital transformation elements and tools, including the automation of operations. This positively impacts performance accuracy, analysis speed, and decision-making effectiveness.

Fourth Milling Company has Achieved Several Milestones in its Digital Transformation Efforts, Including:

- Investing approximately SAR 4.2 million in adopting digital technologies in 2024G.
- Implementing the SAP S/4HANA software, enabling real-time data access and simplified operations.
- Integrating WhatsApp with the SAP system to enhance effective communication with customers.
- Utilizing advanced tools for managing updates across various applications, as well as automating and digitizing sales incentive processes.
- Adopting the SAP Document Management System.

On the Cybersecurity Front, Fourth Milling Company Introduced Several Tools to Enhance Electronic Protection, Including:

- Strengthening the security of the customer relationship management portal using Multi-factor Authentication (MFA) and activating the Personal Data Protection Law (PDPL).
- Upgrading to advanced Cloud security system.
- Configuring and securing access to Virtual Private Networks (VPN) using Multi-Factor Authentication (MFA).



Saudization

- Fourth Milling Company's directions align with national initiatives and the Kingdom's Vision 2030G, which aim to boost employment rates among Saudi nationals and develop their skills. By the end of 2024G, the Company employed 510 employees, with Saudis comprising 37% of the workforce. The Company was ranked in the "Platinum" Band under "Nitaqat" Program. Additionally, the Company places significant emphasis on effective investment in creating and generating new job opportunities across its various sectors, aligning with national visions and objectives.
- At the Company plants level, Madinah Plant achieved the highest Saudization rate at 41.4%, followed by Al-Kharj Plant at 35% and Dammam Plant at 27.8%.

The Company aims to increase its Saudization rate to 51% while maintaining its Platinum Band.

- Across various administrative departments, the Saudization rate reached approximately 59%, with 42 Saudi employees, compared to 29 employees from other nationalities. Meanwhile, the Saudization rate among workers stood at around 34.5%.
- The Company strives to increase Saudization rate by offering numerous training programs and collaborating with government institutions. The Human Resources Department successfully registered the Company in the Human Resources Development Fund (HRDF) program, reflecting its commitment to national employment initiatives and enhancing workforce sustainability.

Diversifying Income Sources

In 2024G, the Company introduced a diverse range of products to diversify its income sources and expand sales reach through broader regional coverage across all sales channels. Additionally, the Company implemented

a strategy for modern commercial sales channels, which enhanced cost efficiency and increased market share for consumer packaging.

Enhancing Marketing Efforts

Marketing efforts were bolstered through strategic partnerships with consumer research agencies to align with evolving market needs. Notably, the Company achieved its highest-ever volume share

for the "FOOM" brand, capturing a 30% Volume Share of Consumer Pack as per Nielsen reports in 2024G.



Theme of the Year

Transforming Milling Excellence into Sustainable Growth

Fourth Milling Company underscores its leading position in the wheat milling sector, underpinned by its unwavering commitment to the highest quality standards and its dedication to developing production processes using the latest technologies. This approach is reflected in the Company's ability to enhance milling efficiency and deliver high-quality products that meet local market needs, alongside ambitious aspirations for regional and global expansion, leveraging its strategic location near international ports. The Company's success extends beyond mere production excellence; it has further strengthened its position by embracing sustainable growth strategies as a core component of its future vision.

Market Leadership and Production Efficiency

Fourth Milling Company continues to solidify and root its leadership in the wheat milling sector, underpinned by its distinguished brand "FOOM", now recognized as a hallmark of quality and confidence in the Saudi market. The Company has successfully enhanced production efficiency by adopting the state-of-the-art automation technologies, enabling the Company to achieve high production rates while adhering to stringent quality standards.

Guided by its new theme, "Transforming Milling Excellence into Sustainable Growth", Fourth Milling Company continues to add new milestones to its accomplished track record. In 2024G, the Company garnered two prestigious awards, recognizing its achievements in digital transformation and brand excellence for its "FOOM" brand within the household brands category.

Industrial Leadership and Digital Dominance

Fourth Milling Company has enhanced its competitive capabilities through investment in the state-of-the-art automation and artificial intelligence technologies. This has led to increased efficiency in production and administrative operations. These innovations have contributed to improved quality, waste reduction, and enhanced responsiveness to market needs, justifiably earning the Company the Digitalization Initiative of the Year for 2024G granted by "FMCG Asia" organization.

Integrated Model for Sustainable Growth

The Company embodies an integrated model of production excellence and sustainable growth. Fourth Milling Company is committed to supporting food security, enhancing quality, and fostering innovation, establishing itself as a benchmark in the Kingdom's wheat milling sector. This balance between industrial leadership and sustainability reflects its pivotal role in achieving a sustainable food future.

Fourth Milling Company seeks to continue its trajectory of excellence by focusing on innovation and sustainability. The Company aims to further enhance its position as a regional and global leader in the wheat milling industry, in line with its aspirations for sustainable growth and its role in supporting the Kingdom's Vision 2030.





Fourth Milling **Strategy**

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Chairman's Message



Dear Valued Shareholders,

Dear Colleagues at Fourth Milling Company,

To each and every one who has been a part of our success and contributed to supporting our journey,

I am delighted to share with you the first Annual Report of Fourth Milling Company since our landmark listing on the Saudi Stock Exchange – a pivotal moment in our ongoing pursuit of sustainable growth and reinforced market leadership.

This year of 2024 proved to be exceptional, witnessing landmark achievements that elevated the Company's position and cemented its success. We delivered outstanding financial and operational performance, achieving record-breaking revenues exceeding SAR 600 million, a remarkable 12.7% surge from 2023, while net profit rose by 19.69%. These results were underpinned by substantial improvements in production processes and operational efficiency, which in turn contributed to a production increase of 15.03%.

Winning the prestigious «Home Brand of the Year» Award 2024 for our flagship brand «FOOM» is the crowning achievement of our successful journey, a powerful testament to the confidence our customers place in us, and our unwavering dedication to providing premium quality products that resonate with the expectations of the local market. The Company has successfully cemented its standing as a premier flour provider, built upon a foundation of cutting-edge technology and insightful market studies. This strategic approach has not only fostered strong customer loyalty but also firmly established our competitive presence.

Our strategy is underpinned by key pillars aimed at sharpening our competitive advantage through dedicated customer focus and robust sales growth. We are also committed to optimizing operational efficiency and boosting productivity in high-potential, fast-paced markets.

Rooted in our vision, which recognizes human capital as the foundation of sustainable growth, we relentlessly invest

in developing our workforce, underpinned by an unwavering dedication to implementing the highest safety standards in our workplace.

Sustainability resides at the very core of our strategy, where we are passionately committed to achieving a harmonious balance between economic growth and environmental stewardship, realized through impactful initiatives aimed at bolstering operational efficiency, judiciously conserving energy and water, alongside our significant community contributions that embody our unwavering commitment to community enrichment and the safeguarding of its environment.

As we embark on 2025, we set our sights on new horizons of growth and expansion, fortifying our journey through the digitalization of operations and the embrace of cutting-edge technologies, including Artificial Intelligence (AI), to elevate operational efficiency and enable strategic decision-making with agility and precision. We firmly believe that challenges sharpen our capabilities and that promising opportunities propel us towards ever-greater achievements and pioneering leadership.

Resonant with the ambitious economic dynamism propelled by the Kingdom's Vision 2030, Fourth Milling Company is proud to contribute to this Vision and strategically capitalizing on the vast opportunities presented by giga projects, especially amidst the burgeoning demand for food products within a thriving economic landscape that underpins sustained growth and expansion.

Grand-scale events, such as Expo 2030 and the 2034 FIFA World Cup, unlock exceptional vistas for bolstering Fourth Milling Company's market footprint, capitalizing on the advanced infrastructure and the escalating demand for premium-quality products. Building upon our agile strategy, we are dedicated to strategically investing in these opportunities to amplify our operational and productive capabilities, thereby strengthening our essential contribution to ensuring food security and fostering national economic growth.

In summation, we raise our most heartfelt thanks and profound veneration to the Custodian of the Two Holy Mosques and His Royal Highness the Crown Prince for their unwavering support of the march towards progress and prosperity. We highly appreciate as well the support of GFSA for the industry continuous development and prosperity. As I conclude, I voice my immense pride in our collective accomplishments during 2024, deeply valuing the dedicated efforts of my colleagues at the Company, profoundly grateful to all board members and committees for their invaluable guidance and unwavering support and cherishing the steadfast trust of our esteemed Shareholders, who have consistently been integral partners in our voyage toward the future.

Bader Hamad AlAujan
Chairman of the Board

CEO's Message



Esteemed Shareholders and Valued Partners on the Path to Success,

It is with great pleasure that I present to you today our 2024G results, a new landmark in Fourth Milling Company's journey to industry leadership. The Company has achieved remarkable accomplishments despite the diverse challenges we have navigated. The year 2024 unfolded amidst a rapidly evolving economic landscape, compounded by global geopolitical shifts. Yet, Fourth Milling Company not only adapted but thrived, underscoring its pioneering position and its resilience in the face of these headwinds.

In 2024G, we encountered a multitude of challenges, including shifts in consumer patterns, intensified competition, and escalating operational costs. However, our unwavering efforts not only persisted but propelled us to achieve outstanding results. Total revenues reached SAR 629.03 million, marking a significant increase of 12.71% compared to 2023G. Net profit leaped to SAR 170.93 million, demonstrating an impressive surge of 19.69% over the previous year. The gross profit margin also witnessed a substantial uplift, reaching an impressive 46.83%.

In terms of production efficiency, we successfully reduced direct production costs as a percentage of total sales from 55.89% to 53.17%, even with an increased sales volume. Furthermore, the Company's three plants delivered distinguished results, with Dammam branch, in particular, accounting for a remarkable 40.3% of total sales. Concurrently, our flagship «FOOM» brand played a significant role in capturing 30% of the household packaging market.

In parallel, we strived to enhance product quality and expand

our portfolio through the introduction of new products aimed at diverse consumer segments. Adding to these achievements, multi-channel marketing initiatives played a key role in boosting sales growth, as we witnessed a notable increase in sales volume compared to the previous year.

We were also committed to fostering trust with our customers by enhancing communication channels, delivering competitive sales service, and adopting a customer-centric approach focused on understanding their evolving needs. In our ongoing commitment to excellence, we continued to cultivate robust partnerships with suppliers and distributors.

As part of our digital transformation journey, we implemented various technological solutions, including the deployment of an enterprise resource planning (ERP) system to enhance operational efficiency and the integration of production equipment with operating systems using OPC technology, which contributed to reduced downtime and improved productivity. Further improving customer experience, we seamlessly integrated WhatsApp into our SAP systems to ensure effective communication and rapid fulfillment of their needs.

Concluding 2024G with significant strategic strides, we secured approval from the General Food Security Authority (GFSA) to increase our production capacity by 11.67%, alongside authorization to export surplus to global markets, unlocking opportunities for expansion beyond the Kingdom's borders.

Thanks to these sustained accomplishments, we prove day after day the strength of our products and the confidence our customers place in us, thus solidifying our foothold in the Saudi market and securing even further successes in the future, as Fourth Milling Company forges ahead with confidence and determination towards achieving its strategic objectives, committed to delivering the highest quality standards to serve the interests of all its partners and shareholders.

In closing, I extend my sincere gratitude to the Board of Directors for their unwavering support, to our shareholders for their cherished trust, and to each and every member of our dedicated team, the very bedrock of our success. We pledge to continue working diligently to broaden our successes and solidify our position as a leading company, contributing to shaping a brighter future.

Khalid Abdulaziz Yassin AlMaktary

CEO

Company Strategy

and Key Performance Indicators (KPIs)

Key Pillars of the Company's Strategy

1

Increasing the Company's Market Share through the Implementation of a Customer-Centric Model and Sales Growth.

2

Achieving Leadership in Quality and Innovation.

3

Enhancing Operational Efficiency to Achieve Best-in-Class Performance.

4

Investing in Human Capital Development to Enhance Competencies and Capabilities.

5

Expanding Production Capacity with a Focus on the Fastest-Growing Regions.



1

Increasing the Company's Market Share through the Implementation of a Customer-Centric Model and Sales Growth.



Description

Adopting a customer-centric approach to increase market share

Measurement Metrics and Key Performance Indicators (KPIs)

Strengthening Relationships with **Key Customers**

Developing and Growing **"FOOM" Brand to its Full Potential**

Developing Products for the **Retail Sector**

Increasing the Operational **Efficiency of the Feed Plant**

Detailed Description of the Company's Strategy

2

Achieving Leadership in Quality and Innovation.



Description

Strict adherence to quality standards and regulatory requirements, including periodic maintenance, comprehensive annual product testing, and packaging material testing, to ensure customer satisfaction.

Measurement Metrics and Key Performance Indicators (KPIs)

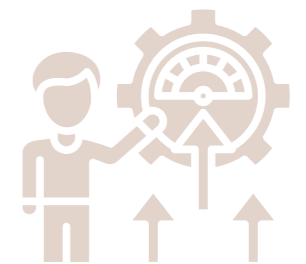
Periodic Maintenance
of **Laboratory Equipment**

Laboratory
Tests

Market Trend
Monitoring

3

Enhancing Operational Efficiency to Achieve Best-in-Class Performance.



Description

Strict adherence to quality standards and regulatory requirements, including periodic maintenance, comprehensive annual product testing, and packaging material testing, to ensure customer satisfaction.

Measurement Metrics and Key Performance Indicators (KPIs)

Process
Optimization

Proactive and Preventive
Automation

Strengthening Communication
Channels with Suppliers

Environmental
Sustainability

Detailed Description of the Company's Strategy

4

Investing in Human Capital Development to Enhance Competencies and Capabilities.



Description

Constant commitment to enhancing and upgrading the capabilities and skills of the Company's employees.

Measurement Metrics and Key Performance Indicators (KPIs)

Enhancing Skills
and **Fostering Innovation**

The Company Should be
the Employer of Choice

Investing in Development
Initiatives

5

Expanding Production Capacity with a Focus on the Fastest-Growing Regions.



Description

Focusing on high-demand areas driven by projected population growth

Measurement Metrics and Key Performance Indicators (KPIs)

Expanding the Production
Capacity of Al-Kharj Plant



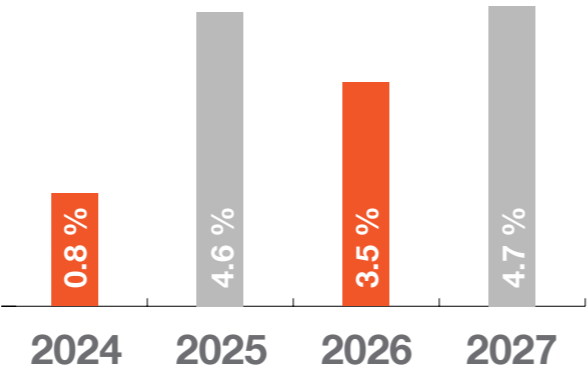
Market
and sector overview

Gross Domestic Product (GDP) and Inflation Control

The Kingdom is witnessing an ambitious economic movement aimed at strengthening its regional leadership and enhancing its global competitiveness, within the framework of progress towards the realization of the Kingdom’s Vision 2030 objectives. This is expected to be reflected in per capita consumption, which is projected to grow by approximately 4.7% between 2022G and 2030G, which will have a positive impact on the consumer sector. (According to Euromonitor). The Kingdom’s economy is projected to witness a notable rebound, with GDP growth expected to rise from 0.8% in 2024G to 4.6% in 2025G. This rebound is primarily attributed to exceptional growth in non-oil activities.

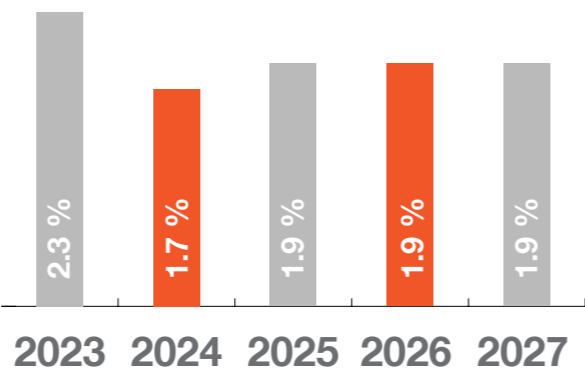
Regarding inflation, the Kingdom has effectively managed to control inflation in recent years, maintaining low rates compared to many regional and global economies. Saudi Arabia has successfully mitigated the impact of imported inflation on the local market despite fluctuations in global oil prices, thereby enhancing local market stability and sustaining demand. Forecasts indicate that the inflation rate is expected to decline to 1.7% in 2024G, compared to 2.3% in 2023G. The Kingdom’s continued improvement in economic conditions, along with proactive government measures such as capping gasoline prices and increasing food reserves, has helped to curb price increases and maintain relatively acceptable inflation levels compared to global inflation.

Real Growth Rates



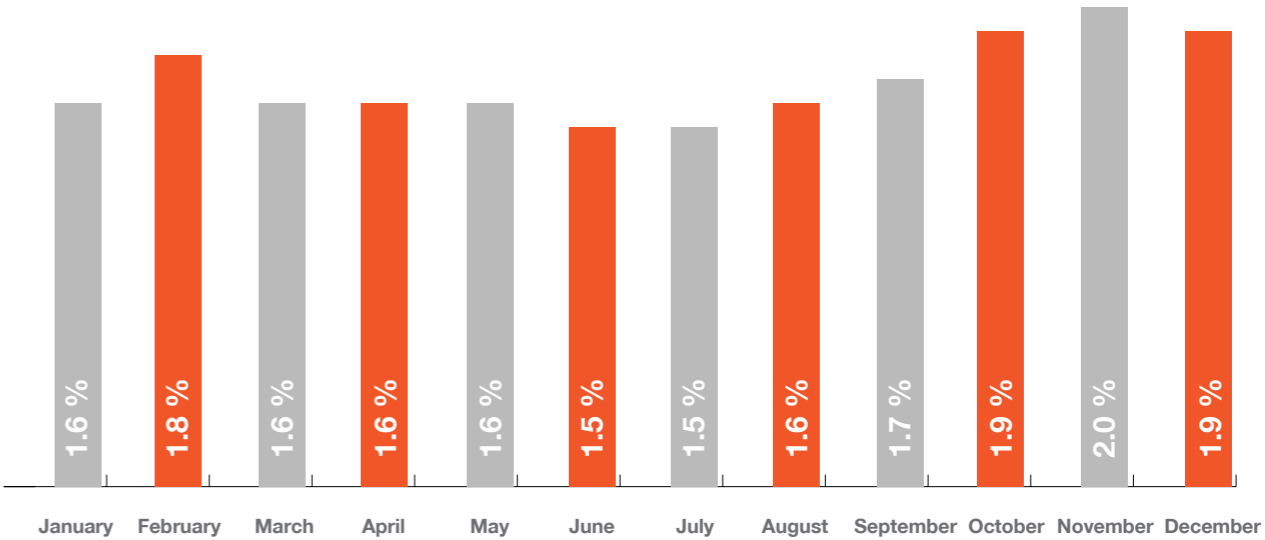
Source: Data from the General Authority for Statistics (GASTAT), and Ministry of Finance (MOF) Forecast.

Development of the Inflation Rate in the Kingdom over 5 Years



Source: The Ministry of Economy and Planning (MEP), Preliminary Estimates

Development of Inflation Rate in the Kingdom during 2024



Demographic Indicators
and Consumer Expenditure

The improving economic environment is expected to drive rapid population growth, with the population projected to reach 39.2 million by 2030G, reflecting a compound annual growth rate (CAGR) of 2.5% during the period from 2022G to 2030G. However, as part of the Kingdom’s Vision 2030 objectives, the Kingdom maintains an optimistic outlook targeting a population increase to 50 million by 2030G, with expatriates expected to constitute half of this number. This demographic growth is anticipated to significantly increase consumption and expenditure in the food sector to meet the rising demand driven by this ambitious population increase.

Development of Population Growth in Saudi Arabia

Year	Population (Mln)	Annual Growth Rate (AGR)
2020	31.6	+5%
2021	30.8	-2.5%
2022	32.2	+4.6%
2023	33.8	+5.1%
2024*	35.3	+4.4%

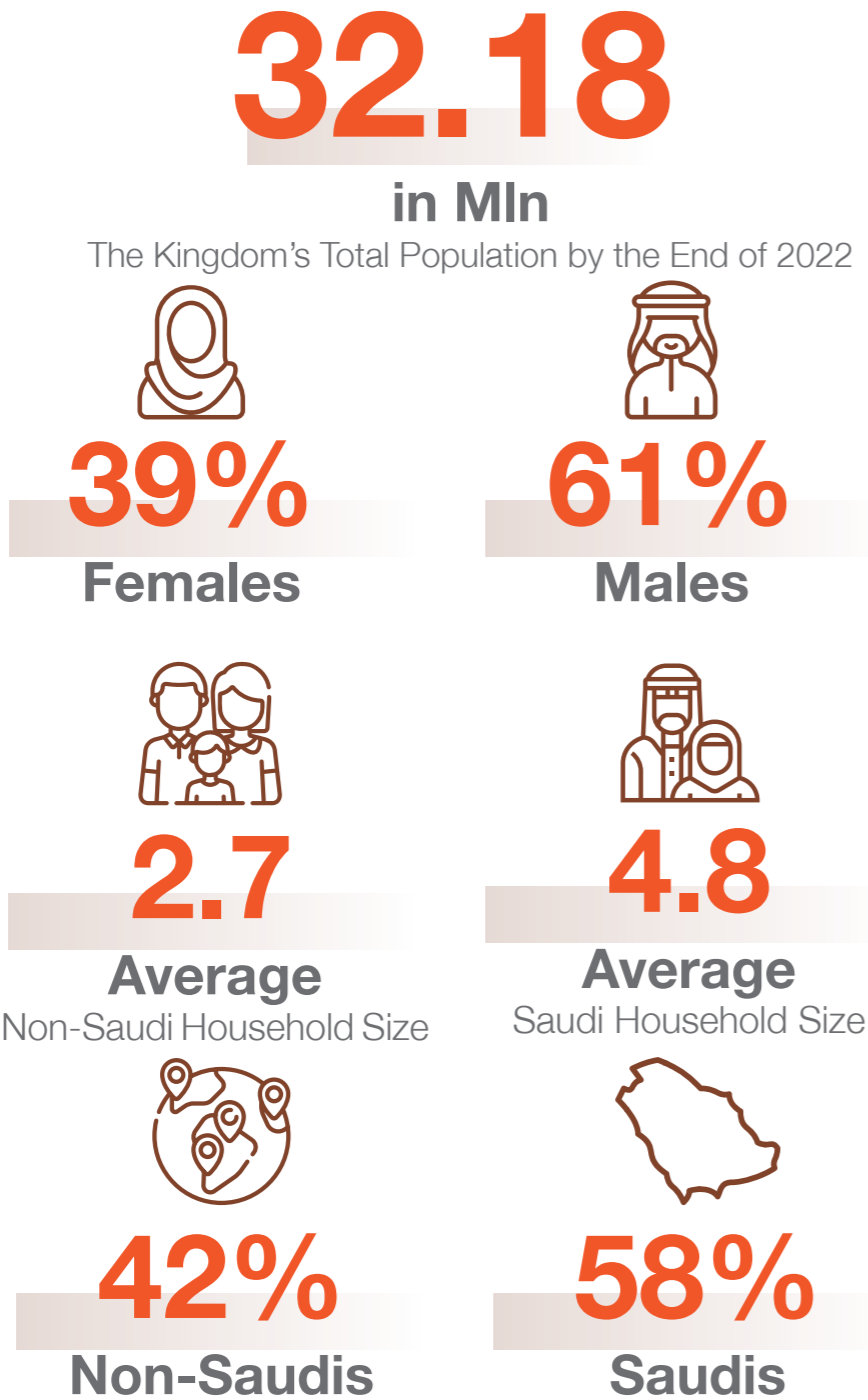
Source: GASTAT, MEP, IMF, and Argaam.

*Estimated

Demographic Indicators in Saudi Arabia, 2022 - 2030

Category	Data Type	2022	2026	2030	2022 - 2030 CAGR
Total Population	Mln	32.2	34.8*	39.2*	2.50%

Source: GASTAT, MEP, IMF, and Argaam.
*Estimated



Global Wheat Market

Global grain markets have experienced significant volatility in recent years due to geopolitical developments and climate change impacting agricultural land. Nevertheless, demand for grains has risen due to increased consumption in developed and developing countries.

China, India, and Russia lead global wheat production with a combined output of nearly 320 million tons. According to the Organization for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO), global wheat production reached 789 million tons in the 2023/2024 season, while global supply reached 1,111.9 million tons. Global grain production totaled 2,857 million tons, with a total supply of 3,730.1 million tons. OECD projected that wheat production would rise to 793.2 million tons in 2024/2025.

Russia and the United States of America (USA) played a crucial role in limiting grain price increases, particularly following the Russia-Ukraine war. Russia capitalized on wheat exports to Asian and North African countries, taking advantage of declining Ukrainian exports to these regions.

Saudi Arabia's Wheat Import Volume

		Ukraine	Russia	Other Countries
Pre-war (2021)	Quantity (000' Tons)	222	291	2,487
	Percentage	7%	9%	84%
Post-war (2023)	Quantity (000' Tons)	129	2,232	2,212
	Percentage	3%	49%	48%

Source: General Authority for Food Security.

Despite the implications of the Russia-Ukraine war on the global wheat market, the flour and milling sector in the Kingdom remained unaffected, thanks to the government's wheat price support system. The General Food Security Authority (GFSA) sells wheat to milling companies at a fixed price of SAR 180 (\$ 48) per ton, which has contributed to stabilizing local flour prices, protecting consumers, and enhancing food and economic security.

Global Wheat Prices (2018 - 2025)

Category	Data Type	2018	2019	2020	2021	2022	2023 (Estimated)	2024 (Estimated)	2025 (Estimated)
Global Wheat Prices	SAR/Ton	787.5	787.5	870.0	1,181.3	1,612.5	1,293.8	1,256.3	1,200.0

Source: Euromonitor International.

Saudi Arabia’s Wheat Market

The Saudi Vision 2030 aims to develop and improve the milling sector as a vital industry that plays an important role in providing food and achieving food security in the Kingdom.

The wheat and milling sector is overseen by GFSA, which manages production, imports, and storage of strategic reserves. GFSA is the sole purchaser of wheat, buying grain locally at a preferential price and importing the necessary quantities to meet demand.

The Kingdom’s wheat purchases grew at a CAGR of 6.7% between 2015G and 2023G, driven by increased local demand, improved income levels, and population growth. Quantities increased significantly in 2023G to bolster strategic reserves as a precautionary measure against any supply chain disruptions.

Saudi Arabia maintains a policy of stabilizing strategic commodity prices with substantial government support. Current wheat prices, for example, are set at SAR 180 per ton. The government provides substantial subsidies to support milling companies, with a review of this support expected in mid-2025.

GFSA procures wheat from three main sources:

- 1- Global markets are the largest source of wheat supply.
- 2- Domestic production from licensed farmers, under specific conditions for a period of five years, and in quantities not exceeding 1.5 million tons annually.
- 3- Saudi investors abroad, representing the smallest quantity due to the program’s recent launch, which aims at diversifying supplies.

Quantities and Average Prices of Wheat Imported by GFSA in the last 4 Years

Year	Contracted Quantity ± 10% ('000 Tons)	\$/Ton	SAR/Ton
2020	3,040	253.70	951.00
2021	4,056	339.39	1,273.00
2022	3,971	410.38	1,539.00
2023	3,730	292.06	1,095.00

Source: General Food Security Authority “GFSA”.

Wheat milling companies in the Kingdom experienced growth in operational processes due to a 7.1% increase in local demand for wheat products between 2018G and 2022G, compared to a 5.4% decrease in flour imports during the same period.

Wheat Flour Total Production in the Kingdom 2018G-2028G ('000 Tons)

Flour Type	2018	2019	2020	2021	2022	2023	2028 estimated	Compound Annual Growth Rate (2018 - 2022)	Compound Annual Growth Rate (2023 - 2028)
Domestic Production	2,601.6	2,622.6	2,650.1	2,637.8	3,423.9	3,515.8	4,137.5	7.1%	3.30%
Domestic Sales	2,550.1	2,588.8	2,608.9	2,621.3	3,349.6	3,464.8	4,077.5	7.10%	3.30%
Imported Flour	93.1	98.6	101.2	89.3	74.6	72.4	62.9	-5.40%	-2.80%

Source: Euromonitor International, Based on Secondary Research and Business Interviews with Companies Operating in the Sector.

Saudi Milling Companies

The milling sector in Saudi Arabia comprises four major companies: First Milling Company, Arabian Mills Company, Modern Mills Company, and Fourth Milling Company. GFSA oversees and monitors these companies, distributing wheat quantities to them based on their respective market shares.

Market Share of Saudi Milling Companies in 2023



Source: Euromonitor International, Based on Secondary Research and Business Interviews with Companies Operating in the Sector.



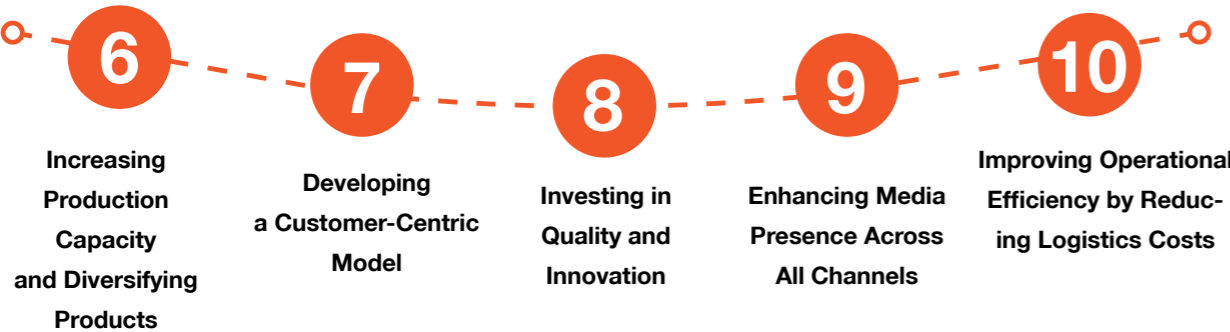
Outlook and Aspirations 2025

As part of its strategic role in achieving the Kingdom’s food security objectives, Fourth Milling Company aims to build upon its 2024G achievements and realize further success in 2025G, focusing on increasing production capacity to meet future demand, diversifying product offerings, and enhancing operational efficiency. The Company is committed to providing high-quality, innovative products, with customer satisfaction as its top priority. Fourth Milling is also committed to maintaining the Company’s strong and sustainable financial position,

led by an experienced management team and effective administration. In 2025G, Fourth Milling aims to achieve leadership across several domains, particularly in operations digitalization and leveraging technological advancement, including process automation and artificial intelligence in periodic maintenance, inventory management, and supply-demand analytics, thereby enhancing decision-making speed and accuracy.



Our Future Objectives



Targeted Steps Towards the Future

Expanding into New Markets: In 2025G, Fourth Milling seeks to expand into new markets, including the specialty flour sector by launching its “FOOM Specialty” brand, which is expected to be launched in the first quarter of 2025G. The Company also aims to increase its share of the animal feed market by introducing new products such as Protein 14 and Protein 18 under its “Malfa” brand. In general, the Company aims to increase its market share of consumer products by 10% by strengthening its business relationships and building strong partnerships with major companies and entities.

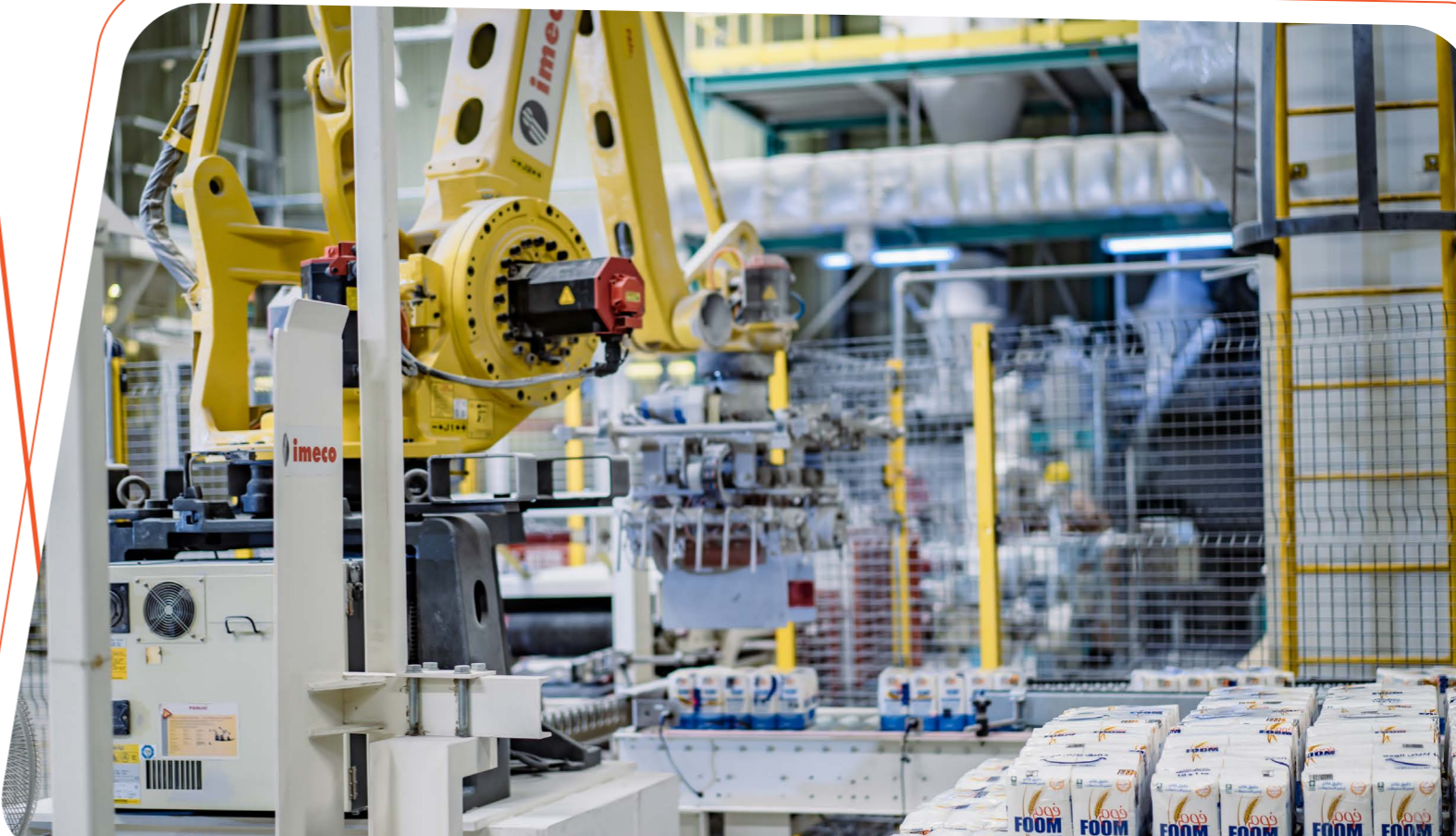
Cost Reduction: Fourth Milling seeks to reduce costs to achieve optimal performance through logistics cost reduction and procurement savings maximization. The Company is also implementing a workforce restructuring initiative to enhance competencies and address evolving business requirements.

Production Capacity Expansion: To enhance its market penetration, Fourth Milling aims to expand its production capacity to meet growing demand in Riyadh

through the planned expansion of Al-Kharj Plant, which will support future growth and contribute to adding new value-added products. The expansion is expected to add approximately 750 tons per day to its milling capacity. The Company is also seeking to introduce innovative products to diversify its portfolio.

Maintaining Retail Sector Leadership: Fourth Milling is working to strengthen its leadership in the home retail sector, targeting an increase in market share to over 35%. The Company is also focusing on the expansion in the animal feed sector to achieve a strong market share. In general, the Company aims to increase its flour market share from 19.1% to 25% in the coming years.

Achieving Operational and Technological Excellence Across All Operations: Fourth Milling is committed to achieving operational and technological excellence across all its operations. In terms of staffing, the Company focuses on attracting top talent and continuously investing in human capital development.



Challenges and Opportunities

Fourth Milling looks to the future with optimism and great ambition, striving to achieve further accomplishments in a promising economic environment filled with opportunities and challenges. The Company affirms its ability to address these challenges through well-considered and meticulous

planning, developing effective solutions via strategic initiatives and measurable and trackable mechanisms while implementing periodic and effective evaluations of adopted measures.

Key Challenges

The key challenges the Company faced in 2024G were in several areas that tested its ability to adapt to developments and dynamic changes, particularly after the successful listing on the Saudi Stock Exchange (Tadawul). Despite these challenges, Fourth Milling has demonstrated a strong capacity for sound planning, and developing successful strategies and effective solutions.

In the face of evolving market dynamics and changing consumer needs, the Company reacted positively and flexibly, by periodically studying the market and conducting periodic surveys, as well as regular studies on the health and effectiveness of its brand and consumer trends, to ensure that its strategies are aligned with market needs.

While the competition has been narrowed to a limited number of key players, the competition remains strong despite the absence of price-based competition on core

products. The competition landscape is now defined by factors such as quality, packaging, and market share. In this context, the Company exerts strenuous efforts to maintain the highest quality standards, adopt the latest packaging technologies, and continuously develop its products.

In light of the increasing production input costs, the Company has implemented technological improvements by integrating production equipment with operational systems using open platform communications (OPC), enabling real-time monitoring. Fourth Milling also benefits from several factors that contribute to cost reduction, such as expediting the delivery of products to the end consumer with minimal delay or waste, thereby reducing transportation costs.



Promising Opportunities

Fourth Milling has a significant opportunity to expand into sectors with higher profit margins through its brand, allowing it to broaden its value-added product offerings in the bakery and industrial product sector, such as functional flour for industrial customers.

The Company is also located in strategic areas experiencing rapid population growth, which drives sustained demand in those regions. Fourth Milling's facilities cover approximately 80% of the population, which enhances market expansion opportunities and market leadership by offering a diverse range of products that foster brand loyalty.

The Company's acquisition of its strongest brand "FOOM" represents a significant competitive advantage, particularly given the strength of «FOOM» products. Fourth Milling is also pursuing the launch of specialty flour products under «FOOM Specialty» brand, which will contribute to strengthening its market presence, increasing customer loyalty, diversifying revenue streams, and opening strategic

opportunities for expansion and growth. Data indicates that consumers tend to try new products from well-known and trusted brands.

The Company also has significant opportunities due to the strong economic dynamics in the Kingdom driven by the implementation of the Saudi Vision 2030 initiatives. These include substantial support for the tourism sector, the hosting of major global events, most notably Expo 2030, and the Kingdom's hosting of the 2034 World Cup, along with the expected surge in tourist flows. These developments provide exceptional marketing opportunities for Fourth Milling, along with the potential to expand its scope of work.

The Company also benefits from a strong competitive advantage represented in its debt-free balance sheet. This enhances its financial independence and allows for flexible strategic decision-making. This provides Fourth Milling with significant investment opportunities and makes it more appealing to investors.

Risk Management

The Company adopts a well-structured approach and a strategic vision for risk management, seeking to achieve business sustainability and ensure effective control over potential risks by utilizing the best-recognized practices. To avoid obstacles and minimize risks, Fourth Milling has established a dedicated Governance and Risk Management Department, which continuously works to improve and develop risk management mechanisms in light of rapid developments.

In this context, the Audit Committee reviews risk management policies and evaluates related activities, including mitigation plans, before presenting them to the Board of Directors. On 17th March 2024G, the Board approved the risk management policy, among other policies.

Risk Assessment

Mechanism and Phases of Dealing



Operational Risks

Raw Material Price Volatility and Supply Chains

The Company maintains price stability with respect to raw materials by utilizing a diversified portfolio of suppliers and engaging in long-term procurement contracts, thereby minimizing the effects of price volatility.

Increased Operating Expenses (OPEX)

The Company maintains a strict cost control policy across all products and categories, implementing measures to enhance operational efficiency and reduce waste. It also continuously improves processes to ensure effective cost management and achieve the highest levels of profitability.

Safety Risks at Company's Plants

Fourth Milling is committed to the highest safety standards by complying with health and safety regulations in Saudi Arabia and implementing industry best practices. The Company also provides a safe work environment by appointing qualified safety specialists, implementing comprehensive training and guidance programs, and conducting periodic assessments to ensure compliance and improve performance.

Production Defects

The Company ensures the highest quality standards by using advanced production lines and implementing an

independent quality control system for product testing. It also employs immediate response mechanisms to address any quality issues detected, which enhances customer satisfaction and maintains the Company's reputation.

IT System Outage

To safeguard data integrity and ensure operational continuity, Fourth Milling maintains a resilient digital infrastructure, incorporating regular data backups and secure cloud-based storage solutions. Furthermore, the Company strengthens its cybersecurity posture and conducts periodic assessments of its technical systems, complemented by a comprehensive disaster recovery and business continuity plan to ensure preparedness and effective response to any potential outages or disruptions.

Inventory Mismanagement

The Company leverages its extensive experience in the feed and food sectors, along with careful study of demand forecasts for its products, to ensure effective management of its flour, wheat, and derivative product inventory. This contributes to reducing risks associated with improper storage conditions and poor inventory management, thereby enhancing operational efficiency and supply continuity.

Economic and Financial Risks

Adequate Insurance Coverage

Fourth Milling continuously reviews and updates its insurance policies to ensure comprehensive coverage aligned with evolving risks and asset values, effectively protecting all elements of operational activities.

Levying of Additional Fees or Taxes

The Company collaborates with specialized tax consultants to proactively identify the impact of any regulatory changes while maintaining adequate zakat and tax provisions to cover any future financial obligations.

Economic and Financial Risks

Credit Risks

Fourth Milling maintains a rigorous credit policy encompassing the periodic evaluation of customer creditworthiness and strict adherence to pre-approved credit limits via the Enterprise Resource Planning (ERP) system. This practice serves to mitigate the risks associated with customer default. Furthermore, the Company's reliance on cash-based revenue generation contributes to the stability of its financial flows.

Liquidation and Financing

The Company enjoys strong, debt-free cash flow, which enhances its ability to avoid risks associated with liquidation or the need for external financing, and ensures its long-term financial sustainability.

Regulatory Risks

Government Subsidiary

Fourth Milling procures its primary raw material (wheat) from GFSA under subsidized purchase terms, securing preferential pricing compared to open market rates. However, the Company faces the risk of potential changes in government subsidy policies impacting profit margins. To mitigate this risk, the Company is focused on expanding its portfolio of non-subsidized products, developing its «FOOM» brand to bolster market share, and exploring export opportunities regionally and globally to offset any negative impacts from subsidy policy changes.

Litigation Risks

To minimize the risk of litigation, the Company has established a robust legal compliance framework based on regularly reviewing contracts and policies to ensure adherence to the highest legal standards and reduce the likelihood of litigation.

Changes in Government Laws and Policies in the Kingdom

To keep pace with regulatory changes, the Company has established dedicated governance, risk, and compliance (GRC) function to proactively assess the impact of any changes in government laws and policies. Fourth Milling integrates these changes into its internal policies and practices to ensure rapid and effective adaptation to any new requirements.

Requirements of Saudization, Foreign Labor, and Labor Law

Fourth Milling proactively assesses Saudization requirements across all job categories and sets specific departmental targets to ensure compliance. The Company is currently fully compliant with all Saudization requirements.

Market Risks

Ability to Maintain its Brand Reputation

The Company regularly reviews its brand tracking index to assess brand health and monitor customer satisfaction through field visits. The Quality Department ensures optimal quality by regularly inspecting final product inventory and conducting sample tests to ensure best manufacturing practices and quality standards are applied. Furthermore, Fourth Milling invests in consumer campaigns to build loyalty and drive conversion to «FOOM» brand supported by media campaigns and promotional offers for consumer packs.

Revenue Concentration in Key Customers

Fourth Milling continuously evaluates its customer base, focusing on expanding into new markets and attracting additional customers. This helps reduce reliance on key customers and ensures long-term revenue sustainability.

Increasing Competitive Factors in the Industry

The Company continues to innovate and develop its products by adding new SKUs and strengthening customer relationships to maintain a strong competitive edge in the market. Fourth Milling also provides customers with distinguished technical services to improve and enhance final products, which enhances brand value and leads to increased customer engagement.

Electronic Cybersecurity Risks

Cybersecurity Risks

Fourth Milling has implemented advanced security measures to protect its data and systems. These measures include regular system reviews to ensure their effectiveness, in addition to providing regular

training programs for employees to raise cybersecurity awareness. The Company has also developed a robust incident response plan, which helps mitigate potential risks and minimize the impact of any cyberattacks that may target it.



Operational Review

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Operational Performance

Key Highlights of Operational Performance in 2024



Achieving peak productivity, as Fourth Milling Company recorded its highest-ever monthly wheat milling rate, reaching 90.82 thousand metric tons in January and November 2024. This milestone reflects the exceptional operational efficiency of its facilities.



Strengthening operational systems, where the implementation of SAP program contributed to enhancing the decision-making process, reinforcing operational controls, and establishing standardized policies and procedures to support operational efficiency.



Achieving operational cost savings by various initiatives and operational efficiencies.



Investing in human capital remained a priority, as the Company placed significant emphasis on talent development through the provision of advanced milling technology training programs for local employees, alongside reinforcing the Saudization strategy to support national competencies.



Reducing downtime, as Fourth Milling Company successfully improved production continuity by manufacturing essential spare parts in-house, which contributed to lowering repair and maintenance expenses and enhancing equipment efficiency.

Main Business Activities

The main activities of Fourth Milling Company, as per the Commercial Register, include the following:

- 1 Manufacture of Products of Grain Mill
- 2 Manufacture of Prepared Animal Feeds
- 3 Manufacture of Bakery Products
- 4 Manufacture of Starch and Starch Products
- 5 Sawing and Planing Wood
- 6 Freight Ground Transportation
- 7 Administrative and Support Services
- 8 Transportation and Storage
- 9 Packaging and Wrapping Activities
- 10 Wholesale of Food, Beverages, and Tobacco
- 11 Other Types of Retail Sale in Non-Specialized Stores
- 12 Retail Sale of Food in Specialized Stores
- 13 Wholesale Trade of Agricultural Raw Materials and Live Animals

Operational Performance Targets for 2025

1

Enhancing Operational Achievements: Building on Success and Achieving New Performance Benchmarks.

2

Expanding Production Capacity: Developing Al-Kharj Plant to Support Future Growth Plans and Enhance Production Capability.

3

Diversifying the Product Portfolio: Introducing Innovative, Value-Added Products to Meet Market Demands and Enhance Competitiveness.

4

Effective Investment Steering: Focusing on Capital Expenditure (CapEx) to Enhance Operational Efficiency and Ensure Compliance with the Latest Regulatory Requirements.

5

Launching the Asset Management System: Implementing an Advanced Asset Management System to Streamline Maintenance Processes and Enhance Resource Management Efficiency.

6

Workforce Restructuring: Enhancing Operational Capabilities through Restructuring of Work Teams to Reduce Overhead and Adapt to Variable Business Requirements.

7

Increasing Production Volume: Leveraging the Expansion of Approved Workdays from 300 to 335 Days Annually by GFSA to Enhance Productivity and Maximize Operational Capacity Utilization.



The Company’s current activities are as follows:

Current Main Activities of the Company



Operational Key Performance Indicators “KPIs” for 2024

Financial KPIs	2021	2022	2023	2024
Flour				
Revenues (SAR Mln)	232	352	356	426
Volume Sold (000 Tons)	432	641	614	699
Average Selling Price (ASP) (SAR/Ton)	610	559	610	609
Feed				
Revenues (SAR Mln)	50	67	49	53
Volume Sold (Tons)	60,734	63,960	49,107	54,321
Average Selling Price (ASP) (SAR/Ton)	816	1,044	1,013	981
Bran				
Revenues (SAR Mln)	55	159	160	183
Volume Sold (Tons)	86,568	170,582	176,608	212,018
Average Selling Price (ASP) (SAR/Ton)	630	934	917	861
Wheat Consumption				
Volume Consumed (Tons)	556,401	844,786	818,332	947,263
Wheat consumed Price	100,424	152,013	147,522	170,507
Average Consumer Wheat Price (SAR/Ton)	180	180	180	180

Additional Operational KPIs	2021	2022	2023	2024
Number of Production Sites	3	3	3	3
Number of Production Lines	7	7	7	7
Operation				
Wheat Mill Capacity (Tons)	945,000	945,000	945,000	1,055,250
Flour Mill Operations (%)	59.20%	91.40%	88.20%	91.5%
Feed Mill Capacity (Tons)	135,000	135,000	135,000	135,000
Feed Mill Operations (%)	44.80%	48.90%	34.80%	40.15%
Revenue Growth (%)	-2.59 %	71.90%	-2%	12.7%
EBITDA (SAR Mln)	108	239	215	243
EBITDA Margin (%)	32.10%	41.40%	38%	39%
Non-financial KPIs				
Flour Production Volume ('000 Tons)	439	656	629	712
Animal Feed Production Volume ('000 Tons)	60	66	47	54
Bran Production Volume ('000 Tons)	125	218	211	254
Production Growth ('000 Tons)	-	50.70%	-5.60%	15.03%



Flour
Products

Flour products are the Fourth Milling Company's top-selling products, representing approximately 68% of its total sales by the end of 2024G. Under the agreement concluded between the Company and GFSA, flour prices are regulated by GFSA at a subsidized price of SAR 180 per ton. The Company also sells bulk flour and 45 kg packs at the price set by GFSA, which is approximately SAR 490 per ton. In contrast, the prices of 10 kg packs and consumer flour in 1 kg, 1.5 kg, and 2 kg packs are not subject to price regulation.

Fourth Milling Company's flour products are diversified according to their uses, including superior flour with a 70% extraction rate, which is used in preparing various types of pastries, flour with an 80% extraction rate, which contains a percentage of bran and is mainly used in making Arabic bread, in addition to brown flour with a 95% extraction rate, which is used in making whole wheat bread.



Types of Flour
Products by Extraction Rate



Superior
Flour

70%
Extraction Rate

Characterized by its white color and used in confectionery, Pizza and donuts.



Bakery
Flour

80%
Extraction Rate

Contains a percentage of bran and is used in preparing Arabic bread and some Western and traditional products.



Brown
Flour

95%
Extraction Rate

Used in whole wheat bread preparation, and traditional meals preparations.

Total Flour Sales by SKU for 2024 (SAR MIn)			
(1-2 kg) Packs	10 kg	Bulk Bags and 45 kg Packs	Total
78	30	318	426
18%	7%	75%	100%

Flour Production
Stages

The flour production process goes through several main stages, starting with receiving wheat shipments and ending with packaging and preparing for distribution. These stages can be summarized as follows:



Current Product Portfolio

Commercial Packs



**Fortified Superior
Brown Flour**
45 kg



**Fortified
Patent Flour**
45 kg



**Fortified
Bakery Flour**
45 kg



**Fortified
Brown Flour**
45 kg



Consumer Packs



**Fortified
Superior Flour**
1 kg



**Fortified
Superior Flour**
2 kg



**Fortified
Brown Flour**
1 kg



**Fortified
Brown Flour**
2 kg



**Fortified
Superior Flour**
1.5 kg



**Fortified
Superior Flour**
10 kg



**Fortified
Brown Flour**
10 kg



**Fortified Superior
Brown Flour**
10 kg

FOOM Specialty Consumer Products



FOOM Specialty Products for Hotels, Restaurants, and Cafes (HORECA) Sector



Miller Consumer Products



Wheat Derivatives and Bran

Fourth Milling Company contributes to meeting the growing demand for bran products, a key by-product of flour milling. Bran is extracted during the milling process and constitutes between 23% and 25% of flour output by volume. Recognizing its significance as a primary component in animal feed, the Company utilizes these bran products for both direct sales and in its own animal feed production. Fourth Milling Company relies on Dammam Plant for the bran production, and also benefits from the by-products

resulting from the flour milling process. In addition, the Company uses other materials such as soy and corn. Notably, bran products are not subject to regulated pricing, instead relying on market-driven price dynamics. According to 2024G figures, bran sales constituted about 28% of the Company's total revenue. Approximately 83.6% of total bran production is utilized domestically in the animal feed sector, while the remainder is sold to private farms.

Wheat Derivatives Products



Animal Feed

Fourth Milling Company places significant emphasis on capturing a distinguished market share, alongside its strategic direction towards introducing new products to the compounded animal feed market. This market is experiencing rise in demand, driven by projected compound annual growth rate (CAGR) of 2% between 2023G and 2028G. This is underscored by the ongoing efforts undertaken by the Kingdom to bolster national food security across all levels and sectors. These efforts include initiatives aimed at increasing the domestic supply

of poultry and red meat.

Fourth Milling Company competes in the domestic market by offering animal bran products and feed under its brand «Mafla». These offerings include bran products weighing 40 kg, as well as livestock and lamb feed and fattening animal feed weighing 50 kg.

The daily production capacity for animal feed reaches 450 tons, equating to an annual capacity of 135 thousand tons based on 300 operating days. The capacity utilization rate in 2024G reached 40.2%.

Animal Feed Products



Fattening Animal Feed Pellet

50 kg



Livestock Breeding Feed

50 kg



Animal Bran

40 kg



Lamb Feed

50 kg



Company Plants

Fourth Milling Company has three plants strategically located in Dammam, Madinah, and Al-Kharj Governorate, each distinguished by a strong operational track record. The Company has secured a secondary license from GFSA, enabling the expansion of capacity across its three plants by December 2028G.

1- Dammam Plant: Dammam Plant serves as the cornerstone of Fourth Milling Company's operational activities, being both the oldest and largest. The plant commenced its commercial operations in 1977G, and is strategically located near King Abdul Aziz Port in the Eastern Region, an area renowned for its industrial activities and serving as a major market and key distribution hub. Economic growth in the region contributes to fostering a favorable business climate and increasing demand for food products. This, in turn, empowers the plant to effectively meet this rising demand and capitalize on its production capacities and established distribution network.

The plant benefits from its proximity to key transportation networks, including highways and King Abdul Aziz Port, which facilitates the flow in raw materials movement and cost-effective distribution of finished products.

The plant operates with three milling lines dedicated to flour production, achieving a daily production capacity of up to 1350 tons. Milled wheat is stored in silos with a total storage capacity of 80 thousand tons. The plant also has a dedicated animal feed production line with a capacity of 450 tons per day, complemented by plans to further diversify production to meet the growing demand for these products.

The plant plays a pivotal role in the Company's future export expansion strategy, serving as a key gateway to international markets. This is particularly significant following SFDA's approval for milling companies to export surplus production.

2- Al-Kharj Plant: The Company's Al-Kharj Plant in Al-Kharj Governorate is considered a key strategic asset, owing to its advantageous location near Riyadh. Riyadh is experiencing substantial population growth, aligned with city plans to expand capacity to accommodate 15 to 20 million residents by 2030G. This location provides Fourth Milling Company with a distinct logistical advantage, enabling efficient supply chain and distribution management. This, in turn, supports meeting the escalating demand within the capital city.

The plant commenced its commercial operations in 1989G as a storage silo, subsequently evolving into a fully integrated flour production plant in 2016G. The plant operates with a single flour milling line, with a daily production capacity of 600 tons. Milled wheat is stored in silos with a total storage capacity of 10,000 tons.

3- Madinah Plant: The Company's Madinah Plant effectively serves the Western regions of Saudi Arabia, meeting their needs through its daily wheat flour milling capacity of 1200 tons and a substantial storage capacity of 66,000 tons. The plant is centrally located, enhancing the Fourth Milling Company's logistical capabilities and facilitating efficient transportation and distribution operations within the region.

Beyond its strategic location, Madinah's status as a major religious tourism destination, attracting millions of Hajj and Umrah pilgrims annually, presents the Company with an exceptional opportunity to capitalize on increased demand for food products within the hospitality and food service sectors. Thanks to its strategic position, Fourth Milling Company is able to meet this increased demand and capitalize on its production and distribution capabilities to serve the hospitality and food service sectors.

Production Efficiency Program

Fourth Milling Company launched a comprehensive Production Improvement Program aimed at achieving optimal efficiency and operational excellence. Central to this initiative is a strategic focus on sustainable improvement, process automation, and the integration of industry best practices to drive cost reductions and elevate operational standards across all sectors of

the Company. Through this program, Fourth Milling Company aims to achieve enhanced short-term efficiency and cultivate a culture of continuous excellence across all operations. These efforts are expected to increase milling capacity by 8%, from 3,150 to 3,400 tons per day.

Key Elements of the Production Efficiency Program

Strategic Sustainable Improvement Program

Focusing on achieving both immediate and long-term improvements in operational efficiency.

Cost Reduction Across Various Sectors

Targeting financial efficiency to achieve significant cost savings across various operational areas.

Comprehensive Impact Assessment

Conducting periodic assessments of the effectiveness of measures implemented to ensure their alignment with strategic objectives.

Systematic Process Improvement

Implementing a systematic approach to optimize operational processes, with the aim of achieving comprehensive improvements.

Elevating Operational Excellence

Achieving superior levels of performance across all aspects of operations, while adhering to the application of higher standards to ensure the highest levels of quality and efficiency.

Adapting to the Dynamic Business Environment

Designing agile strategies that enable adaptation to rapid shifts in the business landscape, thereby facilitating iterative improvements in response to evolving needs.

Acquiring and Retaining Top Talent

Focusing on human capital development by acquiring and nurturing exceptional talent, which contributes to creating a high-performance environment that aligns with the Company's long-term objectives.

Incorporating Market Best Practices

Incorporating proven and validated methodologies to enhance effectiveness and efficiency across all operations.

Continuous Improvement Framework

Seeking to embed the principle of continuous improvement across all operational areas, making improvement an integral part of the corporate culture, ensuring it is an ongoing pursuit, not a final destination.

Strategic Vision for Excellence

Through this program, the Company aspires to become a leading model of operational excellence within the sector, thereby strengthening its competitive position and enabling sustained innovation.

Quality Assurance

Quality is at the heart of the Fourth Milling Company's daily operations. The Company adheres to the highest standards of excellence in product design, production and launch. This commitment extends beyond mere regulatory and monitoring standards, surpassing them by establishing even more stringent benchmarks to consistently deliver superior quality products. **Fourth Milling Company applies an integrated quality management system** based on internationally recognized ISO standards, which ensures that strict quality control procedures are maintained during all stages of production. The Company has obtained numerous certifications, including ISO 22000, Food Safety System Certification (FSSC) 22000, Good Manufacturing Practice (GMP), Halal Certification, and ISO 17025. Notably, Fourth Milling Company is the only milling company in Saudi Arabia with ISO 17025 accredited laboratories across

all its branches, reflecting its unwavering commitment to high quality standards. **Advanced Quality Control Laboratories**, the Company operates state-of-the-art testing facilities that adhere to the highest global standards for quality control. The Quality Control Department oversees meticulous daily inspection processes encompassing raw materials, semi-finished products, finished products, and packaging materials for flour and feed, ensuring their safety and superior quality. **Dedicated Quality Assurance Team**, a team of expert professionals, trained to the highest standards, conducts quality control procedures and oversees the efficiency of facilities, equipment, and production operations. This team is also responsible for documenting and approving testing methodologies to ensure the implementation of the highest quality standards and sustained excellence.

Quality Assurance Processes at Every Stage of Production

Fourth Milling Company's Quality Assurance System ensures that all stages, from raw material procurement and receipt to the production of flour and animal feed, adhere to the highest approved quality standards. The following is an overview of the Quality Assurance processes at each stage:

1- Raw Material Procurement:

- **Selection and Qualification of Suppliers:** Suppliers are rigorously evaluated based on their capability to provide raw materials that conform to quality standards, with a prerequisite for possessing certifications such as HACCP or ISO 22000.
- **Incoming Material Inspection:** Upon receipt, raw materials such as grains and additives undergo rigorous inspections encompassing visual examination, contaminant testing, and source certificate verification.
- **Sampling and Testing:** Upon arrival, samples from

each shipment are analyzed through chemical, physical, and microbiological tests to ensure compliance with standards.

2- Production Processes:

- **Operational Verification:** Products are inspected daily to ensure consistency and quality in accordance with physical, chemical, and microbiological standards.
- **Monitoring and Examination:** Examinations include measuring moisture content, protein levels, ash content, and the rates of vitamin and enzyme addition.
- **Sampling:** Samples are taken every hour during production to ensure quality and detect any deviations.
- **Corrective Actions:** Upon detection of any deviation, the production process is immediately adjusted in collaboration with the Production Team to ensure compliance with standards without compromising the final product.

3- Post-Production Quality Assurance:

- **Final Testing:** The final product undergoes rigorous testing, including moisture content measurement and sensory and chemical evaluations, to ensure compliance with specifications.
- **Packing and Packaging Inspection:** The integrity of packaging, the accuracy of production and expiration dates, and batch numbers are verified.
- **Final Approval:** The Quality Assurance Team grants final approval after the successful completion of all inspections to ensure the highest quality standards are met.

4- Post-Sale Monitoring and Continuous Improvement:

- **Customer Feedback Analysis:** In 2024G, the Quality Assurance Team undertook 950 customer visits to gather customer insights and analyze customer feedback for the product improvement.
- **Audits and Inspections:** Periodic internal and external audits are conducted to ensure the quality of operations and raw materials.
- **Continuous Improvement Programs:** The Quality Assurance Team relies on data and feedback to develop operations and products, aligning with the highest standards.

Quality Control Testing

The Quality Control Department is responsible for analyzing all raw materials, overseeing each stage of flour and animal feed production, and monitoring finished

products to ensure full compliance with required standards and specifications and to guarantee that products are free from defects.

Quality Testing Stages



Materials under test include:

- **Packing and Packaging Materials:** such as paper bags, plastic bags, and pallets.
- **Raw Materials:** such as wheat, corn, soybeans, flour, feed additives (vitamins, enzymes), and water.
- **Finished Products:** such as wheat flour, animal feed,

bran, wheat derivatives such as wheat germ, Harees, and Jareesh. These materials are tested using various methods, including physical, chemical, microbiological, and mycotoxin analysis.

Quality Tests Conducted at each Production Stage		
Physical Testing	Odor Analysis	Raw materials are inspected for the absence of abnormal or contaminated odors to ensure they are not spoiled.
	Impurities	Materials are inspected to ensure they are free from impurities, such as damaged grains.
	Infestation	Raw materials are inspected to ensure the absence of infestation, particularly by insects or other pests.
	Packing and Packaging	Packing and packaging are inspected to ensure their integrity and absence of damage, thus preserving the material's safety.
	Tensile Strength of Packing and Packaging Materials	The tensile strength of packing and packaging materials is tested to ensure the ability to withstand stress during handling and transportation.
	Packing and Packaging Dimensions	Packing and packaging dimensions are verified to ensure compliance with specified requirements for optimal storage and transportation.
	Certificates of Analysis (COA)	Certificates of analysis accompanying raw materials are verified to ensure compliance with required standards.
Chemical Testing	Moisture Content	Measuring the moisture content of raw materials.
	Protein Content	Testing the protein content in the raw materials. Protein directly affects the quality of flour and animal feed.
	Ash Content	Measuring the ash content in raw materials, reflecting their mineral content.
	Gluten Content	Testing the gluten content in wheat and flour.
	Falling Number	This test measures wheat starch quality, impacting dough handling properties.
	Rheology Testing	Measuring dough stability, water absorption, extensibility, and elasticity.
	Fiber Content	Testing the fiber content in products.
Microbiological and Mycotoxin Testing	Fat Content	Testing the fat content, which affects the quality and value of food products.
	Aflatoxin Testing	Measuring the presence of mycotoxins in raw materials, such as grain or feed.
	Deoxynivalenol (DON) Testing	Measuring the presence of mycotoxins in raw materials, such as grain or feed.
	Total Bacterial Count (TBC)	Testing for the presence of bacteria in general in raw materials.
	Coliform Bacteria	Testing for Coliform Bacteria in materials, indicating microbial contamination.
	Salmonella Bacteria	Testing for the presence of Salmonella bacteria.

Total Number of Tests	
Physical Testing	570 Tests Daily
Chemical Testing	2145 Tests Daily
Microbiological and Mycotoxin Testing	117 Tests Weekly
Annual Total	900,000 tests conducted across all stages, from raw materials to finished products

Key Quality Achievements

In 2024G, Fourth Milling Company achieved significant progress in establishing the highest quality standards, underscoring its commitment to delivering premium products and ensuring customer satisfaction. The following are the most notable achievements:



Infrastructure and Operational Expansion

Fourth Milling Company is uniquely positioned to lead the milling and food production sector in Saudi Arabia, underpinned by its advanced infrastructure, unwavering commitment to quality, and utilization of cutting-edge milling technologies. The Company's strategy is founded on the continuous modernization of its facilities and equipment and the adoption of the latest technologies across all operations to ensure operational excellence and sustainable growth.

The year 2024G marked significant investments in infrastructure modernization, which included:

- Installation of advanced capacitor banks to enhance energy efficiency.
- Capital expenditures (CapEx) were directed towards replacement operations throughout the year, with the objective of upholding the highest standards of

product quality and operational efficiency.

- Upgrading scales used in production processes to ensure measurement accuracy and achieve the highest quality standards.
- Feed plant modernization to enhance productivity and competitiveness.
- Initiation of a project to build advanced safety systems at Dammam Plant, with a budget of SAR 11.6 million.
- Air conditioning of the finished products warehouse in Dammam, at a cost of SAR 2.2 million.
- Relocation of the Head Office, at a cost of SAR 1.8 million.
- SAP project implementation, at a cost of SAR 4.2 million.
- Supporting operational processes with innovative technologies and proactive maintenance plans.

Fourth Milling Company also relies on a robust and advanced Information Technology (IT) infrastructure, encompassing highly reliable cloud systems and regular backups, ensuring efficient data recovery in the event of any disruption. Cybersecurity is also continuously

enhanced, with periodic system reviews to ensure system safety and efficiency, complemented by a comprehensive disaster recovery plan to guarantee business continuity and protect operations from any unforeseen disruptions.

Customers and Strategic Partners

Customer Classification

The Company's customer base is classified into two primary categories:

Direct Customers	Indirect Customers
Wholesalers – Distributors - Large Bakeries - Food Manufacturing Companies - Some Key Retailers	Bakeries – Hotels – Restaurants – Cafés - other Retail Customers

GFSA sets monthly quotas for the Fourth Milling Company customers who are subject to regulations and stipulations. Consequently, these customers visit one of the Company's plants to collect their weekly allocations in cash, without the need for purchase orders or contracts. Cash sales represent the largest portion of the Company's total sales, accounting for approximately +90% of gross revenue in 2024G.

The Company's sales are concentrated in regions proximal to its manufacturing plants in the Eastern

Region, Madinah, and Riyadh. Product distribution, however, extends across Saudi Arabia via a network of third-party transportation providers, as the Company does not maintain a proprietary fleet. Fourth Milling Company also bears the cost of transporting finished products to customers, since products for wholesale and industrial channel customers are delivered to their premises, while products of modern trade channel customers are delivered to the central warehouses.

Total Revenue by Region in 4 Years

Region	Revenues (in SAR Mln)				% of Total Revenue			
	2021	2022	2023	2024	2021	2022	2023	2024
Dammam	148,494,180	243,902,955	250,747,173	253,704,544	44%	42%	44%	40%
Madinah	89,804,890	176,939,230	178,875,813	200,844,043	27%	31%	32%	32%
Al-Kharj	97,998,821	157,477,154	136,013,902	174,462,387	29%	27%	24%	28%
Total	336,297,891	578,319,339	565,636,888	629,010,974	100%	100%	100%	100%

The Company's top 10 customers contributed 42%, 55%, and 53% of the Company's total revenue for the fiscal years 2022, 2023, and 2024, successively.

Company Customers

According to Sales Channels

Fourth Milling Company employs an integrated sales channel structure, as customers are distributed cross three primary channels: Industrial Channel, Wholesale Channel, and Modern Trade Channel. This segmentation reflects a strategic importance in ensuring comprehensive market coverage, meeting diverse customer needs, and ultimately enhancing the Company's market share.

Industrial Channel	Wholesale Channel	Modern Trade Channel
The Industrial Channel is a notable distribution avenue prioritized by Fourth Milling Company, through which products are supplied to plants, industrial facilities, large-scale commercial bakeries, restaurants, and hospitality firms that rely on flour as a fundamental input in their production processes.	The Wholesale Channel primarily targets wholesale traders and suppliers who distribute Fourth Milling Company's products to local markets. This channel relies on an extensive network of agents and distributors, contributing to enhanced brand visibility and providing flexibility in meeting fluctuating market demand.	<p>The Modern Trade Channel includes major retail chains, supermarkets, e-commerce platforms, and large retail outlets. Fourth Milling Company prioritizes the Modern Trade Channel to enhance its presence in the retail sector, thereby increasing its market share in consumer-targeted packs.</p> <p>The Company aims to increase sales growth through the Modern Trade Channel, recognizing it as a primary driver for sales expansion in consumer-focused SKUs, particularly those packaged in 1 kg, 2 kg, and 10 kg packs, which cater to individual consumers.</p>

The distribution channels are integrated to reflect an integral strategy aimed at balancing domestic demand coverage with market share enhancement and ensuring sustainable growth by focusing on each channel according to its characteristics and needs. This is evident in the Company's ability to adapt and its resilience to market changes through revenue diversification.

Occupational Health, Safety, and Environment (OHSE)

Fourth Milling Company conducts its operations in an environmentally friendly manner, adhering to health, safety, and environmental standards with a commitment to responsible and ethical practices. The Company employs comprehensive systems and procedures to ensure personnel safety and environmental protection, aligning with global standards. Fourth Milling Company secured ISO 14001 (Environmental Management System (EMS)) and ISO 45001 (Occupational Health and Safety (OH&S) Management System) certifications from the International Organization for Standardization (ISO).

The Health, Safety, and Environment (HSE) Department seeks to prevent injuries and illnesses through clear safety protocols, provision of personal protective equipment (PPE), training programs, and job safety analysis (JSA) for risk assessment. Regular training on safety and emergency procedures, including emergency response plans (ERPs), is also provided. Fourth Milling Company employs a risk-based approach to ensure the safety of employees and visitors, and to protect the environment.

Furthermore, the Company focuses on minimizing environmental impacts by monitoring emissions, liquid waste, and solid waste to ensure environmental compliance.

KPIs for Health, Safety, and Environment (HSE) Management

Safe Man-Hours	1144856
Fines from Regulatory Authorities	0
Safety Representative Training	60
Forklift Operator Licenses	81
Awareness Tours	691
Work Permits Issued Without Incidents	89
Environmental Records and Certifications Issued	3

Marketing and Corporate Engagement

Company Marketing Strategy for 2024

The marketing strategy for 2024G included strengthening the Company's market position in the production of wheat flour, derivatives, and animal feed in Saudi Arabia. This strategy encompasses several objectives and initiatives

aimed at achieving sustainable growth, increasing market share, and reinforcing the Company's market leadership in the Saudi market while upholding a strong commitment to product quality and innovation.

Promoting Brand Awareness

Strengthening digital presence and increasing customer engagement across multiple channels, such as digital advertising, social media marketing, and local advertising campaigns.

Improving Customer Experience

Providing exceptional customer service focused on rapid response, meeting customer needs, and strengthening the distribution network to ensure timely, high-quality product delivery.

Pillars of the Company's Marketing Strategy

Penetrating New Markets

Exploring regional expansion opportunities and penetrating new markets in the Gulf region and beyond, while optimizing product distribution through partnerships with local and international distributors to reach a broader consumer base.

Innovation and Product Development

Developing new and innovative products to meet variable market demands, such as value-added flour or specialized animal feed, and enhancing production processes using cutting-edge technologies to ensure consistent delivery of high-quality products.

Company's Key Marketing Channels

- Digital marketing through social media platforms (TikTok, Instagram, and X Platform).
- Marketing through search engine optimization.
- Email marketing.
- Participating in trade exhibitions to introduce specialized new products to the market.
- Activating corporate communications through clear messaging to partners and stakeholders and increasing public relations efforts.

Enhancing Digital Marketing

Fourth Milling Company is committed to enhancing digital transformation in marketing, sales, and after-sales services through the implementation of the following procedures:

- Integrating WhatsApp with SAP to enhance customer engagement.
- Deploying SAP Mobility for seamless access across mobile devices.
- Implementing automated sales incentive programs.
- Enhancing the Company's online presence with a new website and continuously improving it for greater interactivity and user-friendliness.
- Strengthening social media presence through innovative visual content.

Company Achievements in Marketing and Brand Building in 2024

- Market Share:** The Company's brand «FOOM» has achieved significant milestones, reaching a peak market share of 30% in the household packaging sector, according to Nielsen reports, compared to the previous year.
- Online Marketing Campaign:** A successful online marketing campaign was launched, garnering over 6 million views, which resulted in a 35% increase in followers and a notable sales uplift.
- Logo and Packaging Redesign:** The brand logo and packaging have been redesigned to better reflect the brand identity.



Customer Satisfaction Survey

Fourth Milling Company is committed to assessing customer satisfaction and soliciting feedback through regular studies on brand health and consumer trends. This ensures its strategies remain aligned with market demands. The Company also implemented the following initiatives to enhance customer satisfaction:

- Enhancing product quality.
- Streamlining communication channels.
- Ensuring timely customer support.
- Engaging customers through customized digital content and services to build long-term relationships.

Addressing Challenges

The key challenges faced by the Marketing Department in 2024G were intense and hectic competition in the digital marketplace and cost pressures. These challenges were overcome by enhancing digital marketing strategies,

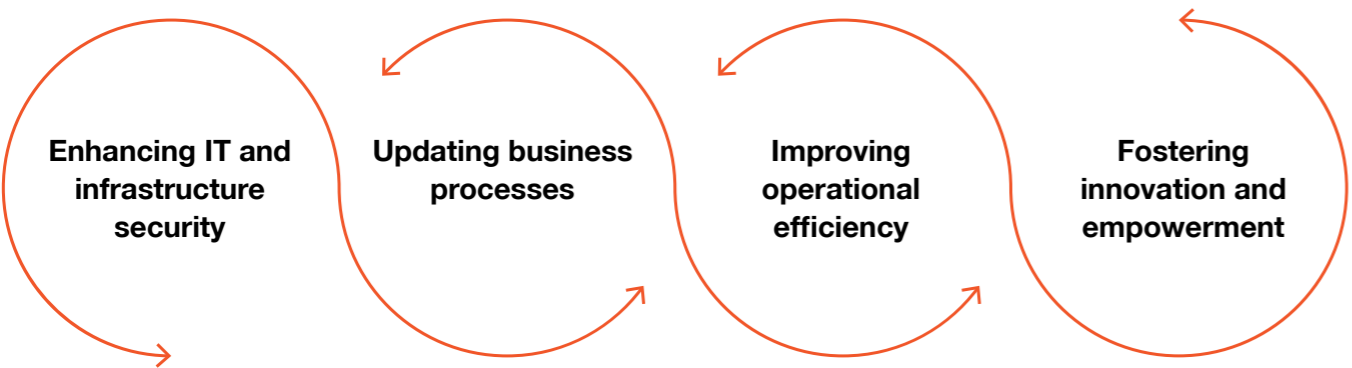
utilizing advanced data analytics tools for precise audience targeting, and directing campaigns toward the most profitable markets.

Digital Transformation

Fourth Milling Company adopts an ambitious strategy in information technology (IT), aimed at strengthening the digital infrastructure, streamlining

business processes, enhancing operational efficiency, and supporting innovation.

Pillars of the Digital Transformation Strategy



Achievements and Goals achieved in 2024	
Digital Transformation	
1	Enhancing the security of customer relationship management and email.
2	Transitioning to cloud solutions.
3	Implementing SAP S/4HANA and SAP SuccessFactors to achieve real-time data and streamline processes.
4	Integrating WhatsApp with SAP to enhance customer engagement.
5	Implementing SAP Analytics Cloud for advanced analytics.
6	Upgrading communication at key locations.
7	Deploying SAP Mobility and automated tools to manage updates and sales incentives.
8	Adopting SAP Mobility for seamless access via mobile devices.
9	Employing automated tools to manage updates to various applications and sales incentives automatically.
10	Implementing centralized print management using PaperCut.
11	Adopting SAP document management system.
Cybersecurity	
1	Enhancing the security of the customer relationship management portal by implementing multi-factor authentication (MFA) and ensuring compliance with the personal data protection law (PDPL).
2	Transitioning to a cloud-based security system.
3	Implementing multi-factor authentication (MFA) for access to VPNs (virtual private networks)*.
4	Deploying ManageEngine for automated update management.

* This refers to accessing the Company's networks from any location but with the implementation of MFA or two-factor authentication (2FA).

Future Objectives for 2025	
1	Implementing robotic process automation (RPA) to automate repetitive tasks.
2	Implementing the second phase of SAP Analytics Cloud for advanced analytics and reporting tools to provide specialists with real-time analysis and support data-driven decision-making.
3	Implementing SuccessFactors for performance and goals management.
4	Applying and implementing advanced cybersecurity rules, regulations, and protocols.

Digital Applications Utilized by the Company in its Operational and Marketing Processes

1	SAP S/4HANA
2	SAP SuccessFactors
3	SAP Document Management System
4	SAP Mobility
5	WhatsApp integrated with SAP
6	PaperCut for Centralized Printing Management
7	ManageEngine for Update Management
8	(Freshdesk for Information Technology Service Management (ITSM
9	Microsoft Active Directory Group Policy
10	Microsoft 365 and Azure 365
11	Monday.com for Project Management

New Applications Planned for Near-term Introduction by the Company.

1	SAP SuccessFactors for Performance and Goals Management
2	Robotic Process Automation (RPA)
3	SAP Fund Management for Budget Control

Company Investment Volume in Digital Technologies

Fourth Milling Company invested approximately SAR 4.2 Mln in digital technologies during 2024G.

Investing in Human Capital
(Workforce)

Fourth Milling Company adopts an integrated HR strategy that focuses on long-term and short-term objectives. This strategy aims to enhance the Company’s organizational structure by eliminating any potential redundancies, ensuring optimal utilization of human resources, and includes succession planning to guarantee continuity of corporate leadership. Furthermore, it focuses on retaining high-potential talent and fostering their professional growth in alignment with the Company’s goals.

Achievements of Human Resources
and Shared Services Department in 2024

Successful participation in initial public offering (IPO) processes and fulfillment of all necessary compliance requirements for these operations.

Comprehensive oversight of the recruitment process, ensuring the alignment of recruitment strategies with the precise and stringent requirements imposed by the Company's listing on the capital market.

Developing all policies and procedures for various departments within the Company during 2024G, which contributed to strengthening corporate discipline.

Developing Fourth Milling Company's organizational structure in line with best practices, where comprehensive improvements have been implemented to ensure operational efficiency across various departments.

Successful registration of Fourth Milling Company in the Human Resources Development Fund (HRDF) program, reflecting the Company's commitment to national employment initiatives and promoting workforce sustainability.

Continuous monitoring of the workforce to ensure alignment with defined budgets and strategic policies.





Workforce Enhancement

- The Department aims to enhance the Company's organizational structure by eliminating any potential redundancies and achieving optimal utilization of human resources.
- The Department plans to build a strong marketing and sales team to address current gaps in the manufacturing sector, at a total cost of SAR 4.2 million, including third-party contracting costs.

Talent Development and Leadership Pipelines

- Succession Planning: This objective is to establish clear succession pathways to ensure the continuity of corporate leadership.
- Career Progression Frameworks: The Department is committed to retaining high-potential talent and fostering their professional growth in alignment with the Company objectives.
- Performance Management and Rewards: The Department aims to implement advanced reward systems directly linked to Key Performance Indicators (KPIs), contributing to the motivation of operational excellence.
- Enhancing the Total Rewards System for Employees: The Department aims to address gaps in the reward system affecting approximately 48% of employees, through a plan spanning two to three years, at a total cost of SAR 2,531,452.64.

Individual Development and Training Plan

- Enhancing employees' technical skills and job performance through specialized training programs.
- Organizing functional training programs encompassing 70 employees to develop their competencies.
- Implementing corporate training via the Skills Intelligence Platform (SIP), with a plan targeting 50% of Company employees at a total cost of SAR 800,000.

Enhancing Employee Engagement

- The Department plans to organize regular general meetings and employee satisfaction surveys to improve corporate culture and increase productivity.
- Individual work plans are developed for 90% of employees, with periodic performance evaluations conducted at least twice annually to ensure the achievement of the Company's strategic objectives.

Employee Headcount

The total employee headcount in the Company and its affiliated plants reached approximately 510 in 2024G, compared to 532 in 2023G.

Employee Headcount in 2023 and 2024						
Description	2023			2024		
	Saudi Employees	Non-Saudi Employees	Total	Saudi Employees	Non-Saudi Employees	Total
Total in Company's Head Office	42	29	73	36	35	71
Total Across Company Branches	159	302	461	151	288	439
Total	201	331	532	187	323	510

Percentage of Male and Female Employees of Total Company Workforce over the Past 5 Years	
Year	Male Ratio
2020	100%
2021	100%
2022	100%
2023	100%
2024	100%

Saudization

Fourth Milling Company is committed to employing a specific percentage of Saudi nationals within its workforce, in compliance with Saudization requirements. These requirements have had a regulatory mandate in Saudi Arabia since the launch of «Tawteen» and «Nitaqat» programs in 2011G. The Company and its branches are classified within the «Platinum Category», which

enables the Company to obtain work visas and transfer sponsorship. The number of Saudi employees in Fourth Milling Company reached 187 employees, compared to 323 non-Saudi employees. This reflects a Saudization rate of approximately 36.7% during 2024G. Additionally, the Saudization rate in administrative positions increased to 51%.

Company Saudization Rates				
Location / Classification	Current		Target	
	Category	Percentage	Category	Percentage
Average Company Saudization Rate	High Green	36.7%	High Green	37.50%

Employee Bonuses and Incentives

Fourth Milling Company is committed to providing a motivating and supportive work environment for its employees through the application of a bonuses and incentives program that ensures a balance between employee interests and the Company's strategic objectives.

During 2024G, and as part of its ongoing efforts to enhance employee satisfaction, Fourth Milling Company has developed annual bonus policies. In addition, new policies were established for all departments in the Company, in collaboration with the HR Department. Furthermore, Fourth Milling Company granted exceptional bonuses to all employees to mark the completion of the Company's IPO. Outstanding employees were also

recognized. This reflects the Company's policy aimed at fostering a culture of recognition and motivation and strengthening employee loyalty.

Fourth Milling Company has taken several measures and initiatives to empower its human resources and enhance the internal work environment. These measures and initiatives included providing a suitable work environment that meets employee needs and motivating them to participate in events and activities organized by the Company during public and private occasions. The Company also conducted surveys to measure levels of job satisfaction, with the aim of improving and strengthening the employee experience and loyalty.

Key National and Social Events Celebrated by the Company with Employees in 2024

Saudi Founding Day	National Day	Employee Engagement Events	Ramadan Iftar
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Training & Development

Fourth Milling has implemented seven internal and external training programs during 2024G, benefiting 108 employees. The Company aims to execute at least 25 professional programs during 2025G, reflecting its ongoing commitment to developing employee skills and capabilities and building a qualified workforce.

Furthermore, the Company collaborated with the Ministry of Labor to train and qualify university and college graduates, preparing them for the labor market, as six students were trained in 2024G with a plan to at least double this number in 2025G.

Average Training Hours per Trained Employee

95.8

7

Number of Internal and External Training Programs

Percentage of Employees Benefiting from Training Programs

%21.17

108

Number of Employees Benefiting from Training Programs

Number of Participants in Training Courses

2023	2024
60	108

Internal Courses		
Course Name	Provider	Number of Attendees
Conflict Management and Dispute Resolution in the Workplace	Umm Al-Qura University	10
Employee Rotation	Fourth Milling	1
Leadership and Communication	Saudi Cader for Education Reform and Development	8
Conflict Management and Dispute Resolution in the Workplace	Umm Al-Qura University	10
Leadership and Communication	Saudi Cader for Education Reform and Development	8
Employee Rotation	Fourth Milling	2
Leadership and Communication	Saudi Cader for Education Reform and Development	22
Diploma in Supply Chain Management and Logistics Operations	Qassim University	1
Conflict Management and Dispute Resolution in the Workplace	Umm Al-Qura University	20
Leadership and Communication	Saudi Cader for Education Reform and Development	15

External Courses		
Course Name	Provider	Number of Attendees
Training on Milling and Laboratory Testing	AGROLAB GROUP	4
Industrial Automation	ABC GLOBAL SOLUTIONS LIMITED	1
Training on Milling and Laboratory Testing	AGROLAB GROUP	5
Training on Milling and Laboratory Testing	AGROLAB GROUP	1

Human Resource Automation

Fourth Filling Company implements SAP (Systems, Applications & Products) as an integrated software solution for Human Resources Management, contributing to streamlining operations and enhancing efficiency and accuracy.

The key benefits of this system include:

- 1- Centralized Employee Data:** SAP provides a single platform for managing employee records, reducing redundancy, and ensuring data accuracy.
- 2- Payroll and Compensation Management:** Automates payroll processes and integrates compensation management, saving time and reducing errors.

3- Performance Evaluation: Enables tracking and evaluating employee performance using clear metrics and accurate reports.

4- Recruitment and Onboarding: Streamlining recruitment processes and ensuring a seamless new employee experience.

5- Analytics and Reporting: Providing advanced analytics to support better decision-making.

SAP helps improve HR Management in organizations and companies and aligns with strategic objectives.

Stakeholder and Relevant Party Engagement

Shareholders and Investors

- Fourth Milling Company is committed to the highest standards of corporate governance, considering it the cornerstone of maximizing shareholder value.
- The Company periodically discloses transactions and dealings with related parties in adherence to transparency and disclosure.
- Fourth Milling Company experienced a transformative phase marked by significant organizational developments and operational improvements that enhanced its growth trajectory.
- The Board approved the distribution of cash dividends at a rate of 11% for H1 of 2024G.
- Fourth Milling Company organized an investor presentation to discuss its quarterly results, success factors, and market outlook.
- The Company continues to invest in research and development (R&D), and introduce innovative products to meet evolving market needs.
- Fourth Milling Company has an effective Investor Relations (IR) Department that provides open communication channels with shareholders and investors.

Customers and Suppliers

- The Company has received GFSA approval to export its products to international markets.
- Fourth Milling Company is committed to engaging with its customers through variable sales channels.
- A specialized team from the Company conducts field visits to identify and analyze customer complaints.
- Fourth Milling Company places significant emphasis on customer service, particularly after-sales services.
- The Company aims to build strategic relationships with its customers by providing them with the necessary support.
- Fourth Milling Company strives to build strong and sustainable relationships with suppliers, starting with meticulous selection and progressing to long-term partnerships.

Government and Regulatory Agencies

- The Company not only seeks to cooperate with the Saudi government but also views it as a fundamental partner in development.
- Fourth Milling Company is committed to all government laws and regulations, believing that legal compliance is a fundamental aspect of social responsibility.
- The Company believes that its timely payment of Zakat and taxes contributes to supporting the national economy and accelerating the diversification of the Kingdom's economic base.
- Fourth Milling Company contributes to the national economy by supporting local supply chains, employing Saudi nationals, and ensuring food security in Madinah Region during religious seasons.
- The Company's successful IPO in 2024G contributed to attracting foreign investment to Saudi Arabia.

Company Personnel

- Employee safety across all facilities is of paramount importance to the Company, ensured through stringent procedures and protocols at every stage of production.
- Fourth Milling Company invests in developing the skills and capabilities of its personnel through training and development programs designed to enhance their technical and professional competencies.
- The Company values the efforts of its personnel and rewards their performance. In recognition of the

successful IPO on the Saudi Stock Market, Fourth Milling Company provided bonuses to all employees and staff.

- Fourth Milling Company maintains effective communication with its personnel by providing open channels of communication.
- The Company successfully implemented an Enterprise Resource Planning (ERP) system, which included restructuring the organizational framework and sub-departments, resulting in positive impacts on both cost and production.

Community

- Fourth Milling Company supports social initiatives aimed at improving living standards and promoting education and health.
- The Company is strictly committed to the procedures and requirements necessary to minimize the environmental impact of its operations.
- Fourth Milling Company considers creating new job opportunities a core component of its social responsibility towards the Saudi community.
- The Company maintains continuous communication with the community through participation in national and local events.
- In 2024G, Fourth Milling Company organized workshops on safety practices and emergency

preparedness for local communities and schools.

- The Company launched a new recycling campaign aimed at reducing waste from its production operations. Furthermore, Fourth Milling Company implemented an energy-saving initiative across all production facilities, which effectively contributed to reduced energy consumption.
- In collaboration with local environmental organizations in the Kingdom, the Company launched campaigns to plant trees and clean surrounding areas.
- Fourth Milling Company provided initiatives for regular medical and health check-ups for employees in partnership with local health organizations.





Company Governance

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Fourth Milling Governance

Fourth Milling Company is committed to maintaining the highest standards of corporate governance, recognizing it as a cornerstone for maximizing shareholder value and fostering sustainable growth. The Company has established crystal-clear governance pillars to guide its actions and decisions effectively as follows:

Key Governance Principles and Pillars

▼ Transparency



Fourth Milling Company is committed to accurate and timely disclosure to all stakeholders, upholding transparency across all platforms, thereby fostering confidence and credibility.

▼ Responsibility



Fourth Milling Company prioritizes compliance with all applicable laws, regulations, and ethical standards. This pillar underscores and roots the Company's dedication to integrity and responsible conduct in every action and decision.

▼ Accountability



The Company adopts a clear organizational structure with well-defined roles and responsibilities that ensures efficient accountability at all levels. Regular reviews conducted by internal and external audits further reinforce the Company's commitment to this principle.

▼ Sustainability



The Company incorporates environmental, social, and governance (ESG) principles into its strategy, and places sustainability at the core of its operations. This approach ensures Fourth Milling Company's resilience and ability to generate sustainable value for stakeholders.

Key Governance and Compliance achievements in 2024

1. Successful IPO Completion

The Company successfully completed its initial public offering (IPO) and listing of its shares on the Saudi Stock Exchange (Tadawul). Fourth Milling Company has fully complied with the regulatory requirements of the Capital Market Authority (CMA), demonstrating the Company's efficiency in executing the process according to the approved timeline.

2. Comprehensive Policies and Procedures Implementation

The Company established comprehensive policies and procedures aligned with regulatory requirements and international financial reporting standards (IFRS), which contributed to the preparation of accurate and timely reports and reinforced the Company's commitment to the highest standards of governance.

3. Strengthening Sustainability Initiatives

Fourth Milling Company integrates environmental, social, and governance (ESG) principles into its strategy, reflecting its commitment to long-term sustainable growth and launching initiatives aligned with global best practices in governance and corporate responsibility.

4. Robust Internal Control Framework

The Company enhances its internal control mechanisms to ensure effective risk management and improve operational efficiency while conducting regular audits to identify potential compliance gaps and implement immediate corrective actions.

5. ERP System Implementation

Fourth Milling Company successfully launched its Enterprise Resource Planning (ERP) System, improving operational and financial transparency. This System contributes to better governance by enabling real-time data access, streamlining processes, and compliance monitoring.

6. Establishment of GRC Function

The governance, risk, and compliance (GRC) function was established to facilitate compliance with regulatory requirements, particularly those mandated by the Capital Market Authority (CMA). This function provides ongoing monitoring and reporting mechanisms to ensure the Company's compliance with regulatory and ethical frameworks.



Provisions and Compliance

Fourth Milling Company acknowledges its application of all provisions stipulated in the Corporate Governance Regulations, with the following exceptions:

Number of Article/ Paragraph	Title	Text of Article/ Paragraph	Degree of Application	Causes of Non-Application
67	Risk Management Committee Formation	The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". Chairman and majority of its Members shall be Non-Executive Members. The Members of that Committee shall possess an adequate level of knowledge in risk management and finance.	Not Applied	Guiding Article Monitoring Risk Committee falls within the competencies of the Audit Committee, which is reviewed periodically.
68	Competencies of the Risk Management Committee	<p>The competencies of the Risk Management Committee shall include the following:</p> <ul style="list-style-type: none">• Developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors.• Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.• Ensuring the feasibility of the Company continuation, the successful continuity of its activities, and determining the risks that threaten its existence during the following twelve (12) months.• Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein.• Regularly reassessing the Company's ability to take risks and be exposed to such risks through stress tests as an example.• Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks and present them to the Board.• Providing recommendations to the Board on matters related to risk management.• Ensuring the availability of adequate resources and systems for risk management.• Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board.• Verifying the independence of the risk management employees from activities that may expose the Company to risk.• Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of risk culture.• Reviewing any issues raised by the Audit Committee that may affect the Company's risk management.	Not Applied	Guiding Article This Article shall be applied by the Company once it becomes mandatory.

Number of Article/ Paragraph	Title	Text of Article/ Paragraph	Degree of Application	Causes of Non-Application
92	Formation of the Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (9E) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	Not Applied	Guiding Article Monitoring the Governance Committee and updating its requirements fall within the competencies of the Audit Committee.

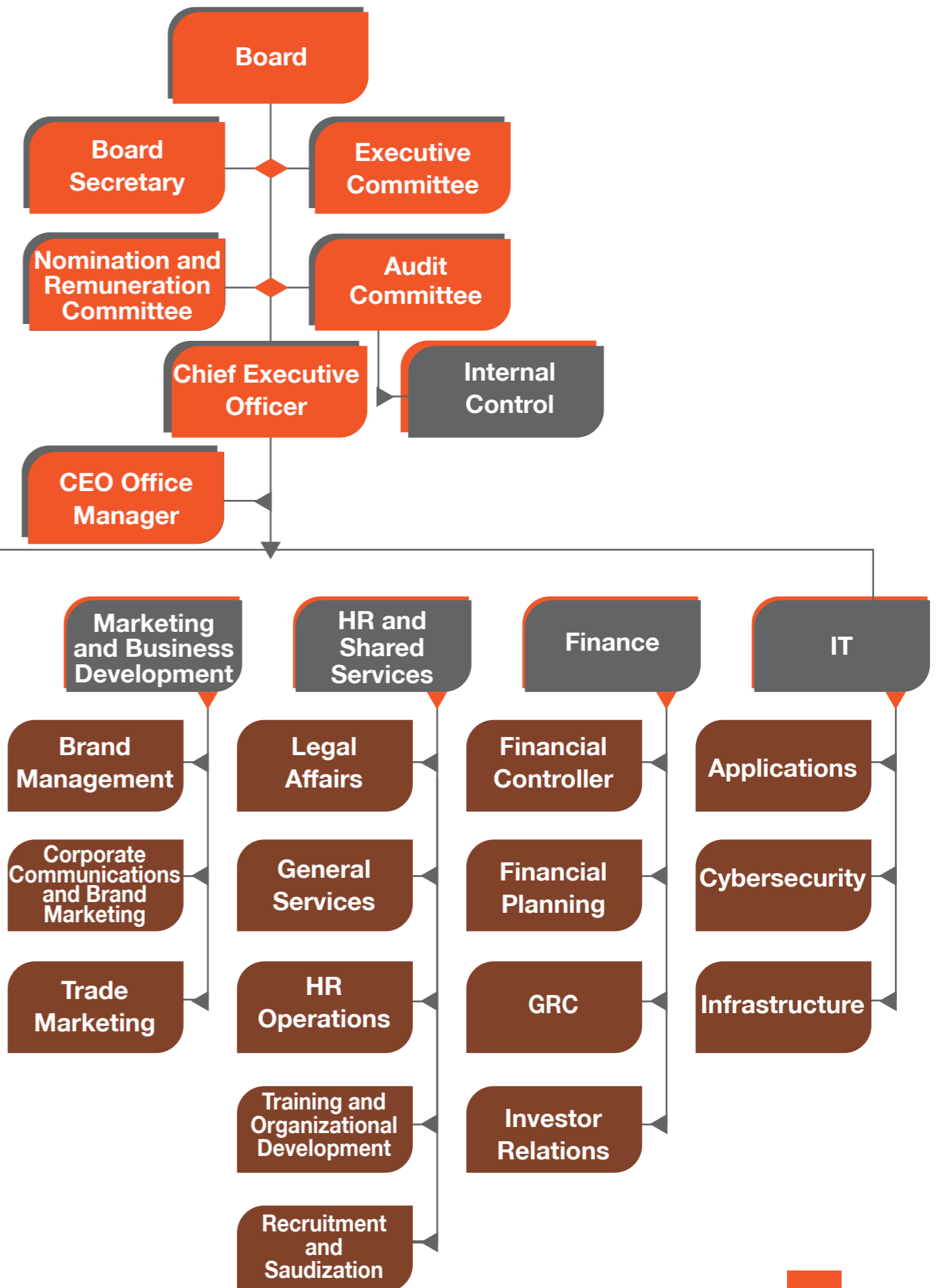
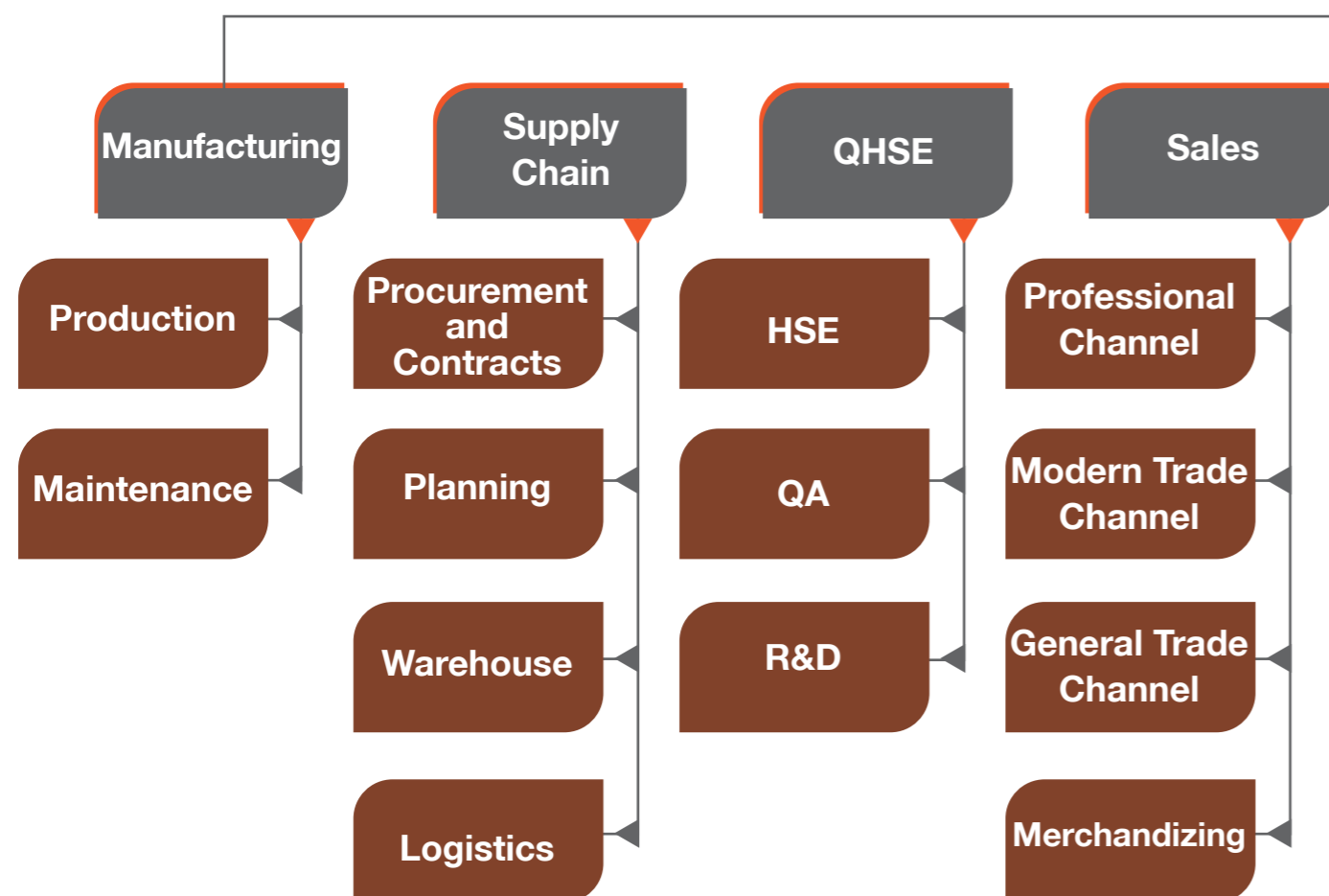
Penalties, Sanctions, and Legal Cases

The following details penalties and sanctions imposed upon the Company by the General Authority for Food Security, or any other supervisory, regulatory, or judicial body:

Violation Type	Violation Issuer	Violation Year	Date of Decision Publication	Financial Impact in 2024	Violation Cause	Final Amount of Violation (In SAR)	Violation Processing
Penalty	GFSA	2024	February 2025	Accrued expense recorded in 2024 Financial Statement	Violation of GFSA milling regulations	4,000,000	The Company recorded the accrued expense of penalty and decided to appeal against penalty at relevant judicial forum.



Company Organizational Structure



Board of Directors

Classification of Board Members

Name	Current Position	Type of Membership		
		Executive	Non-Executive	Independent
Mr. Bader bin Hamad bin Abdulrazzaq AlAujan	Chairman of the Board		√	
Mr. Tariq bin Abdullah bin Sulaiman AlJammaz	Vice Chairman		√	
Mr. Prashant Vitkar	Board Member		√	
Mr. Marwan Ahmed Mohammed Ibrahim	Board Member		√	
Mr. Kamel Muneef AlKhatib	Board Member		√	
Mr. Fahad Abdullah Hussain Mousa	Board Member			√
Mr. Abdulaziz Mohammed Abdulaziz AlShaikh	Board Member			√
Mr. Yasser Ali Saleh AlZeghaibi	Board Member			√
Mr. Syed Rizwan Ahmed	Board Member		√	

Board Members Biographies



Mr. Bader bin Hamad bin Abdulrazzaq AlAujan

Position: Chairman of the Board

Type of Membership: Non-Executive

Appointment Date: 16/08/2023

Nationality: Saudi

Qualifications:

- Bachelor of Science Degree, Mechanical Engineering, King Saud University (KSU).
- Completed the Board Membership Program, European Institute of Business Administration in "INSEAD", France.
- Extensive experience in leading companies in the food and agriculture sectors.

Key Experience:

- Chairman, Gulf Flour Milling Industrial Company, a limited liability company.
- Board Member and Investment Committee Member,

Saudi Agricultural and Livestock Investment Company (SALIC), a joint stock company (JSC).

- Board Member, Abdullah Al Othaim Markets Company, a listed public joint stock company.
- Board Member and Executive Committee Member, Al Jouf Agricultural Development Company (JADCO).
- Board Chairman, Arabian Company for Agriculture and Industrial Investments (Entaj).
- Board Member, Afia International Company.
- Board Member, United Sugar Company (USC).

Previous Positions:

- 2014-2018: CEO of Savola Foods.



Mr. Tariq bin Abdullah bin Sulaiman AlJammaz

Position: Vice Chairman

Type of Membership: Non-Executive

Appointment Date: 16/08/2023

Nationality: Saudi

Qualifications

- Master of Science (MS) Degree, Food and Agriculture, King Saud University (KSU), 1997.
- Diploma, Business Administration, Al Yamamah University, 2007.
- +20 years of experience in the agriculture and food production, with expertise in the fields of agriculture, food security, and business administration.

Key Experience:

- Since 2017: CEO, United Feed Manufacturing Company, a limited liability company (LLC), Saudi Arabia, operating in the feed sector.
- Board Member, Al Watania Agriculture Company.

- Board Member, Gulf Flour Milling Industrial Co.

- Board Member, Agricultural Gulf Layer Breeder Company (GLBCO).

Previous Positions:

- 2014-2017: Executive Director, Al Faisaliah Group (AFG), a closed joint stock company (CJSC), Saudi Arabia, operating in the food and agriculture sector.
- 2012-2014: Executive Director, AISafi Danone Company, a limited liability company (LLC), Saudi Arabia, operating in the dairy and agriculture sector.





Mr. Prashant Vitkar

Position: Board Member

Type of Membership: Non-Executive

Appointment Date: 16/08/2023

Nationality: Indian

Qualifications:

- Bachelor's Degree, Engineering, Shivaji University, India, 1989.
- Master of Business Administration (MBA), Marketing, Indian Institute of Management (IIM), Ahmedabad, 1994.
- Prominent entrepreneur with a strong educational foundation and extensive experience in the agribusiness and food sectors.

Key Experience:

- Since November 2021: General Manager, Agri-food, and Oils & Fats Division, IFFCO Group.
- Since 2022: Board Member, Gulf Flour Milling Industrial Co., a limited liability company (LLC), Saudi Arabia, operating in the feed sector.
- Since 2021: Board Member, Arabian Food Production

Company (AFPC), a joint stock company (JSC), Sultanate of Oman, operating in the food sector.

Previous Positions:

- 2016-2021: CEO, Godrej Tyson Foods Ltd Company, a joint stock company (JSC), USA, operating in the agriculture and poultry sector.
- 2015-2016: General Manager, Hyderabad Industries Limited (HIL) Company, a joint stock company (JSC), India, operating in the trade of building materials, machinery and industrial supplies.
- 2010-2015: CEO, Britannia Industries Company, a joint stock company (JSC), India, operating in the sector of selling cakes, biscuits, bread and dairy products.
- 2008-2010: VP, Samsonite APAC & Middle East, a joint stock company (JSC), UAE, operating in the bag manufacturing sector.



Mr. Marwan Ahmed Mohammed Ibrahim

Position: Board Member

Type of Membership: Non-Executive

Appointment Date: 16/08/2023

Nationality: Jordanian

Qualifications:

- Bachelor's Degree, Accounting & Business Administration, University of Jordan.
- Multiple professional certifications, including Certified Public Accountant (CPA), Certified Management Accountant (CMA), and certification from the Saudi Organization for Chartered and Professional Accountants (SOCPA).
- Senior executive in the field of finance, with extensive experience in financial management, corporate governance, and the consumer goods sector

Key Experience:

- Since 2005: CFO, Abdullah Al Othaim Markets Company, a joint stock company (JSC), listed in Saudi Arabia, operating in the consumer goods distribution trade sector.
- Board Member, Gulf Flour Milling Industrial Co.

Previous Positions:

- Leadership positions in the fields of human resources and the food industry.



Mr. Kamel Muneef AlKhatib

Position: Board Member

Type of Membership: Non-Executive

Appointment Date: 16/08/2023

Nationality: Lebanese

Qualifications:

- Master's Degree, Business Administration, Finance and Strategy, McGill University, Canada.
- Master's Degree, Money and Banking Studies, American University of Beirut.
- +20 years of experience in corporate banking and management.

Key Experience:

- VP, Food and Consumer Investments, Al Muhaidib Group.

Previous Positions:

- CFO, "tsBrands" Holding Group.
- Various positions, TD Securities Bank, Canada.
- Leadership positions, BankMed, Lebanon.



Mr. Fahad Abdullah Hussain Mousa

Position: Board Member

Type of Membership: Independent

Appointment Date: 17/03/2024

Nationality: Saudi

Qualifications:

- Bachelor's Degree, Financial Management, King Fahd University of Petroleum and Minerals (KFUPM).
- Completed several advanced management training courses at multiple business schools, including Columbia, Stanford, INSEAD, and ESADE.
- +20 years of experience in investment management and corporate banking.

Key Experience:

- Deputy Executive General Manager for Investment, Saudia Airlines.
- Multiple board memberships in logistics, aviation, and investment services.

Previous Positions:

- Various positions on company boards.



Mr. Abdulaziz Mohammed Abdulaziz AlShaikh

Position: Board Member, Chairman of the Audit Committee

Type of Membership: Independent

Appointment Date: 17/03/2024

Nationality: Saudi

Qualifications:

- Bachelor's Degree, Accounting, King Saud University (KSU).
- Extensive experience in financial affairs and investment management.

Previous Positions:

- Previous leadership positions, Saudi Arabia Railways (SAR) and Maharah Human Resources Company.
- Member, Audit Committee & Investment Committee, multiple institutions.

Key Experience:

- CFO, Saudi Mining Services Company (ESNAD).



Mr. Syed Rizwan Ahmed

Position: Board Member

Type of Membership: Non-Executive

Appointment Date: 16/08/2023

Nationality: Pakistani

Qualifications:

- Bachelor's Degree, Business Administration and Economics, University of the Punjab, Pakistan.
- Diploma in Management, Harvard Business School.

Key Experience:

- Executive Director, IFFCO Group.

Previous Positions:

- 1986: Marketing Director, IFFCO Group.



Mr. Yasser Ali Saleh AlZeghaibi

Position: Board Member

Type of Membership: Independent

Appointment Date: 17/03/2023

Nationality: Saudi

Qualifications:

- Executive Master's Degree, International Institute for Management Development (IMD), Switzerland.

- Leadership positions in the real estate and housing sectors.

Previous Positions:

- Head, Strategy and Corporate Development Sector, National Housing Company (NHC).
- Co-Founder, Mueen Human Resources Company.

Key Experience:

- CEO, Multiples Management Consulting, specializing in strategy and organizational transformation.



Mr. Abdullah AbdulRahman Saud AlDossary

Position: Board Secretary

Appointment Date: 30/11/2021

Nationality: Saudi

Qualifications:

- Bachelor's Degree, Law, Applied Science Private University (ASU), Jordan.
- Joined the Company in 2018, played key role in transition from Government to Investors and key team member of IPO. He is leading Legal and board

secretary functions, and significantly achieved many milestones in these functions.

Previous Positions:

- Director, Administrative Affairs, Arab Open University - KSA, Dammam branch.

Current and Previous Positions

of the Board Members in Companies Inside or Outside the Kingdom

Name: Mr. Bader bin Hamad bin Abdulrazzaq AlAujan						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
National Biscuits and Confectionery Co. Ltd. (NBCC)	Closed Joint Stock Company	√		Board Member, Human Resources Committee Member		√
National Food Industries Co. Ltd. (NFIC)	Closed Joint Stock Company	√		Board Member, Human Resources Committee Member		√
Abdullah Al Othaim Markets Company	Listed Joint Stock Company	√		Board Member	√	
Al Othaim Markets Company, Egypt	Closed Joint Stock Company		√	Board Member	√	
Al Wousta Food Services Company	Limited Liability Company	√		Board Member	√	
Saudi Agricultural and Livestock Investment Company (SALIC)	Closed Stock Company	√		Board Member, Investment Committee Member	√	
National Aquaculture Group (NAQUA)	Joint Stock Company	√		Board Member, Preparatory Committee Member	√	
Almutlaq Group	Closed Joint Stock Company	√		Board Member	√	
Almutlaq Furniture	Closed Joint Stock Company	√		Board Member	√	
Almutlaq Real Estate Investment Co. (AREIC)	Closed Joint Stock Company	√		Board Member	√	
Channels by STC	Listed Joint Stock Company	√		Board Member	√	
Al Jouf Agricultural Development Company (JADCO)	Listed Joint Stock Company	√		Board Member, Executive Committee Member	√	
Arabian Company for Agricultural and Industrial Investment “Entaj”	Closed Joint Stock Company	√		Board Chairman	√	
Gulf Flour Milling Industrial Co.	Limited Liability Company	√		Board Chairman	√	
Teeba Holding, Lebanon	Limited Liability Company		√	Board Member		√
Kout Food Group, Kuwait	Limited Liability Company		√	Board Member		√
Mueen Human Resources Company	Closed Joint Stock Company	√		Board Member		√
Riyadh Food Industries Co.	Closed Joint Stock Company	√		Board Member		√
Mayar Foods	Limited Liability Company	√		Board Member		√

Name: Mr. Bader bin Hamad bin Abdulrazzaq AlAujan						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Arabian Agricultural Services Company (ARASCO)	Closed Joint Stock Company	√		Board Member, Executive Committee Member		√
Jarir Marketing Company	Joint stock Company	√		Board Member		√
International Seafood Company (ISFC)	Limited Liability Company		√	Board Member		√
AlSafi Danone Co.	Limited Liability Company	√		Board Member		√
Savola Foods Co., Iran	Limited Liability Company		√	Board Member		√
United Sugar Company	Closed Joint Stock Company	√		Board Member		√
Afia International Company, Egypt	Closed Joint Stock Company		√	Board Member		√
Savola Foods Co.	Limited Liability Company	√		Board Member		√
Afia International Company	Closed Joint Stock Company	√		Board Member		√
Savola Foods Egypt	Limited Liability Company		√	Board Member		√
Afia Distribution Company	Limited Liability Company	√		Board Member		√
International Food Industries Co. (IFI)	Limited Liability Company	√		Board Member		√
Savola Food Company, Sudan	Limited Liability Company		√	Board Member		√
Savola Food Company, Algeria	Limited Liability Company		√	Board Member		√
Savola Food Company, Morocco	Limited Liability Company		√	Board Member		√
Savola Food Company, Turkey	Limited Liability Company		√	Board Member		√
Savola Food Company, Iraq	Joint Venture		√	Board Member		√
Savola Packaging Systems Co.	Limited Liability Company	√		Board Member		√
Khairat Al-Mazra'a Company, Iraq	Limited Liability Company		√	Board Member		√
Al Muhaidib Land Transport Co.	Limited Liability Company	√		Board Member		√
Reem Rice Mills Pvt. Ltd.	Limited Liability Company		√	Board Member		√
Al Maha Foods International Pvt. Ltd.	Limited Liability Company	√		Board Member		√
Aujan Industries	Closed Joint Stock Company	√		Board Member		√
Eastern Industrial Company	Limited Liability Company	√		Board Member		√
Kamco Distribution (Unilever) Iraq	Limited Liability Company		√	Board Member		√
Al Muhaidib Foods Company	Limited Liability Company	√		Board Member		√
National Biscuits Confectionery Co. Ltd. (NBCC) Al-Batal Abu & Abu Walad	Limited Liability Company	√		Board Member	√	

Name: Mr. Tariq bin Abdullah bin Sulaiman AlJammaz						
Company Name	Legal Entity	Company Location		Member Position		
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Agricultural Gulf Layer Breeder Company (GLBCO)	Limited Liability Company	√		Vice Chairman	√	
Gulf Flour Milling Industrial Co.	Limited Liability Company	√		Board Member	√	
National Company for Agricultural Services (AgriServ)	Closed Joint Stock Company	√		Board Member	√	
Feed Manufacturing National Committee	Governmental Entity	√		Vice Chairman	√	
Alfa Co. For Operation Services Ltd.	Limited Liability Company	√		Board Member		√
Alraei National Livestock Company	Limited Liability Company	√		CEO	√	
Agricultural Development Fund (ADF)	Governmental Entity	√		Board Member, Member of the Executive Committee, Loan Committee, Governance, Risk & Compliance Committee	√	
National Company for Agricultural Services (AgriServ)	Governmental Entity	√		Board Member, Executive Committee Member	√	
National Livestock & Fisheries Development Program	Governmental Entity	√		Board Member, Nomination and Remuneration Committee Member	√	

Name: Mr. Prashant Vitkar						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Gulf Flour Milling Industrial Co.	Limited Liability Company	√		Board Member	√	
Sohar Poultry Company (SAOC)	Limited Liability Company		√	Board Member	√	
Arabian Food Production Company (AFPC)	Joint Stock Company		√	Board Member	√	
Seville Products Limited	Joint Stock Company		√	Board Member	√	
Emirates National Poultry Farms (IFFCO)	Joint Stock Company		√	Board Member	√	

Name: Mr. Marwan Ahmed Mohammed Ibrahim						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Gulf Flour Milling Industrial Co.	Limited Liability Company	√		Board Member	√	
Mueen Human Resources Company	Closed Joint Stock Company	√		Board Member		√
Riyadh Food Industries Co.	Closed Joint Stock Company	√		Board Member, Audit Committee Member		√
South European Investment Company (SEIC) (Bosnia and Herzegovina)	Limited Liability Company	√		Board Member	√	
Abdullah Al Othaim Markets Company	Listed Joint Stock Company	√		CFO (Senior Executive)	√	

Name: Mr. Kamel Muneef AlKhatib						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Al Zahrawi Medical Supplies Company LLC	Limited Liability Company	√		Board Member	√	
Factory of Del Monte Saudi Arabia Co. Ltd.	Closed Joint Stock Company	√		Board Member	√	
Al Romansiah Co. Ltd.	Closed Joint Stock Company	√		Board Member, Executive Committee Member	√	
United Feed Manufacturing Company (UFMC)	Limited Liability Company	√		Board Member	√	
Gulf Flour Milling Industrial Co.	Limited Liability Company	√	√	Board Member	√	
Al Maha for General Trading Co. Ltd.	Limited Liability Company		√	Board Member, Executive Committee Member	√	
Mama Sauce Company for Food Industries	Limited Liability Company	√		Board Member	√	
United Feed Company	Limited Liability Company	√		Board Member	√	
Al Arkkan Training Center Company	Limited Liability Company	√		Board Member, Executive Committee Member	√	
Almarai National Livestock Company	Limited Liability Company	√		Board Member	√	
Al Zahrawi Medical Group	Limited Liability Company	√		Board Member	√	
Arla General Trading Company	Limited Liability Company		√	Executive Committee Member	√	

Name: Mr. Kamel Muneef AIKhatib						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Mayar Foods Company	Limited Liability Company	√		Strategic Committee Member, Nomination and Remuneration Committee Member	√	
Advanced Operation and Maintenance Company	Limited Liability Company	√		Executive Committee Member	√	
Arabian Furniture and Design Company (AFDC)	Limited Liability Company	√		Executive Committee Member	√	
Office Supplies Limited	Limited Liability Company	√		Executive Committee Member	√	
Gulf System Company	Closed Joint Stock Company	√		Executive Committee Member	√	

Name: Mr. Fahad Abdullah Hussain Mousa						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
SAL Saudi Logistics Services Co.	Listed Joint Stock Company	√		Board Member, Executive Committee Member, Audit Committee Member	√	
Catrion Catering Holding Company	Listed Joint Stock Company	√		Vice Chairman, Executive Committee Member, Nomination and Remuneration Committee Member	√	
Alujain Holding Corporation	Listed Joint Stock Company	√		Nomination and Remuneration Committee Member	√	
Saudia Cargo	Closed Joint Stock Company	√		Board Member, Executive Committee Member, Nomination and Remuneration Committee Chairman	√	
Saudia Aerospace Engineering Industries (SAEI)	Joint Stock Company	√		Board Member	√	
Alinma Investment Company (AIC)	Closed Joint Stock Company	√		Board Member, Nomination and Remuneration Committee Member	√	
The Royal Institute of Traditional Arts (TRITA)	Independent Government Entity	√		Board of Trustees Member, Audit Committee Member	√	
Western Health Foundation Board	Founding Board of the Western Health Sector at the Health Holding Company	√		Board Member, Chairman of the Audit and Risk Committee		√
Aircraft Accessories and Components Company (AACC)	Limited Liability Company	√		Board Member		√
Alsalam Aerospace Industries	Limited Liability Company	√		Board Member, Strategy and Transformation Committee Member		√
Saudia Aerospace Engineering Industries (SAEI) (Saudia Technic)	Simplified Company	√		Board Member		√
National Petrochemical Industrial Co. (NATPET)	Closed Joint Stock Company	√		Nomination and Remuneration Committee Member		√

Name: Mr. Yasser Ali Saleh AlZeghaibi						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Public Health Authority	Government Entity	√		Investment and Sustainability Committee Member	√	
Al Rajhi Seventh Co. (RJ7)	Closed Joint Stock Company	√		Board Member	√	
Mueen Human Resources Company	Closed Joint Stock Company	√		Board Member		√
Rawajeh Holding Company	Closed Joint Stock Company	√		Board Member		√
Adaaf Administrative Consultancy Office	Sole Proprietorship	√		CEO	√	

Name: Mr. Syed Rizwan Ahmed						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
IFFCO Food Industries Limited Company	Limited Liability Company		√	Board Member	√	
IFFCO Ghana Trading Ltd.	Limited Liability Company		√	Board Member	√	
IFFCO Italia	Limited Liability Company		√	Board Member	√	
Pure Foods Company	Limited Liability Company		√	Board Member	√	
IFFCO Holdings Limited Company	Limited Liability Company		√	Board Member	√	
IFFCO Do Brasil Limited Company	Limited Liability Company		√	Board Member	√	
United Food & Beverage LLC	Limited Liability Company		√	Board Member		√
Emirates Grain Products Co. LLC	Limited Liability Company		√	Board Member	√	
Nabatat Food Industries Company	Limited Liability Company	√		Board Member	√	
IFFCO (W.A.) LTD Company	Limited Liability Company		√	Board Member	√	
Al Ain National Juice & Refreshments Co. LLC	Limited Liability Company		√	Board Member	√	
IFFCO International Foodstuffs Company LLC	Limited Liability Company		√	Board Member	√	
IFFCO Tunisia Limited Company	Limited Liability Company		√	Board Member	√	

Name: Mr. Syed Rizwan Ahmed						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
International Foodstuff Company	Limited Liability Company		√	Board Member	√	
International Packaging Company	Limited Liability Company		√	Board Member	√	
IFFCO Distribution LLC	Limited Liability Company		√	Board Member	√	
IFFCO Kuwait LLC	Limited Liability Company		√	Board Member	√	
Bulk Oil Terminal Limited	Limited Liability Company		√	Board Member	√	
IFFCO Turkish Food Manufacturing and Trade Joint Stock Company	Joint Stock Company		√	Board Member	√	
IFFCO Overseas Holding Company Limited	Limited Liability Company		√	Board Member	√	
IFFCO Pakistan Limited	Limited Liability Company		√	Board Member	√	
IFFCO Singapore Pte Limited	Limited Liability Company		√	Board Member	√	
Gulf Flour Milling Industrial Co.	Limited Liability Company	√		Board Member	√	
IFFCO Lebanon LLC	Limited Liability Company		√	Board Member	√	
Felda IFFCO France	Limited Liability Company		√	Board Member	√	
IFFCO Holdings Limited	Limited Liability Company		√	Board Member	√	
IFFCO Oil Holdings Limited	Limited Liability Company		√	Board Member	√	
Allana International Limited	Limited Liability Company	M	√	Board Member	√	

Mr. Abdulaziz Mohammed Abdulaziz AlShaikh						
Company Name	Legal Entity	Company Location		Member Position	Membership Type	
		Inside the Kingdom	Outside the Kingdom		Current	Previous
Khadamaat Altadeen Company	Closed Joint Stock	√		Board Member	√	
Arabica Star Co.	Listed Joint Stock	√		Chairman of the Audit Committee	√	
Wosoom Arabian Company	Closed Joint Stock	√		Audit Committee Member	√	

Board Meetings in 2024 and Attendance Evaluation

Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Attendance Percentage
		08/02/2024	24/04/2024	24/07/2024	28/10/2024	28/11/2024	
Mr. Bader bin Hamad bin Abdulrazzaq AlAujan	Chairman	√	√	√	√	√	100%
Mr. Tariq bin Abdullah bin Sulaiman AlJammaz	Vice Chairman	√	X	√	√	√	80%
Mr. Prashant Vitkar	Board Member	√	√	√	√	√	100%
Mr. Marwan Ahmed Mohammed Ibrahim	Board Member	√	√	√	√	√	100%
Mr. Kamel Muneef AlKhatib	Board Member	√	√	√	√	√	100%
Mr. Fahad Abdullah Hussain Mousa	Board Member	Appointment Date: 01/04/2024	√	√	√	√	100%
Mr. Abdulaziz Mohammed Abdulaziz AlShaikh	Board Member		√	√	√	√	100%
Mr. Yasser Ali Saleh AlZeghaibi	Board Member		√	√	√	√	100%
Mr. Syed Rizwan Ahmed	Board Member	√	√	√	√	√	100%

Board Performance Assessment

Fourth Milling Company Board, through the Nomination and Remuneration Committee (NRC), has conducted performance assessment policy for the Members of the Board and its Committees. This policy aims to ensure that the Members constantly adhere to the procedures required for Board Membership and comply with all laws, regulations, and guidelines issued by the Ministry of Commerce and the Capital Market Authority (CMA). It is part of the guidance articles that the Company is seeking to apply in the future. However, it is important to note that no individual performance indicators have been established, nor has there been an external assessment of the Board's performance for this year.

Board

Committees

The Board forms committees to enhance the Company's operations. Each Committee has its own Charter, clearly outlining its roles, powers, and responsibilities. The Committees hold regular meetings to ensure they can effectively carry out their tasks.

Fourth Milling Company has three Board Committees as follows:

- 1- Nomination and Remuneration Committee
- 2- Audit Committee
- 3- Executive Committee

Both the amended Charters of the Nomination and Remuneration and the Audit Committees were approved by the General Assembly on 14/09/1445H (corresponding to 24/03/2024G) to ensure compliance with the Corporate Governance Regulations. Additionally, the Charter of the Executive Committee was approved on 12/03/1440H (corresponding to 20/11/2018G).

Below is a summary of the duties and responsibilities of these committees, along with the number of meetings held, their schedules, and the attendance records for each meeting:

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is tasked with developing policies and procedures for the nomination of the Members of the Board, its Committees, and the Executive Management. Moreover, the Committee establishes remuneration policies and procedures to ensure fairness and transparency in the distribution of rewards and incentives. The Committee's scope of work includes implementing the necessary measures to fulfill its functions efficiently and effectively.

The Committee consists of a minimum of three Members and a maximum of five Members, all appointed by the Company's Board for a tenure of up to four years. The tenure of the Nomination and Remuneration Committee shall not exceed that of the Board. If a Committee Member is also a Board Member, his membership on the Nomination and Remuneration Committee will end when his term on the Board concludes or if the Member

voluntarily resign from the Committee. The Board reserves the right to dismiss any Member of the Nomination and Remuneration Committee.

Subject to the conditions needed to be met by the Members of the Nomination and Remuneration Committee, the Board shall appoint Committee Members for a period of four years. The Board shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The main functions of the Nomination and Remuneration Committee are described below:

Nomination and Appointment Policies	<ul style="list-style-type: none">▪ Preparing policies and standards regarding the nomination and appointment of Members of the Board and Members of the Company's Executive Management, proposing the same to the Board and supervising the implementation thereof.▪ Ensuring that the necessary checks are made regarding Board candidates' qualifications and experience before submitting a recommendation regarding their nomination to the Board.▪ Recommending to the Board to nominate and re-nominate Members of the Board in accordance with the applicable regulations and the Charter of the Nomination and Remuneration Committee.▪ Reviewing, evaluating, and recommending to the Board the skills, qualifications, and experience necessary for Board Membership and the Company's Executive Management functions, including determining the time to be allocated to such roles.▪ Preparing detailed job descriptions for both Executive and Non-Executive Board Members, including Independent Members, as well as for the Executive Management.▪ Annually verifying the independence of Board Independent Members in accordance with applicable regulations, and the absence of any conflict of interest if the Member holds a membership in the Board of another company.▪ Periodically reviewing Senior Executive succession plans and submitting recommendations thereon to the Board based on the Company's necessary future needs for skills and expertise.▪ Assisting the Board in evaluating and selecting candidates for Executive Management positions within the Company, including the position of CEO.▪ Establishing and conducting periodic reviews of the procedures for filling Executive Management vacancies and recommending suitable replacements.
Structuring the Board and the Executive Management	<ul style="list-style-type: none">▪ Periodically reviewing the structure of the Board and Executive Management in terms of size, composition, skills, and experience and providing appropriate recommendations to the Board, in accordance with the interest of the Company.▪ Developing and supervising a comprehensive onboarding program for new Board Members.▪ Establishing an annual self-evaluation process for Members of the Board and Senior Executives, submitting recommendations to the Board thereon and supervising its implementation.
Remunerations and Compensation Polices	<ul style="list-style-type: none">▪ Preparing a comprehensive policy for the remuneration of the Members of the Board, its Committees and the Company's Executive Management, and submitting the same to the Board for approval by the General Assembly, and supervising its implementation and disclosure.▪ Preparing a detailed annual report on the rewards and remunerations (in cash or in kind) granted to the Members of the Board, the Board Committees and the Executive Management, and clarifying their alignment with the remunerations policy, including a statement of any material deviation from this policy, in order to present it to the Board for consideration.▪ Periodically reviewing the remuneration policy, evaluating its suitability and effectiveness, and making recommendations to the Board regarding the required amendments thereto.▪ Providing recommendations to the Board regarding the remunerations of the Board Members, its Committees, and the Executive Management, in accordance with the approved remuneration policy.▪ Reviewing the Company's plans for compensation, benefits and incentives for the Board and employees of the Company and providing recommendations regarding it to the Board.▪ Preparing a framework policy for career advancement, including a determination of job ranks, salary scales, benefits, and cash and in-kind allowances according to job rank, and supervising the implementation thereof.▪ Preparing remuneration disclosures required under Company policies and applicable regulations, including disclosures in the Board's annual report.



Committee Members and Meetings Details in 2024

Name	Member Position	Meetings Attendance Record		
		First Meeting	Second Meeting	Third Meeting
		17 /07/ 2024	02 /10/ 2024	19 /12/ 2024
Mr. Yasser Ali Saleh AlZeghaibi	Committee Chairman	√	√	√
Mr. Francisco Javier Sánchez Ferrer	Member	√	√	√
Mr. Syed Rizwan Ahmed	Member	√	√	√
Mr. Fahad Abdullah Hussain Mousa	Member	√	√	√

Biographies of Non-Board Committee Members



Mr. Francisco Javier Sánchez Ferrer

Position: Nomination and Remuneration Committee Member

Appointment Date: 17/03/ 2024

Nationality: Spanish

Qualifications

- Bachelor's Degree, Organizational Psychology, University of Madrid, 1986G.
- Master's Degree, Human Resources, IE Business School, Madrid, 1991G.

Key Experience:

- Since 2016: Head of Talent Management Group, Al Muhaidib Group, CJSC, Saudi Arabia, operating in the fields of food and consumer goods, industry, infrastructure, real estate, and financial investment.

Previous Positions:

- 2013-2016: Vice President, Talent Management, MetLife in EMEA, CJSC, UAE, operating in the field of providing insurance, pension and employee benefits programs.
- 2007-2013: Head of Talent, Development and Trans-

formation Department, Vodafone Group, CJSC, Spain, operating in the field of telecommunications services.

- 2005-2007: HR Business Partner and International Mobility Manager in EMEA, Microsoft Reading, CJSC, UK, operating in developing, licensing, and supporting a range of software products and services.
- 2003-2005: Head of Global Performance Management, Microsoft, a joint stock company (JSC), USA listed, operating in the field of developing, licensing, and supporting a range of software products and services.
- 1995-2003: Director of Human Resources, Microsoft Iberia, a subsidiary of Microsoft, CJSC, Spain, operating in the field of developing, licensing, and supporting a range of software products and services.
- 1991-1995: Director of Training and Development, Merck Schering-Plough, CJSC, Spain, operating in the field of providing health solutions.

Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board. The main task of the Audit Committee is to monitor the Company's business and verify the integrity, fairness, and accuracy of its financial reporting, financial statements, and internal control systems. In particular, the Audit Committee's tasks are to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board that would actuate and develop the system to achieve the Company's objectives.

The Committee is also responsible for approving risk management policies and procedures and reviewing risk assessment activities and risk mitigation plans before presenting the same to the Board. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and practices issued by CMA and the Company's Corporate Governance Manual.

The amended Charter of the Audit Committee was approved by the General Assembly on 14/09/1445H

(corresponding to 24/03/2024G). The scope of the Committee's work shall include all actions that enable it to fulfill its functions.

The Audit Committee shall consist of at least three and at most five non-executive Board members to be appointed by the Board, provided that the Committee shall include at least one independent member as well as a competent member in financial and accounting affairs, and shall not include any of the Executive Board Members.

Subject to the requirements to be met by members of the Audit Committee, the Committee shall be formed pursuant to a resolution passed by the Board. The Board shall take the necessary measures to enable the Committee to carry out its functions, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The following are the main functions of the Audit Committee:

Financial Statements and Reports	<ul style="list-style-type: none">▪ Reviewing important matters related to accounting and reporting, including complex or unusual transactions, critical discretionary areas, and emerging professional and regulatory announcements, and evaluating their impact on the financial statements.▪ Reviewing any unusual issues contained in the Company's financial statements and reports and carefully investigating any issues raised by the CFO (or his representative), the Compliance Officer, or the External Auditor.▪ Reviewing the findings of the external audit with the Management and the External Auditor, including any difficulties encountered.▪ Examining the Company's interim and annual financial statements, providing an opinion thereon, and submitting any recommendations thereon to the Board to ensure their soundness, integrity, and transparency; considering whether such financial statements are complete and consistent with the information known to Members and whether they reflect appropriate accounting principles and policies.▪ Reviewing other sections of the annual report and relevant regulatory filings prior to issuance and considering the accuracy and completeness of such information.▪ Examining the accounting policies followed by the Company and providing an opinion and recommendation to the Board thereon.▪ Understanding how the Management develops preliminary financial information and the nature and extent of the involvement of the Internal Audit Department and the External Auditor.▪ At the request of the Board, provide opinions as to whether the Board report and financial statements are fair, balanced, and understandable and include information that allows Shareholders and Investors to evaluate the Company's financial position, performance, business model, and strategy.▪ Verifying accounting estimates on material issues contained in the Company's financial statements and reports.
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Internal Control	<ul style="list-style-type: none">▪ Examining and reviewing the Company's internal, financial, and risk management systems.▪ Understanding the scope of the internal auditing of financial reports by the Internal Audit Department and obtaining reports that include important findings, recommendations, and the Management's observations and comments.
Internal Audit	<ul style="list-style-type: none">▪ Approving the regulations of the Internal Audit.▪ Reviewing the performance and activities of the Director of the Internal Audit Department and ensuring that there are no unjustified restrictions on his activities, and recommending to the Board regarding his appointment, dismissal, or annual bonus and salary.▪ Monitoring and supervising the performance and activities of the Company's Internal Audit Department to verify the availability of the necessary resources and their effectiveness, in accordance with the appropriate professional standards.▪ Approving the annual audit plan and all changes thereto, and reviewing the performance and activities of the Internal Audit Department, compared to the plan established therefor.▪ Operating with the Manager of the Internal Audit Department to review the Internal Audit budget, resource plan, activities, and organizational structure for internal audit functions.▪ Reviewing the Company's internal audit procedures.▪ Examining internal audit reports and following up on the implementation of corrective measures in respect of the notes included therein.▪ Periodically holding independent meetings with the Manager of the Internal Audit Department to discuss any issues that the Committee or internal audit officials deem necessary to discuss in private sessions.
External Audit	<ul style="list-style-type: none">▪ Reviewing the External Auditor's proposed scope of audit work, approach, and plan and providing its views thereon, including coordinating the audit efforts with the internal audit activities.▪ Recommending to the Board to nominate, dismiss the External Auditor, or determine its fees and review the scope of its work and the terms of contracting therewith, provided that the recommendation shall be subject to the independence of the External Auditor.▪ Examining the External Auditor's report, notes, and reservations on the Company's financial statements, and following up on the actions taken thereon.▪ Verifying the independence, objectivity, and fairness of the External Auditor and the effectiveness of the auditing work, taking into account the relevant rules and standards, and making recommendations to the Board thereon.▪ Verifying that the External Auditor does not provide technical or administrative work outside the scope of audit work and recommending the same to the Board.▪ Periodically holding independent meetings with the External Auditor to discuss any issues that the Committee or the Auditor deems necessary to discuss in private sessions.▪ Responding to the queries of the External Auditor.▪ Settling any disputes that occur between the Management and the External Auditor regarding the preparation of financial reports.
Compliance	<ul style="list-style-type: none">▪ Verifying and monitoring the Company's compliance with the applicable regulations. Reviewing the effectiveness of the monitoring system, ensuring compliance with applicable regulations and the results of investigations conducted by the Management, and following up on any cases of non-compliance (including taking disciplinary actions).▪ Reviewing the reports and results of the investigations of the competent supervisory or regulatory authorities, and any notes made by the External Auditor or Internal Auditors, and verifying that the Company has taken the necessary measures thereon.▪ Reviewing the process of communicating the Code of Business Conduct to the Company's employees and monitoring compliance therewith.▪ Reviewing the contracts and transactions proposed to be conducted by the Company with related parties and presenting its views and recommendations thereon to the Board.▪ Ensuring the development and implementation of the appropriate mechanism and arrangements that allow the Company's employees, confidentially and anonymously, to submit their comments and concerns regarding any financial or accounting matters, matters related to auditing, or any cases of non-compliance.▪ Obtaining regular updates from the Company's Management and Legal Advisor regarding compliance issues.

Audit Committee
Members and the Details of the Committee’s Meetings in 2024

The following Members were appointed to the Audit Committee pursuant to the Resolution of the Board on 07/09/1445H (corresponding to 17/03/2024G).

Name	Member Position	Meetings Attendance Record					
		First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting
		18/ 04 /2024	15/ 05 /2024	12/ 06 /2024	31/ 07 /2024	14/ 08 /2024	27 /10 /2024
Mr. Abdulaziz Mohammed Abdulaziz AlShaikh	Committee Chairman	√	√	√	√	√	√
Mr. Anantharaman Ramanathan	Member	√	√	√	√	√	√
Mr. Marwan Ahmed Mohammed Ibrahim	Member	√	√	√	√	√	√
Mr. Tariq bin Abdullah bin Sulaiman AlJammaz	Member	√	√	√	√	√	√

Biographies of Non-Board Committee Members



Mr. Anantharaman Ramanathan

Position: Audit Committee Member

Appointment Date: 01/04/ 2024

Nationality: Indian

Academic Qualifications:

- Bachelor’s Degree, Industrial Engineering, Maharaja Sayajirao University, India, 1992.
- Master’s Degree, Accounting and Business Administration, Institute of Company Secretaries, India, 1997.

Current Executive Positions:

- Since 2023: CFO, Indian Farmers Fertiliser Cooperative Limited (IFFCO), LLC, UAE, operating in the field of food manufacturing, distribution, retail, and trade.

Previous Executive Positions:

- 2015-2023: CFO, Landmark Hospitality Group in

Dubai, LLC, UAE, operating in the field of retail and hospitality.

- 2012-2015: Director of Planning, Financial Analysis and New Business Development, PepsiCo Middle East, LLC, UAE, operating in the field of food and beverage.
- 2009-2012: Director of Capital Planning, Analysis and New Business Development, PepsiCo Middle East, LLC, UAE, operating in the field of food and beverage.
- 2006-2009: Treasury Manager, PepsiCo Middle East, LLC, UAE, operating in the field of food and beverage,
- 2001-2007: Assistant Vice President, Amway India, LLC, India, operating in the field of health and well-being.



Executive Management Committee

- The Board shall appoint the members of the Executive Committee, which shall be composed of at least three members and no more than six members. The members of the Committee shall choose from among themselves a Chairman, who shall preside over the Committee meetings. In the event of the Chairman's absence, the Committee shall choose from among its present members a temporary chairman. The member of the Executive Committee shall not be permitted to delegate someone else to attend the Committee's meetings and vote on its decisions. The term of membership in the Executive Committee shall be the same as the term of membership in the Board. The Board shall fill the vacant position in the Committee. The Committee's scope of work includes carrying out all the work that enables it to achieve its tasks.
- the set objectives and estimated budget based on the monthly Management reports, alerting the Executive Management and members of the Executive Committee of any urgent developments, and requesting additional meetings of the Committee if necessary.
- Providing recommendations to the Board regarding approval of the annual estimated budget.
- Submitting recommendations to the Board regarding the distribution of profits, taking into account the recommendations of the Audit Committee in this regard.
- Reviewing the policies and regulations proposed by the Executive Management without having the right to approve what falls within the powers of the Board.
- Periodically reviewing the Company's governance rules, policies, and employee professional conduct controls, in accordance with the Company's governance rules, and submitting recommendations to the Board to make any required amendments thereto.
- Reviewing and implementing the decisions of the Board and the decisions of the Executive Committee itself.
- Providing recommendations regarding the Company's purchase of its Shares.
- Recommending amending the Company's Bylaws (if necessary).
- Reviewing investment plans in the Company's surplus liquidity.

The following are the main functions of the Executive Management Committee:

- Participating in developing new strategic plans for the Company and evaluating proposals submitted by Management for such plans, including merger and acquisition opportunities, and submitting executive recommendations to the Board.
- Establishing performance indicators for the Company to review the Company's performance in light of the specified objectives, measuring performance by results, analyzing and examining the main indicators and developments related to its business, and directing the management accordingly.
- Monthly reviewing the Company's business in light of

Committee

Members and the Details of the Committee's Meetings in 2024

The following Members were appointed to the Executive Committee pursuant to a Resolution of the Board on 11/05/1443H (corresponding to 15/12/2021G). The committee met 15 times during 2024 to discuss strategy, operations, and the progress of the initial public offering (IPO). Below are the details of the meetings where the operational and commercial performance were primarily discussed:

Name	Member Position	Meetings Attendance Record			
		First Meeting	Second Meeting	Third Meeting	Fourth Meeting
		24 /01/ 2024	27 /05/ 2024	17 /07/ 2024	16 /12/ 2024
Mr. Kamel Muneef AlKhatib	Committee Chairman	√	√	√	√
Mr. Marwan Ahmed Mohammed Ibrahim	Member	√	√	√	√
Mr. Prashant Vitkar	Member	√	√	√	√

Executive Management Biographies of Executive Management Members



Mr. Khalid Abdulaziz Yassin AlMaktary

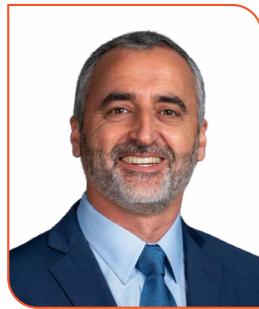
Position: CEO
Appointment Date: 1/1/2024
Nationality: Yemeni

Qualifications:

- Bachelor's Degree, Business Administration, Management Information Systems, University of Portland, USA, 1998.

Experiences:

- A distinguished Executive Director with over 25 years of experience in management, sales, and marketing, specializing in leading organizational transformations and achieving significant revenue and profitability growth. Skilled in change management, talent development, and enhancing operational efficiencies.



Mr. Rabih Abdelkader Mounir Nahas

Position: CFO

Appointment Date: 1/2/2022

Nationality: American

Qualifications:

- Master's Degree, Business Administration, Lebanese American University, Lebanon, 2002.

Experiences:

- A seasoned CFO with over 26 years of experience across the GCC and MENA regions.
- Expertise includes developing corporate financial structures, implementing risk management frameworks, leading business transformation, developing business strategies, and driving long-term strategic growth planning.



Mr. Hussain Ali Hussein AlQahtani

Position: HR and Shared Services Director

Appointment Date: 31/8/2023

Nationality: Saudi

Qualifications:

- Master of Science Degree, Computer Information Systems, Middle Tennessee State University, USA, 2015.

Experiences:

- Senior HR and Administration Director with over 15 years of performance-driven experience in HR, Administration, and Public Relations. Specialized in problem identification, tactical planning, change implementation, the execution of effective HR programs, the management of modern HR systems in diverse environments, and the implementation of complex cross-functional HR strategic initiatives.



Mr. Mohammed Rashed Ghasham Alshabanat

Position: Director of Quality, Health, Safety & Environment (QHSE)

Appointment Date: 1/5/2022

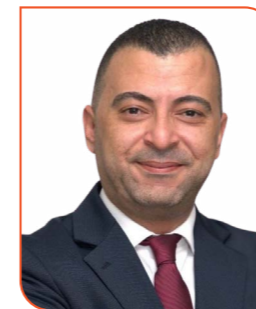
Nationality: Saudi

Qualifications:

- Bachelor's Degree, Chemical Engineering, College of Technology, KSA, 2020.

Experiences:

- Over 17 years of expertise in quality management and regulatory compliance. Successfully leading quality, health, safety, and environmental (QHSE) departments across multiple organizations, including Riyadh Pharma, and focusing on product analysis and process optimization.



Mr. Mohammed Sabri Mohammed Abdulalim

Position: IT Director

Appointment Date: 2/4/2023

Nationality: Egyptian

Qualifications:

- Bachelor's Degree, Information Technology, South Valley University, Egypt.

Experiences:

- Head of IT at Fourth Milling Company, with two decades of expertise in IT strategy, service management, ERP implementation, software development, system analysis, business process management, and project management.

**Mr. Imad Omar Bouchaib Talil****Position:** Manufacturing Director**Appointment Date:** 23/10/2022**Nationality:** Moroccan**Qualifications:**

- Master's Degree, Business Administration, KEDGE Business School (BEM).

Experiences:

- Accomplished Executive with deep expertise in the grains and milling industry, renowned for exceptional ability to transform underperforming manufacturing facilities across diverse regions.

**Mr. Ahmed Samir Abdullah Hilal****Position:** Supply Chain Director**Appointment Date:** 27/2/2023**Nationality:** Egyptian**Qualifications:**

- Bachelor's Degree, Engineering, Communications and Electronics, Cairo University, Egypt.

Experiences:

- 21 years of expertise in the FMCG supply chain sector, marking key accomplishments in planning, logistics, warehousing, and procurement. Serving 11 years with the leading FMCG company Procter and Gamble in Egypt and spending a decade in the GCC supply chain market at various leadership roles.

**Mr. Hesham Abdullah Hussein AlKomani****Position:** Sales Director**Appointment Date:** 1/8/2024**Nationality:** Yemeni**Qualifications:**

- Master's degree, Business Administration, Savitribai Phule Pune University, India.

Experiences:

- Well-rounded and seasoned sales professional with over 20 years of FMCG/electronics experience in Sales operation, distributor/bottler management, trade marketing, and business development.

**Mr. Ali Ahmed Alfaraj****Position:** Internal Audit Manager**Appointment Date:** 1/4/2024**Nationality:** Saudi**Qualifications:**

- Bachelor's Degree, Accounting, King Fahd University of Petroleum & Minerals.

Experiences:

- Seasoned specialist in audit and risk with over 15 years of experience in external and internal audit across diverse sectors. A proven track record of enhancing audit efficiency, mitigating risks, and improving stakeholder confidence.

Remuneration of Board Members, Committee Members, and Senior Executives

- Subject to the Company's Bylaws, remunerations of the Board shall be determined by the Ordinary General Assembly in accordance with the relevant official decisions and instructions issued by the Ministry of Commerce and within the provisions of the Companies Law and any other relevant supplementary laws.
 - The attendance and any other allowances shall be determined by the Board according to the applicable laws, decisions, and directions identified by the competent entities in the Kingdom.
 - Pursuant to the Company's Bylaws, neither the Board members nor the Senior Executives have the authority
- to vote on their remuneration or indemnities.

 - The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.
 - Furthermore, neither the Board members nor the Senior Executives have powers to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.
 - No in-kind benefits were disbursed to Board members and Senior Executives.

The following tables detail the remuneration of the Board and the top five Senior Executives (including CEO & CFO) for 2024G:

(A) Remuneration of Board Members for 2024

Name	Position	Annual Remuneration in SAR
Mr. Bader bin Hamad bin Abdulrazzaq AlAujan	Chairman of the Board	320,000
Mr. Tariq bin Abdullah bin Sulaiman AlJammaz	Vice Chairman	216,000
Mr. Syed Rizwan Ahmed	Board Member	220,000
Mr. Prashant Vitkar	Board Member	220,000
Mr. Abdulaziz Mohammed Abdulaziz AlShaikh	Board Member	174,904
Mr. Fahad Abdullah Hussain Mousa	Board Member	174,904
Mr. Kamel Muneef AlKhatib	Board Member	220,000
Mr. Marwan Ahmed Mohammed Ibrahim	Board Member	220,000
Mr. Yasser Ali Saleh AlZeghaibi	Board Member	174,904
Total in SAR		1,940,712

(B) Remuneration of Committee Members for 2024

Executive Committee Members	Position	Annual Remuneration in SAR
Mr. Kamel Muneef AlKhatib	Committee Chairman	137,500
Mr. Marwan Ahmed Mohammed Ibrahim	Member	137,500
Mr. Prashant Vitkar	Member	137,500
Total in SAR		412,500
Audit Committee Members	Position	Annual Remuneration in SAR
Mr. Abdulaziz Mohammed Abdulaziz AlShaikh	Committee Chairman	90,343
Mr. Anantharaman Ramanathan	Member	90,343
Mr. Marwan Ahmed Mohammed Ibrahim	Member	90,342
Mr. Tariq bin Abdullah bin Sulaiman AlJammaz	Member	90,342
Total in SAR		361,370
Nomination and Remuneration Committee Members	Position	Annual Remuneration in SAR
Mr. Yasser Ali Saleh AlZeghaibi	Committee Chairman	82,843
Mr. Francisco Javier Sánchez Ferrer	Member	82,843
Mr. Syed Rizwan Ahmed	Member	82,842
Mr. Fahad Abdullah Hussain Mousa	Member	82,842
Total in SAR		331,370
Grand Total in SAR		3,045,952

(C) Remuneration of Top Five Senior Executives for 2024

Description	Annual Remuneration in SAR
Remuneration Paid to the Top Five Senior Executives, Including the CEO and CFO.	9,147,981

Transactions with Related Parties

The following table details contracts concluded with related parties in 2024G and the interests of Board Members and Senior Executives in these contracts.

Related Party	Nature of Contract	Type of Relation with the Company	Key Contract Terms	Duration	Amount in SAR
Zod Factory for Pastries and Bakeries, a branch of Abdullah Al Othaim Markets Company.	Annual Contract	Ultimate Beneficial Owner (UBO)	Product Sale	One Year Ended December 31st, 2024	949,123
Abdullah Al Othaim Markets Company	Annual Contract	Ultimate Beneficial Owner (UBO)	Product Sale	One Year Ended December 31st, 2024	7,785,695
Abdulaziz Abdullah Al Othaim Markets Company	Annual Contract	Subsidiary	Product Sale	One Year Ended December 31st, 2024	11,499
Gulf Flour Milling Industrial Co.	Transactional Basis	Shareholder	Other IPO costs charged	One Year Ended December 31st, 2024	15,230,229
United Feed Manufacturing Company (UFMC)	Annual Contract	Shareholder	Product Sale	One Year Ended December 31st, 2024	50,537,146
United Feed Company (UFC)	Annual Contract	Shareholder	Product Purchase order	One Year Ended December 31st, 2024	16,435
Pure Foods Company	Annual Contract	Subsidiary	Product Sale	One Year Ended December 31st, 2024	4,480,786



Shareholders

Protection of Shareholder Rights

The Company believes that protecting and enhancing shareholder rights is a fundamental pillar of good governance and ensuring sustainable long-term growth. In this context, the Board and Executive Management are committed to empowering shareholders to exercise their rights without impediments or discrimination while ensuring fairness and equality among all shareholders of the same class. The Company also places great importance on providing accurate and transparent information in a timely manner to ensure equal access by all shareholders, thereby enabling them to make informed investment decisions.

Basic shareholder rights include receiving a fair share of profits, whether in cash dividends or stock dividends, participating in general assemblies, and voting on strategic decisions, in addition to the right to access company records and financial performance. Fourth Milling Company also works to enhance communication channels with shareholders and convey their views to the Board for discussion in order to foster mutual understanding and support the Company's strategic interests, thereby solidifying its position as a reliable partner for all stakeholders.

Mechanisms and Approaches Employed to Ensure the Protection of Shareholder Rights



The Board and Executive Management seek to protect shareholder rights and ensure their ability to exercise them without impediments while taking the necessary measures to enhance these rights.



The Board and Executive Management shall ensure fair and equal treatment of all shareholders, without discrimination among them within the same class or infringement upon their rights.



The Board shall provide complete, accurate, and non-misleading information, enabling them to exercise their rights effectively. Such information shall be provided through clear and effective means and in a timely manner, with regular updates, and ensuring its availability to all shareholders of the same class without discrimination.



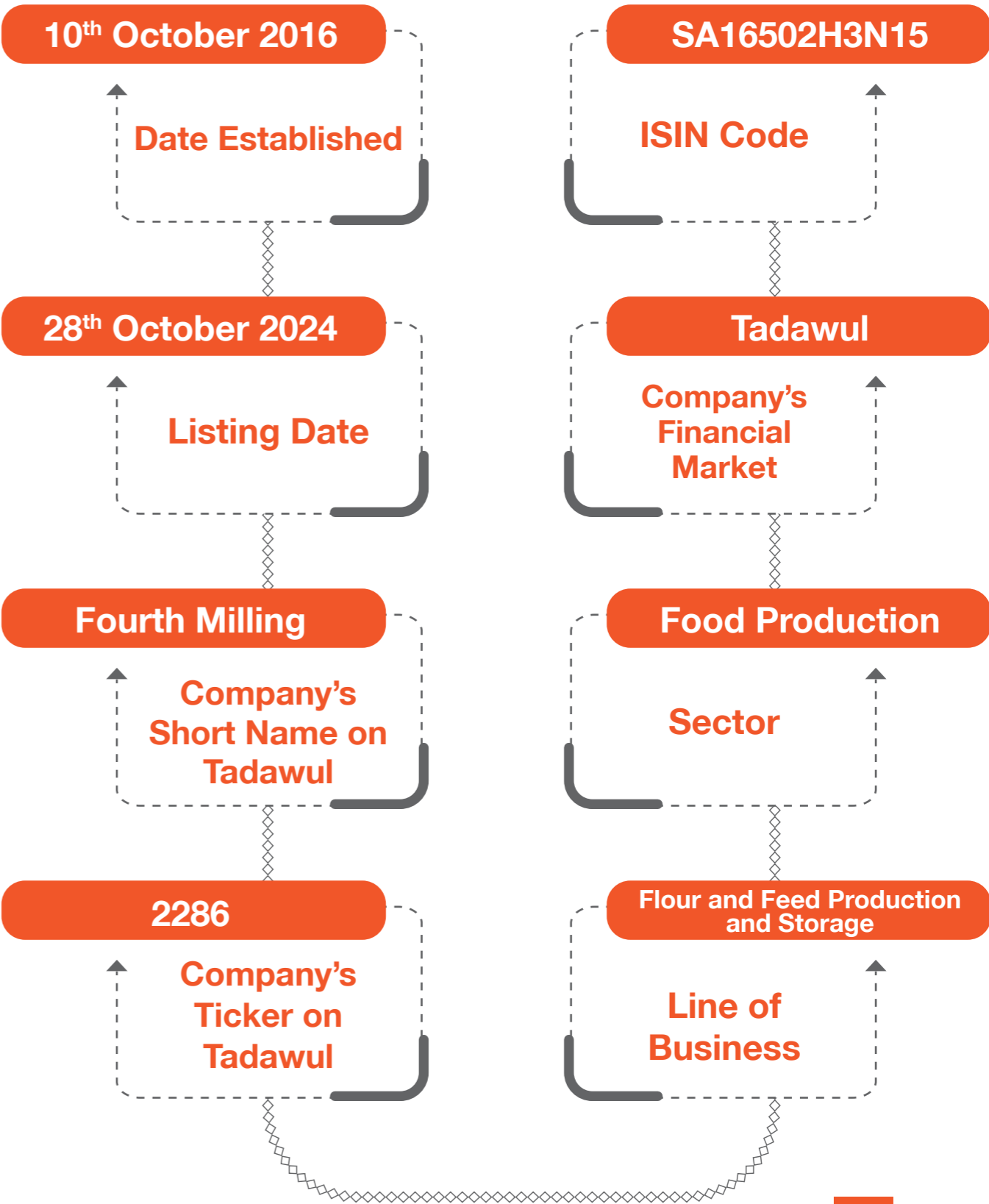
The Board emphasizes the importance of continuous communication with shareholders to understand their aspirations and ensure their alignment with the Company's strategic objectives. The Chairman of the Board and the Chief Executive Officer shall convey shareholder views to the Board for discussion, thereby fostering mutual understanding.

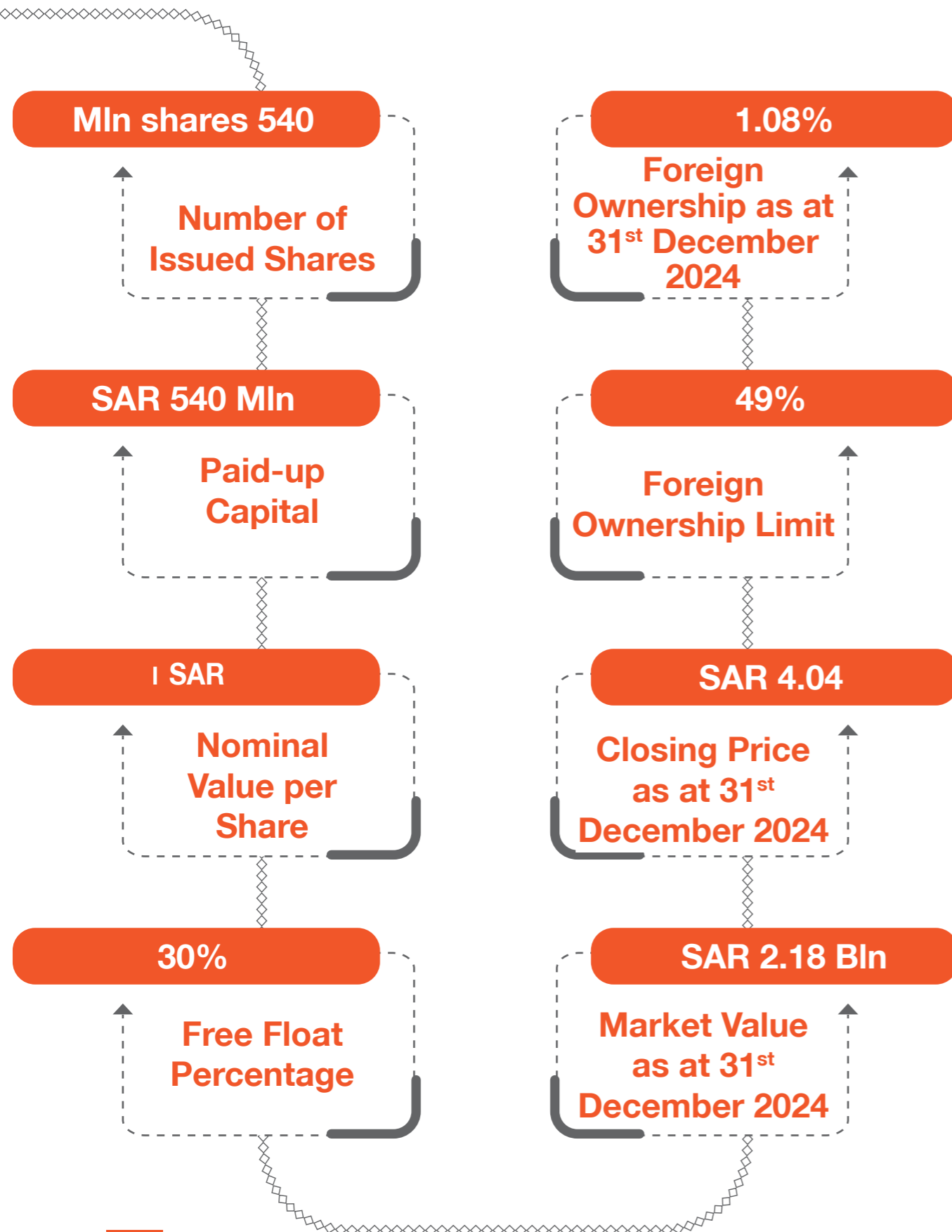
Shareholders shall also have all rights associated with shares, including, in particular, the following:

Key Rights Enjoyed by Fourth Milling Shareholders

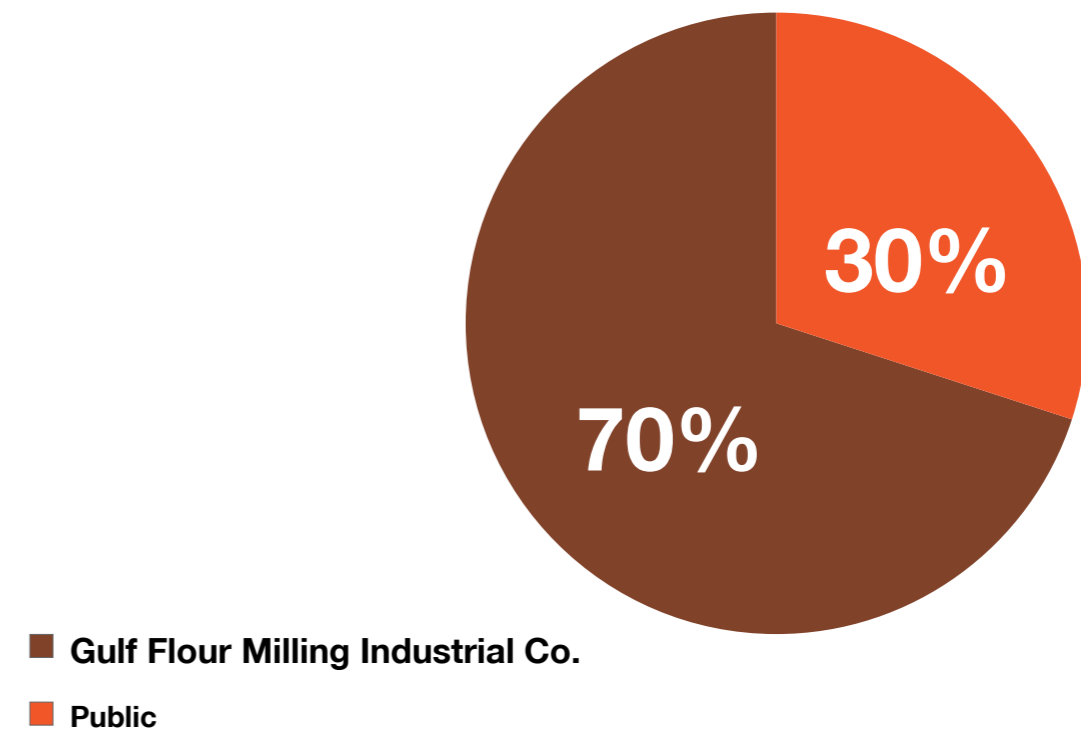


Shareholder Information





Major Shareholders as at 31st December 2024



Foreign Ownership

The table below illustrates the actual percentage of foreign ownership in the Company as of 31st December 2024G, noting that the maximum permissible limit for total foreign ownership in Fourth Milling Company is 49%.

Company	Foreign Ownership	
	Maximum Limit	Actual Ownership
Fourth Milling	49 %	1.08 %

Fourth Milling Stock Performance in 2024

Fourth Milling Company's stock closed at SAR 4.04 on 31st December 2024G, down by 24% compared to its closing price of SAR 5.30 on its first trading day on 29th October 2024G. Notably, SAR 5.30 remains the stock's highest price since trading commenced until the end of 2024G.

4.04 

Closing Price as at
31st December 2024

5.30 

Highest Closing Price of the
Year on 29th October 2024

4.02 

Lowest Closing Price of the
Year on 26th December 2024



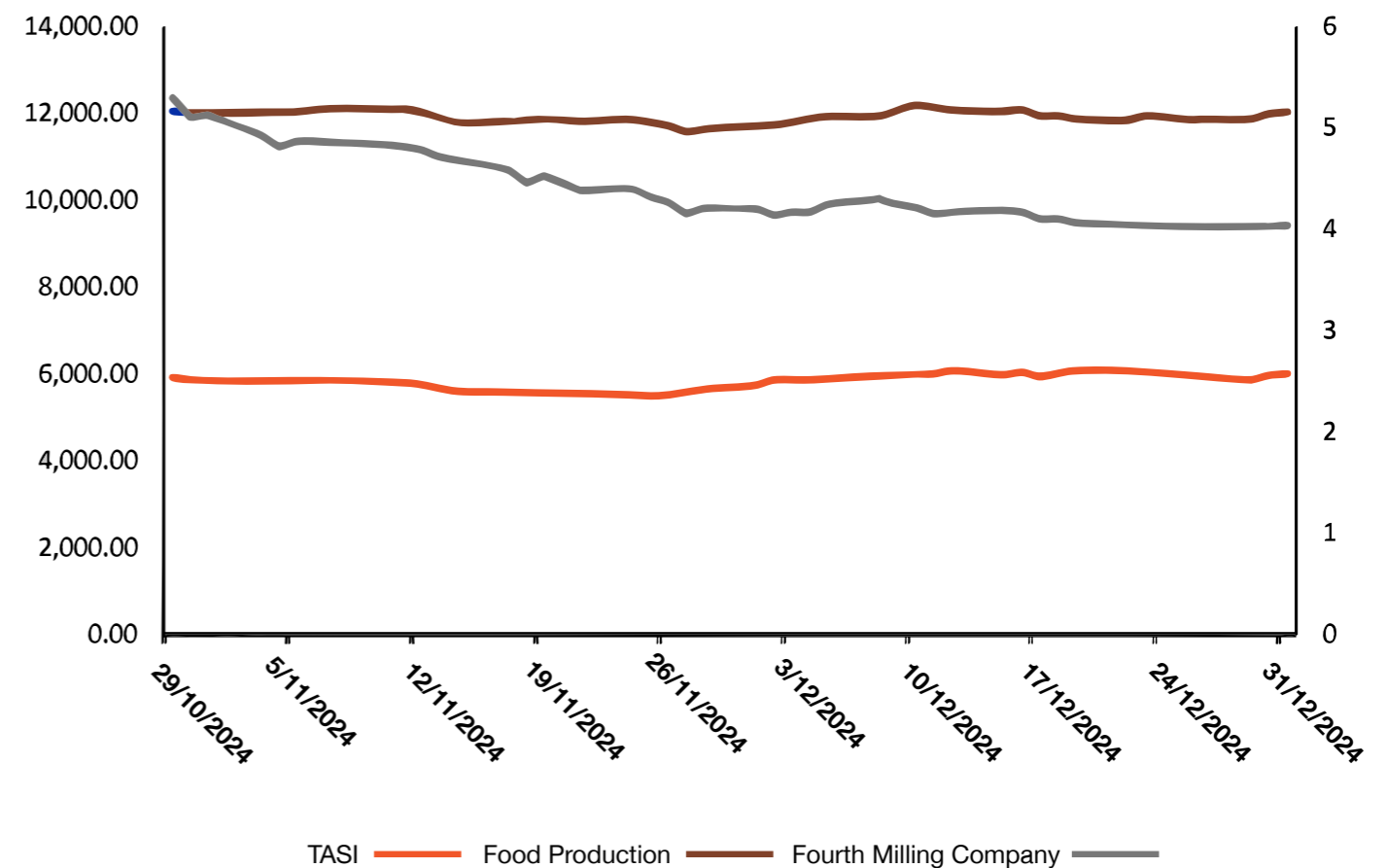
Stock Performance Relative

to Market and Sector Indices

The Company's stock performance aligned with the performance of the Saudi Stock Exchange's Tadawul All Share Index (TASI), which recorded a marginal decrease of 0.21% during the period from 29th October to the end of 2024G. In contrast, the stock diverged from the performance of the Food Production Sector Index, which

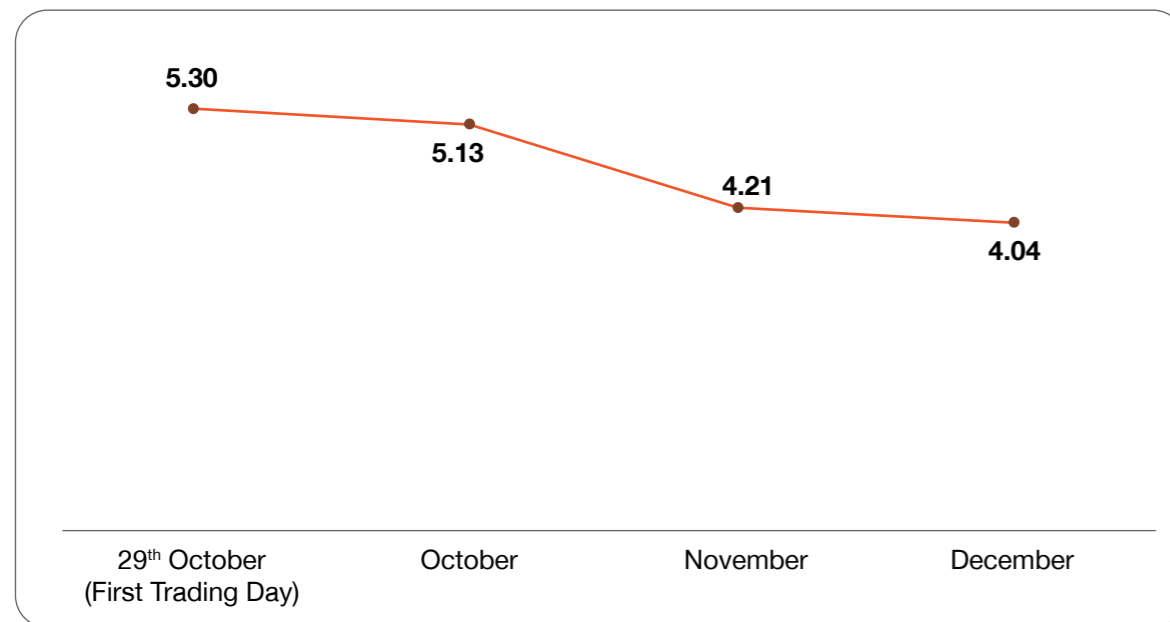
rose by 1.36% over the same period.

The Figure below illustrates Fourth Milling Company's stock performance against the Saudi Main Market Index and the Food Production Index from 29th October to year-end 2024G.



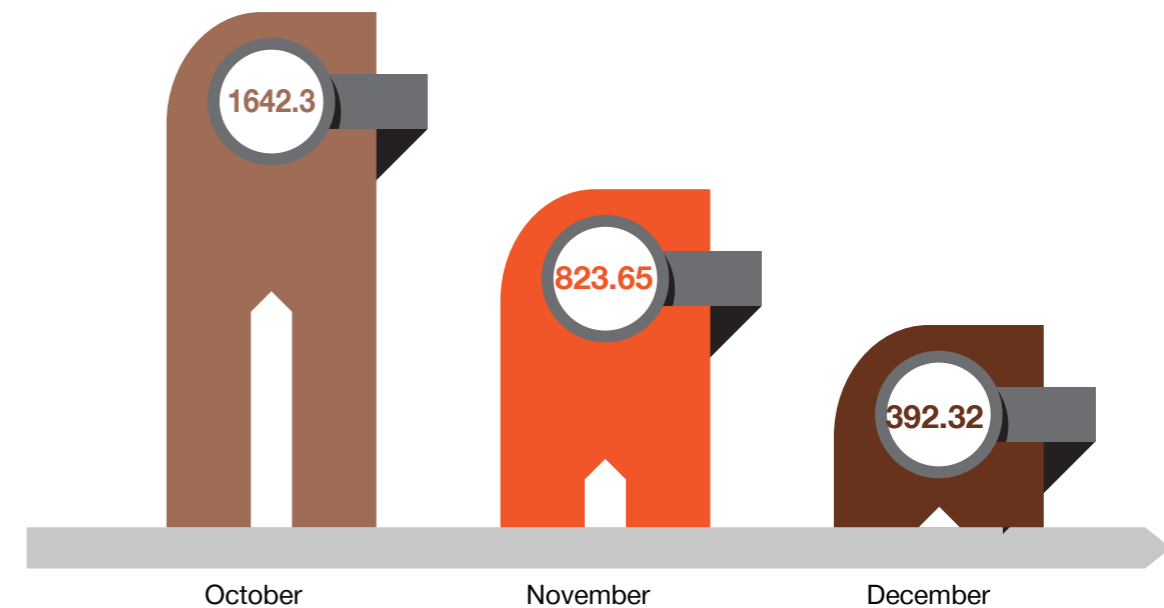
Monthly Closing Price

(SAR)



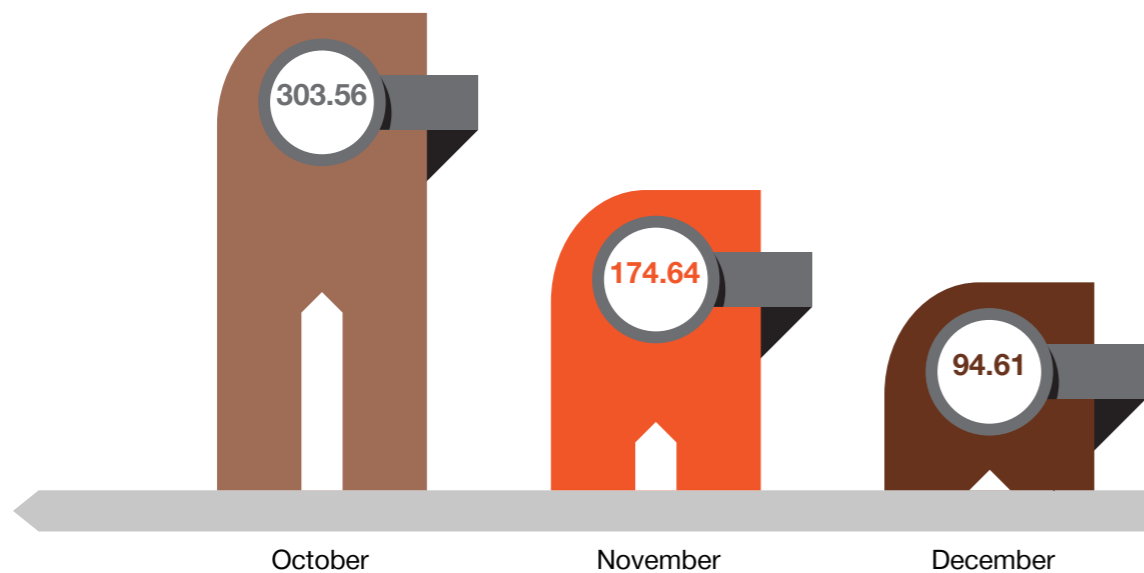
Traded Value

(SAR Mln)



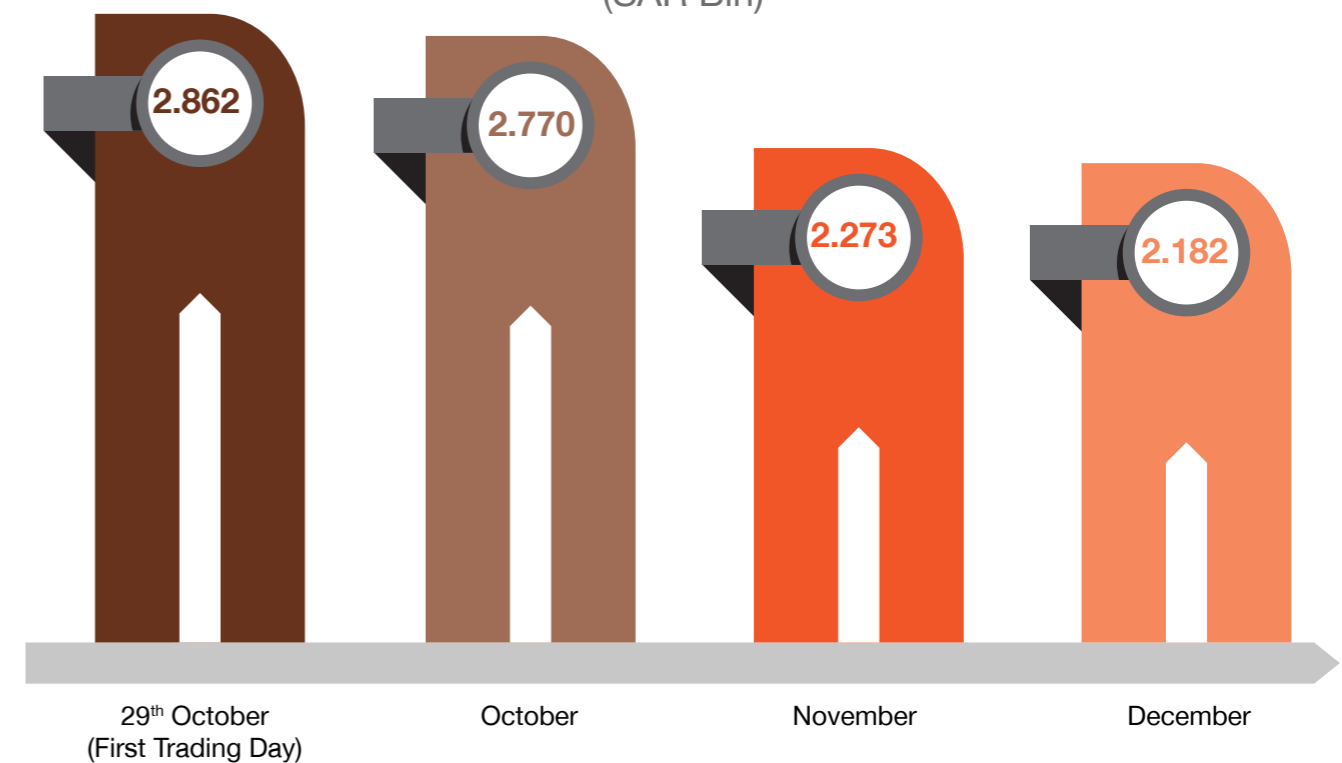
Volume Traded

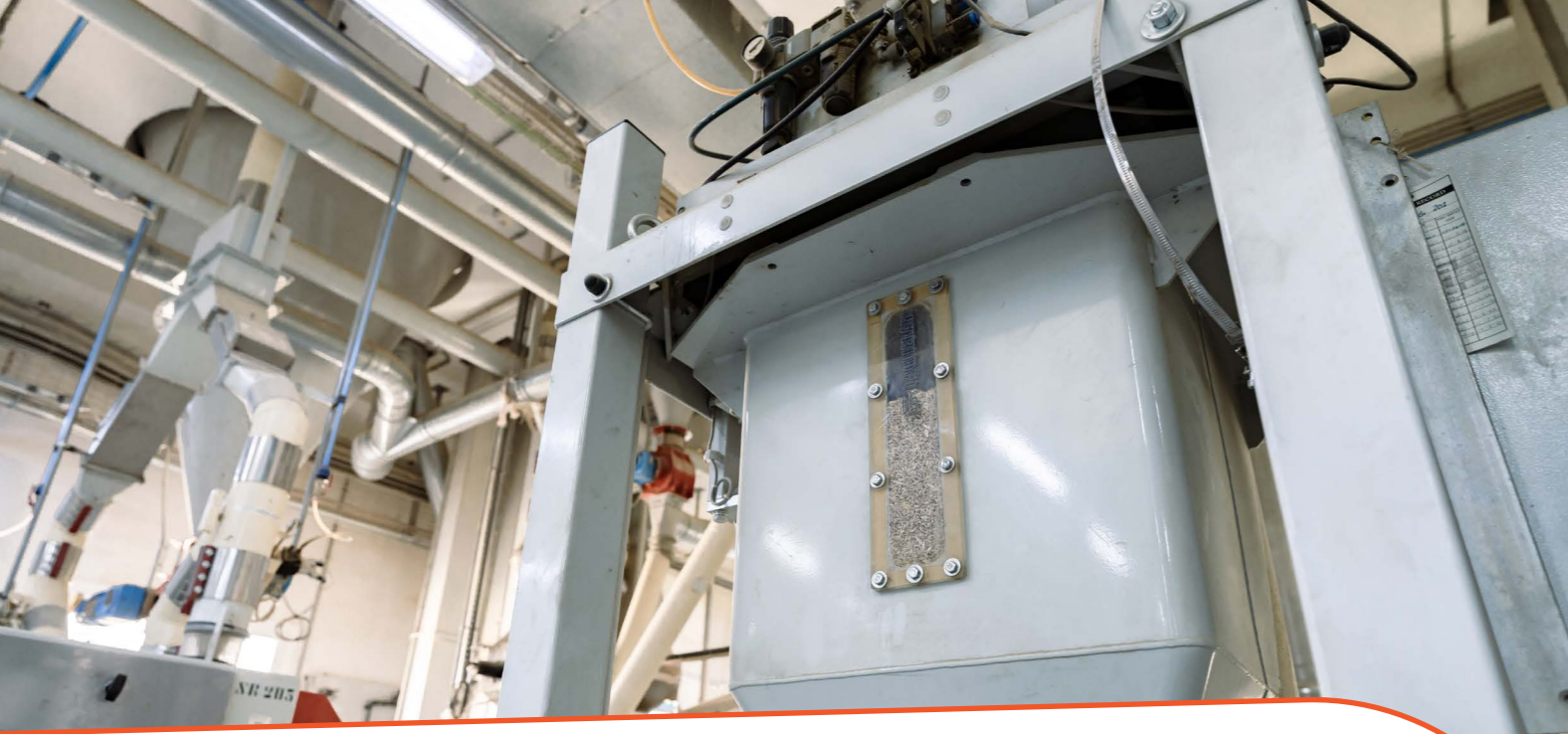
(Mln Share)



Market Cap

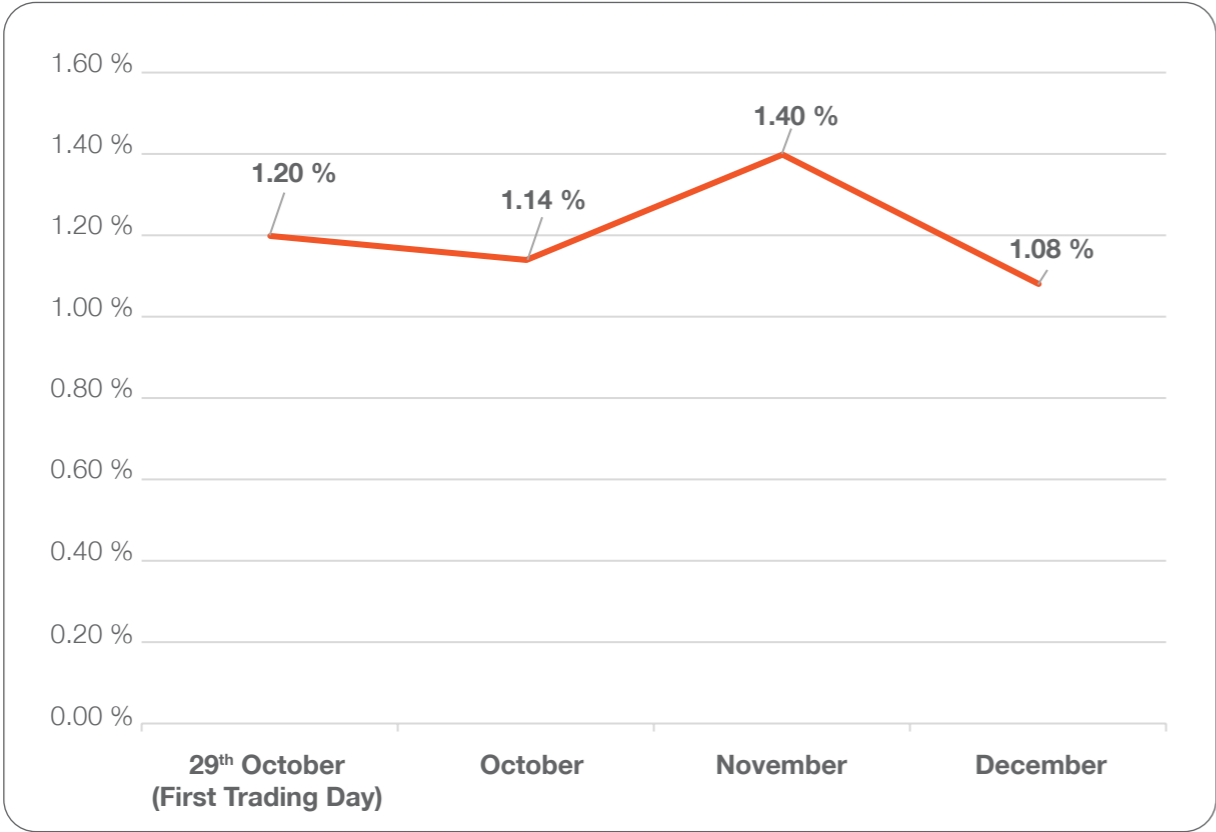
(SAR Bln)





Monthly Development of Foreign Ownership

during 2024



Company's Shareholders Register Requests

in 2024

The following is a statement detailing the number of the Company's requests for the shareholders register, their dates, and respective reasons:

S	Date of Request	Reasons for Request
1	14/11/2024	Shareholders Entitled to Dividends for the H1 of 2024.

Disclosure and Transparency

Fourth Milling Company is committed to disclosing all substantial decisions and information to the investors through "Tadawul" and the Investor Relations website. Hence, the Company is fully committed to implementing all policies and procedures related to the disclosure of financial statements and performance reports, by virtue of the applicable legal requirements, regulatory regulations, and the instructions issued by the competent authorities.

This commitment underscores our dedication to protecting shareholder rights and ensuring fairness by providing them with timely and transparent information. This empowers shareholders to gain a comprehensive understanding of

any developments that may affect the Company's financial position, without compromising its competitive edge. The Company provides details on its performance, activities, and business all over the year, through its annual report and the Annual General Assembly meeting.

Fourth Milling Company is keen on regularly distributing dividends to its entitled shareholders, and the Company constantly reminds its shareholders of the importance of updating their personal info and linking their bank accounts to their portfolios in order to avoid any delay in distribution.

Fourth Milling Financial

Statements and Disclosures in 2024

S	Date of Announcement	Announcement Title
1	31st October	Fourth Milling announcement of interim financial results for the period ending as at 30 th September 2023 (nine months).
2	31st October	Fourth Milling Company announcement of the distribution of cash dividends to shareholders for H1 2024.
3	1st December	Fourth Milling Company announcement of the approval of GFSA to amend its milling license, permitting an increase in production capacity by 11.67%.
4	19th December	Fourth Milling Company announcement of the relocation of its headquarters in Dammam from King Abdulaziz Port District to Al Safa District.
5	26th December	Fourth Milling Company Board invitation to its shareholders to attend the Extraordinary General Assembly Meeting (first meeting).

Shareholders General Assemblies

and Board Members Attendance Record

Company's Shareholders General Assemblies held in 2024 and Board Members Attendance Record

		Annual/Extraordinary General Assembly
		Date: 19/05/2024
Mr. Bader bin Hamad bin Abdulrazzaq AlAujan	Chairman of the Board	√
Mr. Tariq bin Abdullah bin Sulaiman AlJammaz	Vice Chairman	Absent
Mr. Prashant Vitkar	Board Member	√
Mr. Marwan Ahmed Mohammed Ibrahim	Board Member	√
Mr. Kamel Muneef AlKhatib	Board Member	√
Mr. Fahad Abdullah Hussain Mousa	Board Member	√
Mr. Abdulaziz Mohammed Abdulaziz AlShaikh	Board Member	√
Mr. Yasser Ali Saleh AlZeghaibi	Board Member	√
Mr. Syed Rizwan Ahmed	Board Member	√

Distribution of Dividends

Dividend Policy

- Article 107 of the Companies Law stipulates that shareholders have all rights and obligations related to shares equally, which particularly include the right to receive a share of the net profits decided to be distributed.
- The Board shall recommend the distribution of any dividends prior to their approval by the shareholders at the General Assembly meeting. The Company is not obligated to declare any dividends, and any decision to distribute dividends depends on a number of factors, including the Company's past and expected profits, cash flows, financing and capital requirements, market conditions and economic factors in general, restrictions on the distribution of dividends under financing and debt agreements, Zakat, as well as other legal and regulatory considerations.
- Shares grant their holders the right to receive dividends declared by the Company.
- While the Company intends to distribute annual dividends to its shareholders, there is no guarantee that dividends will actually be distributed, nor is there any guarantee as to the amounts that will be paid in any given year.
- The Company intends to distribute dividends to its shareholders with the aim of enhancing the value of their investments. This intention is based on the profits achieved by the Company, taking into account its financial position, capital expenditures (CapEx), investment requirements, the results of the Company's activities, the Company's current and future cash needs, and expansion plans. In addition to other factors such as market conditions, analysis of investment opportunities, the requirements for reinvesting those profits, cash and capital requirements, business forecasts, and the impact of such distributions on any legal and regulatory considerations.
- Prospective investors in the Company's shares must recognize that the dividend distribution policy is subject to change periodically.
- Dividend distribution is subject to the restrictions stipulated in the Company's bylaws. Dividends will be distributed in Saudi Riyal.
- According to the Company's bylaws, the annual net profits are distributed after deducting all general expenses and other costs as follows:**
 - Upon determining the allocation of net profit to shares, the Ordinary General Assembly may resolve to retain reserves, to the extent that achieves the interest of the Company or ensures the distribution of as a stable dividend as possible to shareholders. The said Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.
 - The Ordinary General Assembly determines the percentage of net profits that should be distributed to shareholders after deducting any reserves, if applicable.
 - The Company may distribute interim dividends to shareholders according to the regulations issued by the competent authority.

Company's Dividends Distribution

in 2024

Board Decision Date	Aggregate Dividends (SAR Mln)	Number of Shares Entitled to Dividends (Mln Shares)	Dividend Per Share (SAR)	Dividend Yield Ratio (on Par Value)	Period
30/10/2024	59.4	540	0.11	11 %	H1 of 2024
07/03/2025	59.4	540	0.11	11 %	H2 of 2024

Dividends Distributed by the Company in the Last 3 Years

Year	Total Distributions (SAR Mln)
2024	118.8
2023	198.35
2022	61.33
Total	319.08

Shareholders' Suggestions and Feedback Regarding the Company and its Performance

The following measures are taken by Fourth Milling Board to inform its Members – specially Non-Executives – of the Shareholders' suggestions and feedback regarding the Company and its performance:

- The Investor Relations (IR) Department at the Company is responsible for keeping the Board informed of Shareholders' feedback and suggestions.
- A website and application for managing IR have been launched in both Arabic and English.
- Board Members and Committees' Chairmen attend

the General Assembly meetings to keep abreast of the Shareholders' feedback and suggestions.

- Quarterly and annual meetings were held with investors and financial analysts to discuss the Company's financial results.

It is noted that the Company has not received any proposals in this regard, or any topics that Shareholders wish to include on the agenda during the General Assembly meetings.

Results of the Annual Review of the Efficiency of the Company's Internal Controls Procedures

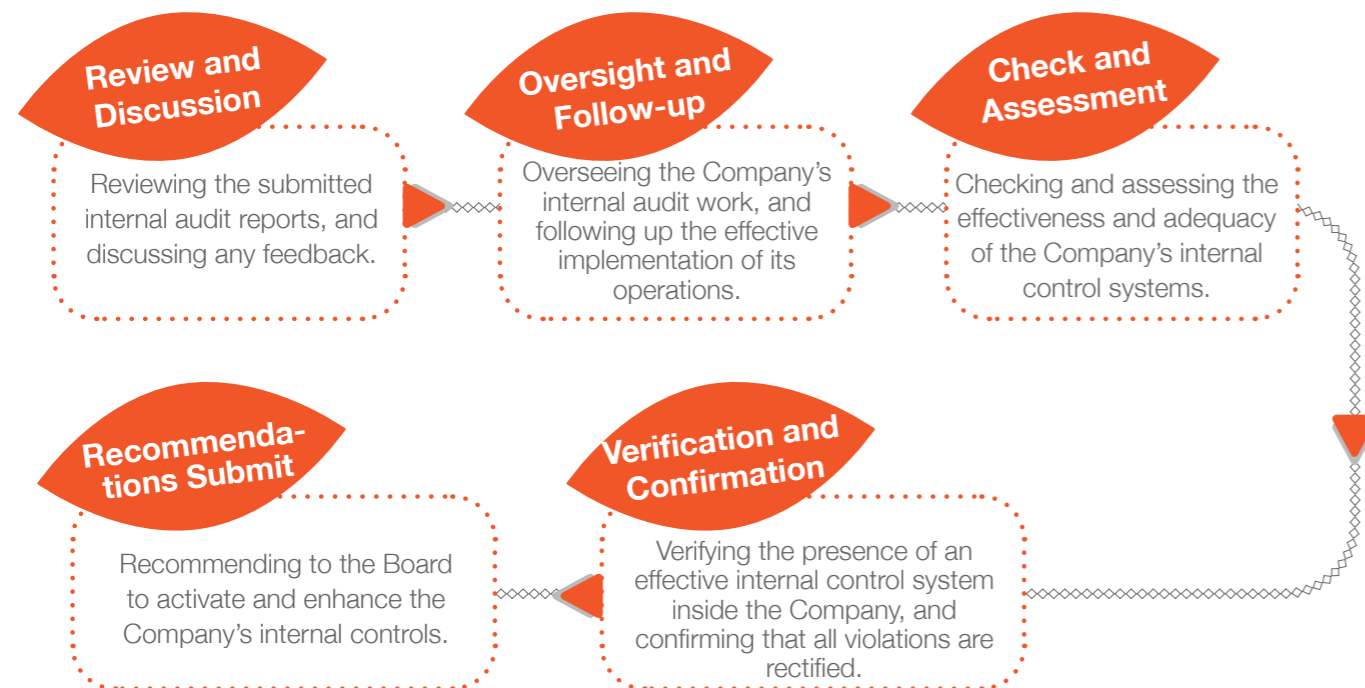
Internal Control

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved

by the Company, and compliance with the relevant laws and regulations. Such a system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that Related Party transactions are implemented in accordance with the relevant provisions and controls.



Internal Audit Department Scope of Work



Auditing Processes

- The Internal Audit Department carried out several audit assignments according to the approved audit plan, identified several findings, and presented recommendations for corrective actions to management.
- These findings were reviewed, along with the Management's responses, by the Committee to comprehensively address the observations.

Internal Auditor's Report

Fourth Milling Company's Internal Audit Department has carried out a number of internal auditing processes during 2024G, in accordance with the risk-based internal audit plan approved by the Audit Committee, with a special focus on the high-risk activities and processes in order to achieve the Company's objectives and protect its assets.

In this respect, a number of internal auditing processes have been carried out to determine the adequacy and efficiency of the internal control system. The findings were then reported to the relevant departments in order to handle the same and lay down the necessary corrective measures, to follow up the implementation thereof and in turn regularly report the results to the Audit Committee.

Audit Committee Opinion

- The Committee reviewed the financial statements for the interim periods ended 31st March 2024G, 30th June 2024G, and 30th September 2024G, and for the annual period ended 31st December 2024G.
- As part of good governance practices, the Committee holds regular meetings with the External Auditor before recommending the financial statements to the Board.
- The Committee found no significant findings other than some classification points related to certain account classifications, which were resolved in a timely manner by the Management.

Maintaining the Internal Audit Reports

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings, and recommendations, and all actions taken in their regard.

Audit Committee Recommendation Regarding the Company's External Auditor

The Audit Committee recommended the reappointment

of Ernst & Young (EY) as the Company's External Auditor for the fiscal year 2024G, deeming it the optimal choice for the following reasons:

- The Company's current standing during the transitional phase of its project to listing the Company on the stock market, with the Company's listing application submitted to the Main Market.
- Appointing a different auditor would necessitate time for the auditor to gain an understanding of the Company and its operations, potentially leading to a delay in the issuance of the financial statements.
- Laws permit the auditor to continue providing audit services to the Company even after exceeding seven years of service. This was confirmed through verifying the regularity of the procedure with the current External Auditor.

Compliance with Laws and Regulations

- The Company has established a robust system to ensure full compliance with regulatory requirements, notably those of GFSA, which oversees the sales and operations of all milling companies.
- During 2024G, as part of the strategic digital transformation initiative, the Company deployed SAP ERP system and automated a significant portion of GFSA requirements pertaining to customer relationship management and sales order fulfillment.
- Furthermore, the Company established a dedicated department for Governance, Risk Management, and Compliance (GRC) to enhance regulatory compliance and to ensure the Company's compliance with CMA regulations.

Future Outlook for the Audit Department

- The Internal Audit Department has developed a three-year risk-based audit plan, which was approved by the Audit Committee.
- This plan, which is currently being implemented, reflects a strategic approach to prioritizing audit activities based on the Company's risk profile, thereby ensuring the effective monitoring and management of critical areas to underpin robust governance and risk management.

Board

Declarations

Fourth Milling Company Board hereby declares that:

1. The accounting records have been duly updated and prepared.

2. The internal control system has been duly made and adequately implemented.

3. The Board has no doubts about Fourth Milling Company's ability to continue its business activity.

4. The consolidated financial statements for the financial year ending as at December 31, 2024G have been prepared in accordance with full IFRS in Saudi Arabia, and with other standards and pronouncements that are endorsed by SOCPA.

5. No substantial events have occurred that affect the safety of the Company's financial position following the end of the financial year 2024G, that need to be disclosed, other than the already available information declared earlier.

6. The Company Board did not receive any request from the financial auditors calling upon the General Assembly to convene in 2024G.

7. The Company Board did not receive a request from shareholders holding 5% or more of the Company capital claiming upon the General Assembly to convene in 2024G.

8. No measures have been taken obstructing the rights of shareholders to vote.

9. Fourth Milling Company did not report any normal or legal person who holds 5% or more of the Company's issued shares in 2024G.

10. The Company did not issue or grant any convertible debt instruments, option rights, subscription warrants, or similar rights during 2024G.

11. The subsidiaries hold no equity shares or debt instruments.

12. There are no recoveries, purchases, or cancellations by the Company during 2024G for any of the non-recoverable debt instruments.

13. No arrangements or agreements have been concluded, according to which any of the Company's Board members or Senior Executives have assigned any salaries or remunerations.

14. No arrangements or agreements have been concluded, according to which any of the Company's shareholders have assigned any of their rights in dividends.

15. Fourth Milling Company is not a party to any agreement in which any of the Board Members, CEO, CFO, or any related person has or had a substantial interest, save for what has been already disclosed in the General Assembly meeting.

16. The Company did not offer any cash loans whatsoever to any of its Board Members and did not serve as a guarantor for any loan to any Third Party.

17. No option rights or subscription rights are held by any of the Board Members, Senior Executives, their spouses, or minor children.

18. Fourth Milling Company's Independent Auditor has expressed its opinion without reservations on the consolidated financial statements of 2024G.

19. No recommendations have been issued by the Audit Committee that conflict with the Board resolutions or which the Board did not accept regarding the Company's Auditor appointment, dismissal, remuneration, performance appraisal, or the appointment of the Internal Auditor.

20. None of the Board Members is/was exercising any business activities that are competitive to the Company business or any of the branches thereof.

21. There are no treasury shares held by the Company.





Environment and Society

(Sustainability and Social Responsibility)

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Environment and Society

(Sustainability and Social Responsibility)

Fourth Milling Company firmly believes that sustainability is an integral part of its operational and strategic framework. The Company's vision revolves around achieving a balance between meeting the growing demand for high-quality milling products, reducing environmental impact, enhancing social responsibility, and ensuring economic viability.

Sustainability serves as a pathway for maintaining leadership in the milling industry by integrating innovative practices, resource efficiency, and environmental conservation into its core operations. This approach aligns with Fourth Milling Company's overall strategy and objectives of the Kingdom's Vision 2030.

Environmental Practices

In 2024G, the Company made significant progress in sustainability and environmental initiatives. These initiatives have strengthened its commitment to sustainability, resulting in tangible environmental and operational benefits.



Key Highlights of Environmental Sustainability

Material Recycling

- Fourth Milling Company launched a new material recycling campaign aimed at reducing waste from operational processes. Through this campaign, scrap materials were recycled, resulting in financial recovery and notable environmental improvements across all branches.

Energy Conservation Solutions

- Energy conservation practices were implemented across all the Company's facilities, contributing to reduced energy consumption. Additionally, the Maintenance Department collaborated in replacing traditional lighting with energy-saving LED lights, resulting in lower energy costs and improved lighting.

Water Management and Recycling

- The Maintenance Department collaborated in maintaining the efficiency of the wastewater treatment plant and upgrading, as needed.
- Treated water was recycled and utilized for landscaping and agricultural use across all branches.

Awareness Programs

- Environmental and sustainability awareness programs were conducted to promote water and electricity conservation.
- An incentive system was introduced to encourage employees to adopt sustainable practices.

Afforestation Campaigns

- Fourth Milling Company organized tree-planting and cleanup campaigns for the surrounding areas in collaboration with local environmental organizations.

Social Contributions

Details of the Company's Social Contributions in 2024

Initiative	Details
Safety Training and Awareness Programs	In 2024, the Company organized safety workshops for local communities and schools, educating participants on essential safety practices and emergency preparedness. These programs were attended by numerous individuals, enhancing their understanding of safety protocols.
National Economic Development	Fourth Milling Company contributes to supporting the national economy by: <ul style="list-style-type: none">Ensuring the availability of high-quality milling products essential for food security.Maintaining food security and sustainability for Madinah Region during the Hajj season.Supporting local supply chains and supplying materials locally. Creating job opportunities for Saudi citizens.
Community Engagement	Supporting local communities through educational programs, creation of job opportunities, and social development projects.
Emergency Response Support	The Company provided support to local emergency response teams by offering resources and training sessions, ensuring preparedness for any emergency.
Workplace Health and Wellness Programs	Fourth Milling Company undertook several initiatives to promote employee health and wellness, including regular health check-ups and partnerships with local health organizations to support physical and mental wellness.
Development of HSE Policy	The Company successfully developed and implemented its Health, Safety, and Environment (HSE) policy, setting clear guidelines to ensure safety and environmental standards across all operations.
Weekly Branch Meetings	Fourth Milling Company held weekly meetings across all branches to ensure continuous communication, collaboration, and ongoing improvement of safety procedures throughout the Company.



The Company's Role in Saudi Community Development

Key Efforts in Supporting Saudi Community Development



Creating Local Employment Opportunities

The Company prioritizes the employment of Saudi nationals and invests in initiatives that create job opportunities across various sectors, contributing to national employment objectives.



Employee Rights Protection

1. Transparent Policies: Implementing clear policies aligned with the Saudi Labor Laws to ensure all employees are aware of their rights and responsibilities.
2. Fair Compensation: Regularly reviewing and adjusting salary structures to maintain competitive wages that reflect the cost of living and industry standards.
3. Safe Work Environment: Investing in health and safety measures to create a secure workplace, including regular safety training and risk assessments to identify and mitigate potential hazards.
4. Complaints Mechanisms: Establishing accessible channels for employees to confidentially report concerns or issues, ensuring prompt and fair resolution.



Skill Development

1. Comprehensive Training Programs: Providing a variety of training initiatives, from onboarding programs for new employees to advanced skill development for existing employees, focusing on both technical and soft skills.
2. Mentorship Opportunities: Establishing mentorship programs where experienced employees guide new hires, fostering knowledge transfer and personal growth.
3. Culture of Continuous Learning: Encouraging employees to pursue continuous learning through workshops, certifications, and online courses to support career progression and personal development.



Attracting New Talents

1. Competitive Compensation Packages: Offering attractive salary packages that include bonuses, health insurance, and additional benefits, positioning the Company as an employer of choice in the market.
2. Employer Branding: Building a positive employer brand through employee testimonials, showcasing corporate culture, and highlighting career progression opportunities on social media and recruitment platforms.
3. Recruitment Campaigns: Actively participating in recruitment campaigns targeting top talent through job fairs, university partnerships, and online recruitment platforms, emphasizing the Company's commitment to employee development and community engagement.



Educational Partnerships

Collaboration with local universities and vocational training centers to develop tailored programs that equip students with labor market-relevant skills, thereby enhancing educational and employment opportunities within the Saudi community.

Enhancing Occupational Safety



Key Efforts in Occupational Safety

Guidelines



Establishing clear workplace safety protocols through HSE policies and procedures to ensure a safe and efficient work environment.

Industrial Security



Securing facilities and equipment while enhancing surveillance camera systems (closed-circuit television (CCTV) cameras).

Employee Protection



Providing personal protective equipment (PPE), regular safety awareness sessions, job safety analysis (JSA), and periodic risk assessments to ensure employee safety.

Training



Conducting regular emergency response plan (ERP) drills and workshops to enhance awareness of emergency procedures and equip employees with the necessary skills to handle hazardous situations.

Latest Inspection Reports and JSA



Updating the HSE inspection report and developing JSA, thereby reinforcing our safety protocols and demonstrating the Company's commitment to workplace risk reduction.

Team Assessment



As part of Fourth Milling Company's ongoing efforts to develop HSE Team, performance assessments were conducted to assess performance and identify areas requiring additional training and improvement to ensure compliance with the highest safety standards.

IMS



The Company has initiated the certification process for the Integrated Management System (IMS) (IMS 9001-45001-14001) and successfully passed Phase I, laying the foundation for streamlined operations and international compliance in HSE practices with international standards.

The aforementioned contributions and initiatives reflect Fourth Milling Company's unwavering commitment not only to its employees but also to the communities in which the

Company operates. The Company strives to expand the scope of these efforts and enhance their impact to ensure a positive and sustainable influence.

Future Initiatives

The Company is committed to setting measurable future sustainability goals, focusing on enhancing resource efficiency and supporting environmental, social, and

economic development. These initiatives will contribute to positioning sustainability as a key driver of growth, innovation, and resilience in 2025G and beyond.

Environment

- Reducing Greenhouse Gas Emissions
- Adopting Renewable Energy Sources
- Improving Waste Recycling Processes

Economy

- Enhancing Supply Chain Sustainability
- Increasing Resource Efficiency

Key Future Sustainability Initiatives

Community

- Launching Educational and Training Programs
- Creating Job Opportunities
- Enhancing Social Responsibility

Governance

- Strengthening Regulatory Compliance
- Promoting Ethical Practices
- Ensuring Transparency in Reporting





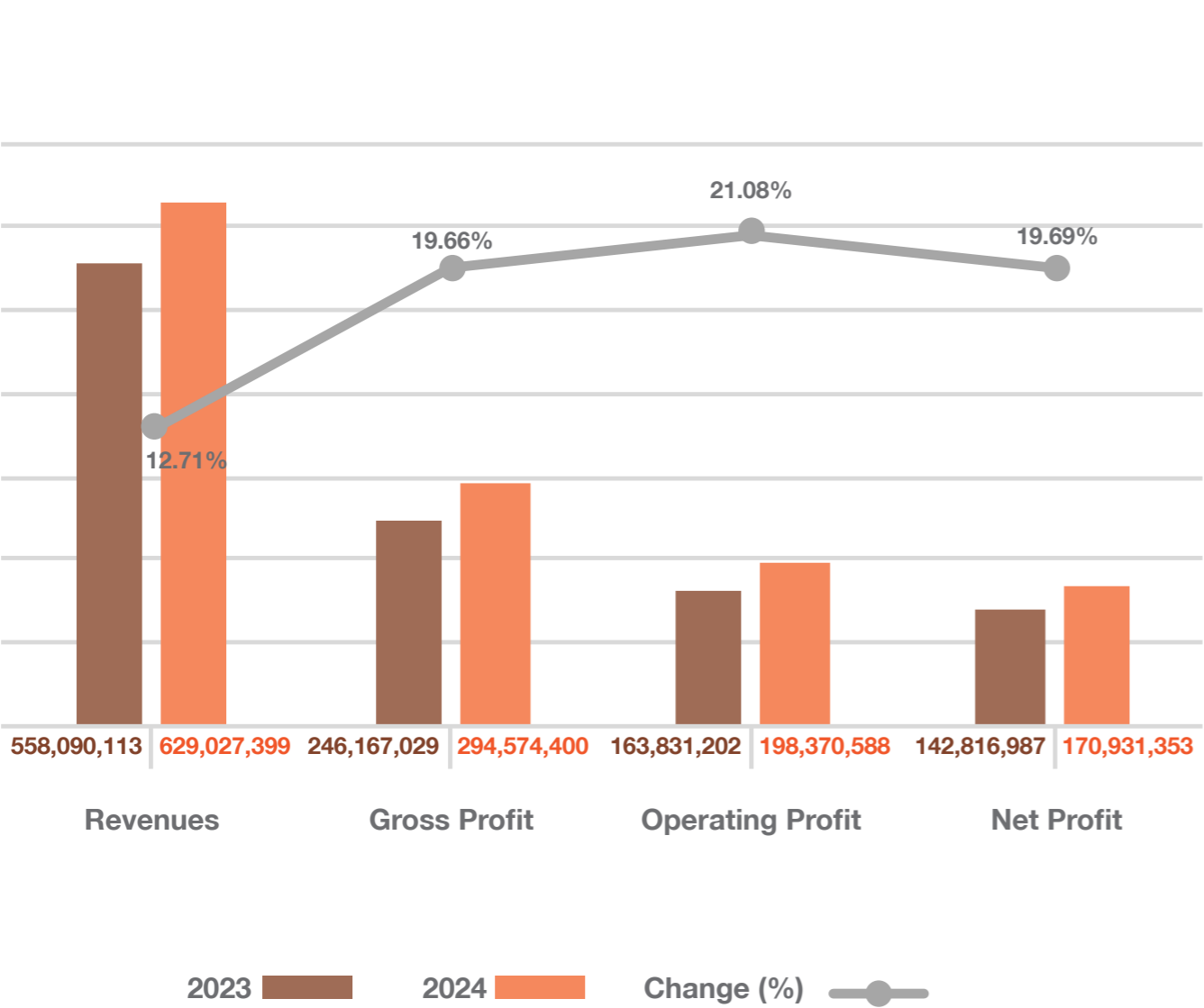
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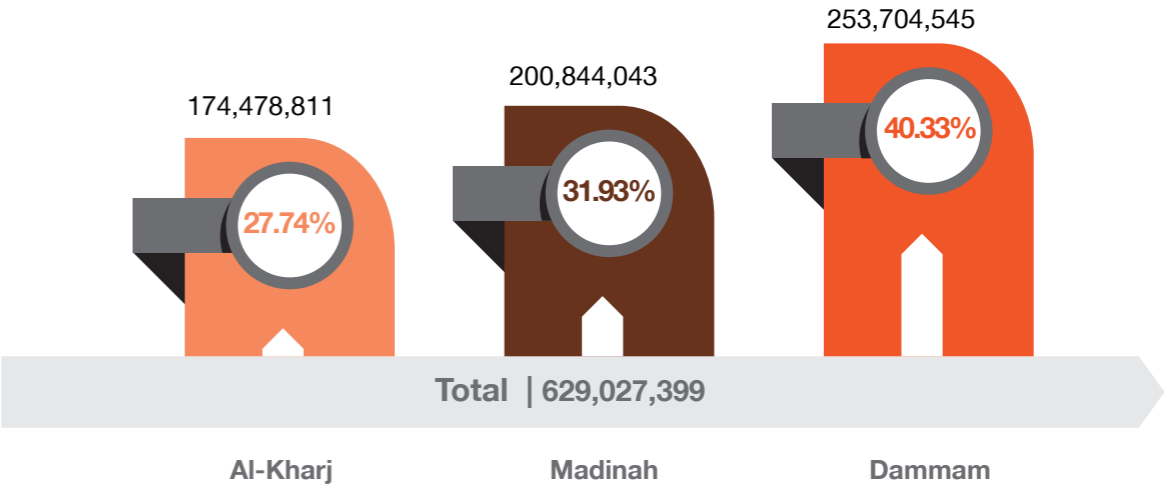
Overview of the Company's

Financial Performance During 2024

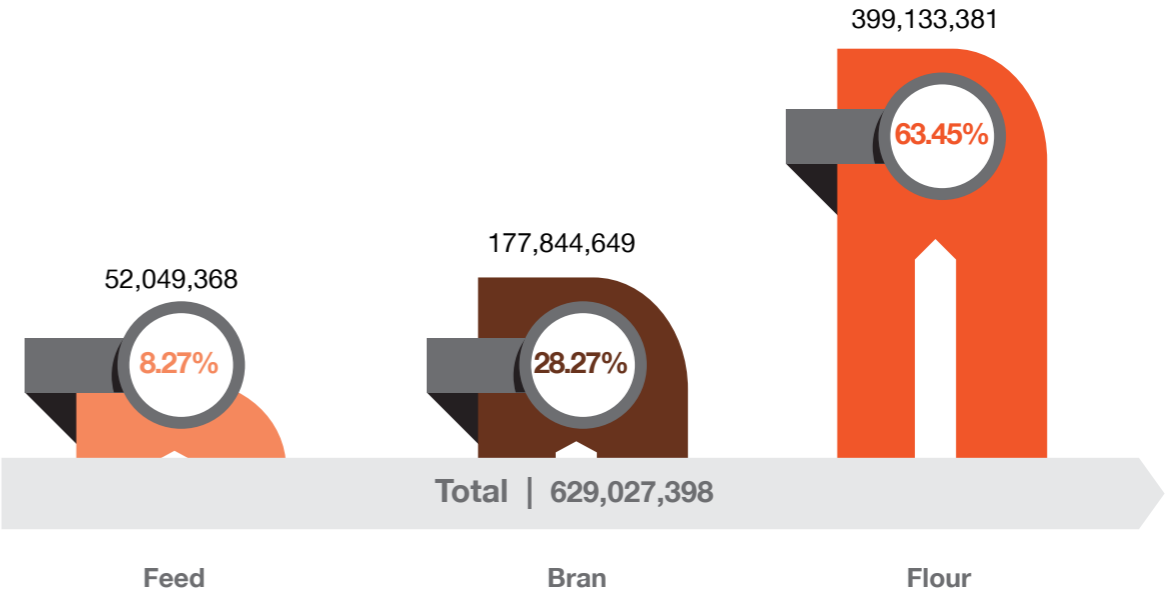
Development of Financial Performance



Net Revenue Analysis and Percentage of Total by Branch



Revenue Analysis and Percentage of Total by Product Type



CFO's Message



In light of the exceptional financial performance achieved by Fourth Milling Company, it is with immense pleasure that I present a snapshot of our remarkable accomplishments throughout 2024G, both financially and operationally. The Company's sales witnessed historic growth, reaching an unprecedented peak of SAR 629.03 million – the highest since our inception. This triumph is fueled by the robust sales growth across our three branches in Dammam, Al-Kharj, and Madinah. Notably, our Al-Kharj plant spearheaded this growth, boasting an astonishing 29.5% sales surge in 2024G, making it the fastest-growing among our three branches.

Sector-wise, flour product sales surged by 14.5%, climbing from SAR 348.75 million in 2023G to SAR 399.13 million in 2024G. Bran sales also witnessed a robust uplift of 10.8%, increasing from SAR 160.50 million in 2023G to SAR 177.84 million.

Bolstered by this robust performance, the Company's Board approved the distribution of cash dividends for H1 and H2 of 2024G, representing approximately 22% of the share capital. This translates to SAR 0.22 per share, totaling approximately SAR 118.8 million, and represents about 69.50% of the Company's net profit for the year 2024G.

Furthermore, we have achieved remarkable gains in productivity by strengthening our operational systems and implementing targeted policies and procedures designed to bolster production and operational efficiency. This drive for excellence has yielded significant operational savings, Coupled with our success in enhancing production continuity and minimizing downtime. These improvements are reflected in the notable reduction of direct production costs as a percentage of total sales, dropping from 55.89% in 2023G to 53.17% in 2024G.

2024G will be remembered as a year when Fourth Milling Company reached new heights of success, marking significant milestones on our path to leadership. Foremost among these milestones was the successful listing on the Saudi capital market, a testament to our competence and agility in navigating transformations and changes. Furthermore, it underscores our unwavering commitment to established laws and regulations, validated by our efficient and rapid performance and the strength and speed of our results. A standout accomplishment in 2024G was our flagship brand, "FOOM", capturing approximately 30% of the household consumer pack market, solidifying its journey towards continued growth and success, crowned by its recognition as the "Home Brand of the Year" at "FMCG Asia Awards 2024".

In 2024G, our flour production surpassed the 700,000-ton mark, marking a significant hike of 13.2%, compared to 2023G. This remarkable achievement represents the highest production volume recorded by the Company since acquisition, propelled by the enhancements and developments implemented throughout 2024G, notably the Productivity Enhancement Program launched during the year, aimed at unlocking unprecedented levels of efficiency and operational excellence.

As we look towards 2025G, our sights are set on sustaining the exceptional performance that has become the hallmark of our Company. Guided by visionary insights and effective strategies, we are poised to achieve even greater milestones on our journey to industry leadership. Our objectives are clear: to expand our market share, pioneer new and innovative products, and elevate our operational efficiency. Our confidence in executing these strategic plans is unbounded, and we are collectively dedicated to fortifying the Company's position, with a steadfast focus on innovation and operational excellence to ensure sustained growth and maximize value for all stakeholders.

In closing, I would like to commend the pivotal role played by regulatory bodies in fostering an enabling environment that has been instrumental in bolstering our financial stability. I also extend my sincere gratitude and deep appreciation to the esteemed Board Members for their unwavering support, our valued Shareholders for the profound trust they have placed in us, our dedicated Executive Team, and every one of our competent employees for their tireless efforts. Together, we will continue to build upon our successes and author new chapters of sustained achievement.

Rabih Nahas
CFO

Development of the Company's

Financial Statements in 5 Years

Summary of the Company's Financial Statements in the Last 5 Years

Description	2020	2021	2022	2023	2024
Income Statement					
Revenues	345,241,184	336,297,891	578,319,339	558,090,113	629,027,399
Cost of Revenue	-240,873,855	-230,542,162	-318,204,654	-311,923,084	-334,452,999
Gross Profit	104,367,329	105,755,729	260,114,685	246,167,029	294,574,400
General and Administrative (G&A) Expenses	-35,792,924	-31,557,857	38,534,142	-45,707,351	-58,959,508
Sales and Marketing Expenses	-10,428,358	-10,338,135	-32,023,454	-36,628,476	-37,244,304
Operating Income/Loss	58,146,047	63,859,737	189,557,089	163,831,202	198,370,588
Income Before Zakat and Tax	44,548,880	50,268,389	176,887,890	157,683,838	186,130,637
Profit for the Year after Zakat and tax	44,548,880	50,062,638	164,920,799	142,816,987	170,931,353
Total Comprehensive Income for the Year	44,548,880	50,062,638	162,803,350	142,629,750	170,759,678
Earnings/Loss Per Share (SAR)*	0.08	0.09	0.30	0.26	0.32
Statement of Financial Position					
Current Assets	155,325,602	171,633,403	259,393,351	205,864,004	285,253,273
Non-current Assets	806,552,230	961,043,104	986,978,873	951,178,650	912,023,913
Total Assets	961,877,832	1,132,676,507	1,246,372,224	1,157,042,654	1,197,277,186
Current Liabilities	134,881,803	88,395,925	108,115,724	85,035,219	99,486,091
Non-current Liabilities	225,262,403	407,021,646	399,526,214	388,994,081	384,418,063
Total Liabilities	360,144,206	495,417,571	507,641,938	474,029,300	483,904,154
Equity	601,733,626	637,258,936	738,730,286	683,013,354	713,373,032
Total Liabilities and Equity	961,877,832	1,132,676,507	1,246,372,224	1,157,042,654	1,197,277,186
Cash and Cash Equivalents (CCE)	50,130,756	67,256,012	164,661,627	106,343,470	122,414,701
Total Loans	0	0	0	0	0
Statement of Cash Flows					
Cash Flow from Operating (CFO) Activities	32,607,846	57,639,320	254,572,388	167,216,505	262,297,309
Cash Flow from Investing Activities (CFI)	-25,436,131	-20,773,299	-73,601,604	-4,421,407	-82,390,242
Cash Flow from Financing Activities (CFF)	-17,519,141	-19,740,765	-83,565,169	-221,113,255	-163,835,836
Cash and Cash Equivalents at the Beginning of the Year	60,478,182	50,130,756	67,256,012	164,661,627	106,343,470
Cash and Cash Equivalents at the End of the Year	50,130,756	67,256,012	164,661,627	106,343,470	122,414,701

*Earnings per share (EPS) for the years 2020, 2021, 2022, and 2023 have been restated based on the weighted average shares outstanding, which is 540 million shares..



Key Financial Ratios and Indicators

Description	2020	2021	2022	2023	2024
Liquidity Ratios (%)					
Working Capital (SAR Mln)	20,443,799	83,237,478	151,277,627	120,828,785	185,767,182
Current Ratio	1.15	1.94	2.40	2.42	2.87
Cash Ratio	37.17	76.08	152.30	125.06	123.05
Equity Ratio	62.56	56.26	59.27	59.03	59.58
Debt Ratios (%)					
Asset To Equity Ratio (once)	1.60	1.78	1.69	1.69	1.68
Total Liabilities to Equity Ratio	59.85	77.74	68.72	69.40	67.83
Profitability Ratios (%)					
Gross Profit Margin %	30.23	31.45	44.98	45.87	46.83
Net Profit Margin %	12.90	14.89	28.15	25.22	27.15
Return on Assets (ROA) Ratio	4.63	4.42	13.06	12.33	14.26
Return on Equity (RoE) Ratio	7.40	7.86	22.04	20.88	23.94

Annual Results in Brief

Income Statement

Fourth Milling Company achieved a remarkable surge in revenue during 2024G, reaching an all-time revenue peak for the Company. This historic performance was underpinned by synchronized growth across its three plants, culminating in total revenues of SAR 629.03 million, a substantial 12.7% increase from SAR 558.09 million the previous year. This revenue surge was underpinned by a 14.5% increase in flour sales revenue, reaching SAR 399.13 million, primarily driven by the increased market share of our flagship brand “FOOM”. Bran sales also demonstrated strong growth, rising by approximately 10.8% to SAR 177.84 million, compared to SAR 160.50 million in the previous year.

On the other hand, feed revenues also increased by 6.6%, reaching SAR 52.05 million, compared to SAR 48.84 million in 2023G.

As a result of the Company’s strenuous and continuous efforts to enhance production efficiency and reduce costs, the direct cost of production as a percentage of total sales decreased from 55.89% in 2023G to 53.17% in 2024G. Consequently, operating profit surged by 21.1%, reaching SAR 198.37 million in 2024G, compared to SAR 163.83 million in 2023G. This significant profit growth was achieved despite a rise in direct sales costs by approximately 7.2% and an increase in administrative expenses by around 29%.

In 2024G, Fourth Milling Company achieved its highest annual profit to date, with profits recording SAR 170.93 million, a significant increase of approximately 20%, compared to 2023G, during which profits were SAR 142.82 million. This profit growth was primarily driven by a 12.7% increase in Company sales, in addition to enhanced operational and production efficiency, which contributed to improved profit margins.

On the other hand, despite an increase in general and administrative expenses due to filling previously vacant positions within the Company structure, as well as non-recurring expenses amounting to SAR 8.8 million, which impacted the Company’s profitability in 2024G, the Company was able to maintain exceptional net profit growth.

Furthermore, lease financing costs increased by SAR 3.5 million; however, this impact was partially offset by additional income from Sharia-compliant investment deposits amounting to SAR 1.7 million.

Geographically, all three branches demonstrated sales growth. The Company’s Dammam Plant accounted for the largest share of sales volume, at approximately 40.3%. The Company’s Al-Kharj Plant experienced significant growth in 2024G, increasing by 29.51%, compared to 2023G, accounting for 27.7% of the Company’s total sales in 2024G.



Annual Change in Main Items of the Income Statement

Key Income Statement Items	2023	2024	Change	Change (%)
Revenues	558,090,113	629,027,399	70,937,286	12.71%
Cost of Revenue	-311,923,084	-334,452,999	22,529,915	7.22%
Total Profit	246,167,029	294,574,400	48,407,371	19.66%
Operating Profit/Loss	163,831,202	198,370,588	34,539,386	21.08%
Net Profit/Loss	142,816,987	170,931,353	28,114,366	19.69%
Earnings/Loss Per Share (SAR)	0.26	0.32	0.06	23.08%

Statement of Financial Position

Regarding assets, the Company's total assets increased by 3.48% to reach SAR 1197.28 million, compared to SAR 1157.04 million in 2023G. This growth was supported by a significant increase in current assets, which rose by 38.56%, while non-current assets decreased by 4.12%. This trend indicates that the Company is focused on enhancing its short-term liquidity while maintaining the stability of its long-term assets.

Turning to liabilities, total liabilities increased by 2.08% to SAR 483.90 million, compared to SAR 474.03 million in 2023G. This rise was primarily due to higher provisions for Zakat and tax. Current liabilities witnessed a significant increase of approximately 16.98%, driven by higher

accounts payable. Despite a decrease in non-current liabilities, the overall increase in total liabilities reflects growth in the Company's operating activities, coupled with its vigilant monitoring of its ability to meet short-term obligations.

Equity increased by 4.44% to reach SAR 713.37 million, compared to SAR 683.01 million in 2023G. This rise is primarily attributed to a 21.3% increase in retained earnings, which amounted to SAR 173.97 million by the end of 2024G, compared to SAR 143.44 million in the previous year.

Annual Change in Key Items of the Statement of Financial Position

Key Items	2023	2024	Change	Change (%)
Current Assets	205,864,004	285,253,273	79,389,269	38.56
Non-current Assets	951,178,650	912,023,913	-39,154,737	-4.12
Total Assets	1,157,042,654	1,197,277,186	40,234,532	3.48
Current Liabilities	85,035,219	99,486,091	14,450,872	16.99
Non-current Liabilities	388,994,081	384,418,063	-4,576,018	-1.18
Total Liabilities	474,029,300	483,904,154	9,874,854	2.08
Equity	683,013,354	713,373,032	30,359,678	4.44
Total Liabilities and Equity	1,157,042,654	1,197,277,186	40,234,532	3.48



Overview

of Quarterly Results

The Company sales grew by approximately 13.12% in Q4 2024G, reaching SAR 166.74 million, compared to SAR 147.40 million in Q4 2023G. Net profit also increased, reaching SAR 42.10 million, a 19.73% rise over the corresponding quarter last year. This growth was supported by a decrease in the direct cost of production as a percentage of sales, from 55.6% in Q4 2023G to

51.5% in Q4 2024G, which positively impacted operating profit, increasing by approximately 40.44%.

Company sales increased slightly in Q4 2024G, compared to the previous quarter of the same year, while net profit decreased by approximately 10.5% during the same period.

Development

of Quarterly Financial Results Between 2023 and 2024

Description	Q1		Q2		Q3		Q4	
	2023	2024	2023	2024	2023	2024	2023	2024
Total Revenues	162,042,495	170,331,404	115,157,855	138,122,688	136,715,411	159,927,525	147,398,460	166,739,029
Total Profit	80,327,148	85,152,394	46,260,923	58,476,069	59,714,709	77,190,693	65,393,771	80,908,808
Operating Profit/Loss	56,938,978	54,541,944	26,480,469	37,395,549	42,267,718	52,865,008	38,144,037	53,568,087
Net Profit/Loss	45,512,778	48,617,303	23,415,889	33,147,443	38,720,983	47,062,083	35,167,337	42,104,524

Loans

Fourth Milling Company relies on self-financing for all its projects, without resorting to borrowing or debt. This approach provides the Company with a competitive edge and high flexibility to adapt to any market changes

that may occur. It also enables the Company to secure external financing, when needed, without restrictions or difficulties.

Statutory

Payments

Description	Paid 2024	Due to the End of the financial 2024
VAT	43,091,039.61	1,400,646.41
GOSI	6,870,793.57	557,551.00
ZAKAT and TAX	5,656,077.04	7,479,048.00
WHT	143,522.63	165,836.38
Employee costs paid include Iqama renewal /Transfer Iqama /Employee Visa exit fees	2,790,913.00	-

The Fourth Milling Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S
REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Fourth Milling Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT
For the year ended 31 December 2024

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Opinion

We have audited the financial statements of The Fourth Milling Company – A Saudi Joint Stock Company (the “Company”), which comprise the statement of financial position as of 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Improper revenue recognition During the year ended 31 December 2024, the Company has recognised revenue amounting to SR 629 million (2023: SR 558 million). The Company recognizes revenue upon satisfaction of performance obligations at a point in time, typically when control of the goods is transferred to the customers. Revenue is measured at the fair value of the consideration received or receivable, taking into account terms of payment and excluding any taxes and duties as applicable. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before control is transferred. Major portion of revenue is generated through cash sales transactions. Based on above factors and materiality of the amounts involved, we have considered revenue recognition as a key audit matter. <i>Refer to notes (3) and (20) of the accompanying financial statements for the material accounting policy and other related information related to revenue recognition.</i>	<p>Our procedures included, among others, the following:</p> <ul style="list-style-type: none">Assessed the appropriateness of the Company’ revenue recognition policy;Inspected, on a sample basis, contracts to validate that revenue (including discounts and rebates) was recognised in accordance with the contractual terms and the Company’s revenue recognition policies;Tested, on a sample basis, revenue transactions that occurred during the year and inspected the supporting documents (including invoice, delivery evidence, approved sales price etc.);Tested and recalculated, on a sample basis, discounts and rebates according to customer contracts;Tested, on a sample basis, transactions taking place before and after the reporting period to ensure revenue were recognised in the proper accounting period;Performed analytical procedures by comparing revenue with prior year and approved budget, identifying trends in revenue during the year and analyzing variances; andAssessed the adequacy of the relevant disclosures in the Company’s financial statements.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Other information included in The Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 annual report, other than the financial statements and our auditor's report thereon. We obtained the Company's 2024 draft annual report, prior to the date of our auditor's report, and we expect to obtain the Company's 2024 final annual report after the date of our auditor's report. Management is responsible for the other information in its annual 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.

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions 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, i.e. the Audit Committee, are responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF THE FOURTH MILLING COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**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)

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

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

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.

for Ernst & Young Professional Services



Hesham A. Alatiqi
Certified Public Accountant
License No. (523)

Riyadh: 16 Ramadan 1446H
(16 March 2025)

**The Fourth Milling Company
(A Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2024**

		31 December 2024 SR	31 December 2023 SR
	Notes		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	504,554,482	531,967,099
Right-of-use assets	7	349,801,424	362,491,047
Intangible assets	8	57,668,007	56,720,504
TOTAL NON-CURRENT ASSETS		912,023,913	951,178,650
CURRENT ASSETS			
Inventories	9	56,935,999	55,968,172
Prepayments and other current assets	10	20,384,954	15,574,892
Amounts due from related parties	11	3,048,480	22,766,936
Accounts receivables	12	8,409,070	5,210,534
Short-term Murabaha deposits	13	74,060,069	-
Cash and cash equivalents	13	122,414,701	106,343,470
TOTAL CURRENT ASSETS		285,253,273	205,864,004
TOTAL ASSETS		1,197,277,186	1,157,042,654
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	540,000,000	473,903,170
Proposed increase in share capital	14	-	66,096,830
Actuarial reserve		(596,990)	(425,315)
Retained earnings		173,970,022	143,438,669
TOTAL EQUITY		713,373,032	683,013,354
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current portion of lease liabilities	7	370,006,806	379,268,327
Deferred tax liabilities	19	8,789,489	5,805,761
Employees' defined benefit liabilities	15	5,621,768	3,919,993
TOTAL NON-CURRENT LIABILITIES		384,418,063	388,994,081
CURRENT LIABILITIES			
Accounts payables	16	33,340,949	22,402,300
Accrued expenses and other liabilities	17	24,736,220	26,728,013
Amounts due to related parties	11	58,008	1,490,643
Current portion of lease liabilities	7	23,724,851	22,986,091
Advances from customers	18	9,858,000	10,508,589
Dividend payable	25	289,015	-
Zakat and income tax provision	19	7,479,048	919,583
TOTAL CURRENT LIABILITIES		99,486,091	85,035,219
TOTAL LIABILITIES		483,904,154	474,029,300
TOTAL EQUITY AND LIABILITIES		1,197,277,186	1,157,042,654

Mr. Rabih Abdul Kader Nahas
(Chief Financial Officer)

Mr. Khalid Abdul Aziz Al Maktary
(Chief Executive Officer)

Mr. Bader Hamed Al Aujan
Chairman Board of Directors

The attached notes 1 to 32 form an integral part of these 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 2024

	Notes	31 December 2024 SR	31 December 2023 SR
Revenue	20	629,027,399	558,090,113
Direct costs	21	(334,452,999)	(311,923,084)
GROSS PROFIT		294,574,400	246,167,029
EXPENSES			
Selling and distribution	22	(37,244,304)	(36,628,476)
General and administration	23	(58,959,508)	(45,707,351)
TOTAL EXPENSES		(96,203,812)	(82,335,827)
OPERATING PROFIT		198,370,588	163,831,202
Finance costs	7	(11,434,948)	(7,882,296)
Finance income	13	7,276,740	5,530,145
Other expenses, net	24	(8,081,743)	(3,795,213)
PROFIT BEFORE ZAKAT AND INCOME TAX		186,130,637	157,683,838
Zakat	19	(3,445,688)	(2,745,766)
Deferred income tax	19	(2,983,728)	(5,805,761)
Income tax	19	(8,769,868)	(6,315,324)
PROFIT FOR THE YEAR		170,931,353	142,816,987
OTHER COMPREHENSIVE LOSS			
Remeasurement loss on employees' defined benefit liabilities	15	(171,675)	(187,237)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		170,759,678	142,629,750
EARNINGS PER SHARE			
Basic and diluted earnings per share	26	0.32	0.26

Mr. Rabih Abdul Kader Nahas
(Chief Financial Officer)

Mr. Khalid Abdul Aziz Al Maktary
(Chief Executive Officer)

Mr. Bader Hamed Al Aujan
Chairman Board of Directors

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The Fourth Milling Company
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital SR	Proposed increase in share capital SR	Statutory reserve SR	Actuarial reserve SR	Retained earnings SR	Total SR
At 1 January 2024	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	-	-	-	(171,675)	-	(171,675)
Total comprehensive (loss) income	-	-	-	(171,675)	170,931,353	170,759,678
Transfer to share capital (note 14)	66,096,830	(66,096,830)	-	-	-	-
Dividends (note 25)	-	-	-	-	(140,400,000)	(140,400,000)
At 31 December 2024	540,000,000	-	-	(596,990)	173,970,022	713,373,032

Balance at 1 January 2023

Profit for the year
Other comprehensive loss
Total comprehensive (loss) income

Transferred to proposed share capital (note 14)
Dividends (note 25)

At 31 December 2023

Mr. Rabih Abdul Kader Nahas
(Chief Financial Officer)

Mr. Khalid Abdul Aziz Al Maktary
(Chief Executive Officer)

Mr. Bader Hamed Al Aujan
Chairman Board of Directors

The attached notes 1 to 32 form an integral part of these financial statements.

The Fourth Milling Company
(A Saudi Joint Stock Company)

STATEMENT OF CASHFLOWS
For the year ended 31 December 2024

	Notes	31 December 2024 SR	31 December 2023 SR
OPERATING ACTIVITIES			
Profit for the year before zakat and income tax		186,130,637	157,683,838
<i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i>			
Depreciation of property, plant and equipment	6	36,088,442	35,491,830
Depreciation of right-of-use assets	7	16,456,765	19,285,394
Amortisation of intangible assets	8	630,847	33,509
Finance cost on lease liabilities	7	11,434,948	7,882,296
Finance income		(7,276,740)	(5,530,145)
Loss on disposal of property, plant and equipment	6	374,020	-
Write-off of property, plant and equipment	6	4,402,937	-
(Reversal) provision for expected credit losses	12	(216,543)	715,965
Provision for employees' defined benefit liabilities	15	2,480,083	2,477,101
		250,505,396	218,039,788
<i>Changes in operating assets and liabilities:</i>			
Inventories		(967,827)	11,760,398
Prepayments and other current assets		(4,234,281)	(5,122,141)
Amounts due from related parties		19,718,456	(21,797,640)
Accounts receivables		(2,981,993)	(3,140,417)
Accounts payables		10,938,649	(5,901,811)
Accrued expenses and other liabilities		(1,991,793)	(4,499,770)
Amounts due to related parties		(1,432,635)	(1,084,059)
Advances from customers		(650,589)	1,112,496
Net cash from operations		268,903,383	189,366,844
Zakat and income tax paid	19	(5,656,091)	(21,987,969)
Employees' defined benefit liabilities paid	15	(949,983)	(162,370)
Net cash flows from operating activities		262,297,309	167,216,505
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(13,985,215)	(9,267,787)
Purchase of intangible assets	8	(1,578,350)	(883,246)
Finance income received	13	6,700,959	5,729,626
Proceeds from disposal of property, plant and equipment	6	532,433	-
Investment in Short-term Murabaha deposits	13	(74,060,069)	-
Net cash flows used in investing activities		(82,390,242)	(4,421,407)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	7	(12,289,903)	(14,884,277)
Finance costs on lease liabilities paid	7	(11,434,948)	(7,882,296)
Dividends paid	25	(140,110,985)	(198,346,682)
Net cash flows used in financing activities		(163,835,836)	(221,113,255)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		16,071,231	(58,318,157)
Cash and cash equivalents at the beginning of the year		106,343,470	164,661,627
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		122,414,701	106,343,470
Significant non-cash transactions:			
Transfer of capital spares from inventories to property, plant and equipment, net of provision		-	12,595,444
Addition of Right-of-use assets and lease liabilities		3,767,142	-

The attached notes 1 to 32 form an integral part of these financial statements.

Mr. Rabih Abdul Kader Nahas
(Chief Financial Officer)

Mr. Khalid Abdul Aziz Al Maktary
(Chief Executive Officer)

Mr. Bader Hamed Al Aujan
Chairman Board of Directors

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2024

1 CORPORATE 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).

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 July 2020) the resolution of the Council of Ministers No. 631 states to transfer the ownership to Specialized Committee, and for the Specialized Committee to handle the task that was handled to Public Investment Fund as stated in The Council of Ministers' resolution no. (118) dated 21 Safar 1440H (corresponding to 30 October 2018).

On 25 Rabi Al-Thani 1443H (corresponding to 30 November 2021), the Company's share capital of 47,390,317 shares, the value of each share is 10 SR, were wholly sold to Gulf Flour Milling Industrial Company ("the Shareholder") for the purchase price specified in the share sale and purchase agreement on the same date.

The Company has entered into a subsidised wheat purchase agreement with the General Food Security Authority ("GFSA") (formerly Saudi Grains Organizations ("SAGO")) as GFSA imports wheat to Kingdom of Saudi Arabia for the purpose of producing subsidised flour. This Agreement entered into force on 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017) and terminated when the Former Owner sells its shares in the Company. The agreement stipulates that the subsidised wheat subsidy price is calculated according to the monetary value per metric ton of subsidised wheat currently specified by the Government of the Kingdom of Saudi Arabia at SR 180 per metric ton. On 15 Rabi Al-Thani 1442H (corresponding to 30 November 2020), the agreement regulating the purchase and sale of subsidised and non-subsidised wheat has been renewed by GFSA, and this agreement is valid until the expiry date of the license of the main purchaser (the "Company").

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

1CORPORATE INFORMATION (continued)

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). On 2 Rabi Al-Awwal 1446H (corresponding to 5 September 2024), 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 shareholdings pre and post offering are as follows:

	Pre-offering			Post-offering		
	Number of shares	Ownership %	Nominal value (SR)	Number of shares	Ownership %	Nominal value (SR)
Founding shareholders	540,000,000	100%	540,000,000	378,000,000	70%	378,000,000
Public	-	-	-	162,000,000	30%	162,000,000
	540,000,000	100%	540,000,000	540,000,000	100%	540,000,000

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

City	Date	Commercial Registration Number
Head Office (Dammam)	10 Safar 1438H (corresponding to 10 November 2016)	2050110856
Dammam	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	2050111821
Madinah	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	4650082090
Kharj	30 Jumada Al-Ula 1438H (corresponding to 27 February 2017)	1011024354

2BASIS OF PREPARATION

Statement of compliance

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”), that are endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

Basis of measurement

These financial statements are prepared under the historical cost convention, using the accrual basis of accounting except for employees’ defined benefit liabilities which is recognised at the present value of future obligations using the projected unit credit method. These financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

3MATERIAL ACCOUNTING POLICY INFORMATION

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities which can be accessed by the company at the date of measurement, and are considered primary inputs
- Level 2 - inputs other than quoted prices included in Level 1 that are observable either directly or indirectly
- Level 3 - unobservable inputs that are considered with the lowest priority.

When inputs used to measure the fair value of an asset or liability are classified at different levels in the fair value hierarchy, the fair value measurement is classified as a whole at the same level in the fair value hierarchy of the lowest input level that is significant for the overall measurement.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

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.

Property, plant and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use (if any) is included in the cost of the respective asset if the recognition criteria for a provision are met, which is not applicable for the Company.

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

Categories	Useful lives	Categories	Useful lives
Buildings	25 years	Furniture and fittings	6.67 - 10 years
Plant and machinery	10 - 25 years	Motor Vehicles	5 years
Computer equipment	6.67 years	Capital spares	20 years

Depreciation of plant is calculated on the useful lives of the components of the principal asset. Certain inventories meeting the definition of property, plant and equipment are also depreciation on the useful lives of particular component.

The Company reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Company considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

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

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

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

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised assets are depreciated on a straight-line basis over the shorter of estimated useful life and lease term. Right-of-use assets are subject to impairment. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the year on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to low-value assets which are items that do not meet the Company's capitalisation threshold and are insignificant for the statement of financial position for the Company as a whole. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over lease term.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“OCI”), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Out of above, only below is applicable to the Company:

Financial assets at amortised cost (debt instruments) are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company’s financial assets at amortised cost includes bank balances, accounts receivables, amounts due from related parties and other receivables.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; OR
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Fourth Milling Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include accounts payables, short-term loans, long-term loans and lease liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings) is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories

Cost is determined as follows:

Finished goods	Direct cost of raw materials as well as overheads, the latter of which is allocated based on the normal level of activity. Finished goods are stated at cost or net realisable value, whichever is lower with provision for any obsolete or slow-moving goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of inventory on the basis of weighted average method.
Wheat (Raw material)	Weighted average which is SR 180 / metric ton (Note 1)
Other raw materials	Weighted average
Spare parts	Costs are assigned to individual items of inventory on the basis of weighted average method. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced by its cost; the impairment loss is recognised immediately in statement of profit or loss and other comprehensive income.
Goods in-transit	Inventories are stated at cost plus freight and other related expense.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks, Cash on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an assets or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company’s CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Employees’ benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position under accrued and other expenses.

Employees’ defined contribution plan

The Company has defined plans with General Organization for Social Insurance (“GOSI”) where the Company and the employees contribute fixed percentage of their salary toward the retirement of its employees. The contribution paid during the year amounts to SR 4.2 million (2023: SR 4.5 million).

The Fourth Milling Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employees’ benefits (continued)

Employees’ defined benefit liabilities

The Company operates a non-funded employee end-of-service benefit plan, which is classified as employees’ defined benefit liabilities under IAS 19 ‘Employee Benefits’. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit liabilities at the end of the reporting period less the fair value of plan assets at that date. The defined benefit liabilities is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit liabilities is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year end in which they occur. Re-measurements are not reclassified to income in subsequent periods.

Past service costs are recognised in statement of profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit liabilities under ‘direct costs’, ‘general and administration expenses’ and ‘selling and distribution expenses’ in the statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income.

Revenue from contracts with customers

The Company is involved in manufacturing of flour, feed and bran (by-product). The revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Majority of the customer sales are on cash or advance basis. The normal credit term is 30 to 60 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts with customers do not contain any provisions which may result in variable consideration.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Since all revenue is generated on cash basis, there is no financing component with amounts receivable from customers.

Non-cash consideration

Generally, there is no non-cash consideration against the sale of goods.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

Accounts receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company’s refund liabilities arise from customers’ right of return and volume rebates. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Zakat and taxes

The amounts necessary to pay the zakat assessed on the share of Saudi shareholders and their equivalents and the tax income assessed on the share of non-Saudi shareholders and their equivalents are calculated in accordance with the regulations applicable in Kingdom of Saudi Arabia. The Company pays these amounts to the competent authorities and deducts the zakat paid from the share of shareholders subject to zakat in the net profits. Income tax paid is also deducted from the share of shareholders subject to income tax in the net profits. It takes into account the adjustment of differences between the burden of zakat and the burden of tax to maintain ownership ratios between the two groups through clearing with profit distributions or any other means.

Zakat

Zakat is calculated in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the statement of profit or loss. Any differences in estimates are recorded when the final assessment is approved, at which point the provision is settled.

Income tax

Non-GCC shareholders are subject to income taxes. The current income tax provision is calculated in accordance with the income tax regulations issued or effective at the end of the financial period in Kingdom of Saudi Arabia. Management periodically evaluates the positions taken in tax returns regarding cases in which the applicable tax regulations are subject to interpretation. It makes a provision, where appropriate, based on amounts expected to be paid to the tax authorities.

Withholding tax

The Company withhold taxes on transactions with non-resident parties in accordance with ZATCA regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and taxes (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax ("VAT")

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration

Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Earnings per share (“EPS”)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Company’s financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Company’s financial statements.

The Fourth Milling Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the classification of the Company’s liabilities in the financial statements.

New and amended IFRSs as endorsed in KSA in issue but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Company’s financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (“PFS”) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

The Fourth Milling Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New and amended standards and interpretations (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company is stand-alone entity, it is not applicable to the Company.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of silos and land as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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.

Estimated useful lives of property, plant and equipment

The Company’s management determines the estimated useful lives of its property, plant and equipment for calculating depreciation on a straight-line basis over their estimated useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives and residual value of the assets at each annual reporting period and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Provision for expected credit losses of accounts receivables and amounts due from related parties

The Company uses a provision matrix to calculate ECLs for accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company’s historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their market value. For individually significant amounts this estimation is performed on an individual basis.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management’s judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management’s best estimate of whether cash outflows are probable.

Zakat and income tax

Zakat and income tax has been computed based on the management’s understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. Zakat, Tax and Customs Authority (“ZATCA”) continues to issue circulars to clarify certain zakat and income tax regulations which are usually enforced on all open years. Zakat and income tax provision as computed by the management could be different from zakat and income tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

The Fourth Milling Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Employees' defined benefit plans

The cost of the employees' defined benefit liabilities and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit liabilities and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit liabilities. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

5 SEGMENT INFORMATION

The operations of the Company are mainly in the Kingdom of Saudi Arabia in three branches: Dammam, Madinah and Kharj. For management reporting purpose, the Company is organised into these business units based on locations, which are identified as reportable segments. No operating segments have been aggregated to form the above reportable operating segments.

Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM") who monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently in the financial statements. Also, the finance income and zakat and income tax are managed on a head office level and are not allocated to operating segments. All reportable segments have similar type of products. All inter-segment transfers during the year are recorded at cost (2023: same).

The selected financial information for these branches is as follows.

For the year ended 31 December

2024	Dammam	Madinah	Kharj	Head office	Total
	SR	SR	SR	SR	SR
Revenue	253,704,545	200,844,043	174,478,811	-	629,027,399
Materials consumed	(84,705,783)	(51,713,857)	(75,890,988)	-	(212,310,628)
Employees' costs	(19,841,822)	(20,465,622)	(13,864,753)	(33,456,672)	(87,628,869)
Board and committees' expenses, rewards and allowances	-	-	-	(3,340,265)	(3,340,265)
Depreciation and amortisation	(15,603,937)	(23,059,924)	(12,920,029)	(1,592,164)	(53,176,054)
Finance costs	(6,077,510)	(4,493,879)	(473,938)	(389,621)	(11,434,948)
Finance income	-	-	-	7,276,740	7,276,740
Other expenses	(23,610,525)	(23,998,080)	(16,334,840)	(18,660,487)	(82,603,932)
Other income	84,051	583,881	(47,799)	(298,939)	321,194
Segment profit (loss) before zakat and income tax	103,949,019	77,696,562	54,946,464	(50,461,408)	186,130,637

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

5 SEGMENT INFORMATION (continued)

For the year ended 31 December
2023

	Dammam	Madinah	Kharj	Head office	Total
	SR	SR	SR	SR	SR
Revenue	249,081,989	174,281,221	134,726,903	-	558,090,113
Materials consumed	(90,329,945)	(45,333,887)	(57,418,238)	-	(193,082,070)
Employees' costs	(17,853,178)	(18,964,727)	(13,689,970)	(24,444,348)	(74,952,223)
Board and committees' expenses, rewards and allowances	-	-	-	(1,775,017)	(1,775,017)
Depreciation and amortisation	(16,503,522)	(23,879,678)	(13,736,234)	(691,299)	(54,810,733)
Finance costs	(4,947,726)	(2,384,072)	(263,053)	(287,445)	(7,882,296)
Finance income	-	-	-	5,530,145	5,530,145
Other expenses	(23,093,148)	(21,858,746)	(11,907,832)	(16,858,347)	(73,718,073)
Other income	252,947	(21,151)	(15,703)	67,899	283,992
Segment profit (loss) before zakat and income tax	96,607,417	61,838,960	37,695,873	(38,458,412)	157,683,838

As of 31 December, 2024

	Dammam	Madinah	Kharj	Head office	Total
	SR	SR	SR	SR	SR
Total assets	275,191,243	408,959,699	238,411,386	274,714,858	1,197,277,186
Total liabilities	208,288,529	224,555,488	48,876,138	2,183,999	483,904,154
<i>Other disclosures:</i>					
Property, plant and equipment	87,148,335	210,664,929	203,365,263	3,375,955	504,554,482
Additions to property plant and equipment	4,294,444	2,252,700	5,508,237	1,929,834	13,985,215
Right-of-use assets	150,743,130	173,087,594	18,108,959	7,861,741	349,801,424
Intangible assets	-	-	-	57,668,007	57,668,007
Inventories	27,967,743	20,128,913	8,839,343	-	56,935,999

As of 31 December, 2023

	Dammam	Madinah	Kharj	Head office	Total
	SR	SR	SR	SR	SR
Total assets	296,757,258	438,702,805	245,304,337	176,278,254	1,157,042,654
Total liabilities	198,247,795	219,261,478	32,692,001	23,828,026	474,029,300
<i>Other disclosures:</i>					
Property, plant and equipment	95,838,585	223,075,064	210,737,995	2,315,455	531,967,099
Additions to property plant and equipment	5,246,798	1,725,129	1,801,606	494,254	9,267,787
Right-of-use assets	158,115,982	180,955,211	18,932,093	4,487,761	362,491,047
Intangible assets	-	-	-	56,720,504	56,720,504
Inventories	29,687,578	18,999,851	7,268,411	12,332	55,968,172

The Fourth Milling Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

6. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	Buildings (a)	Plant and Machinery	Furniture and fittings	Computer equipment	Motor vehicle	Capital work in progress (b)	Total
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
<u>Accumulated depreciation</u>							
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 31 2024	63,885,893	184,757,297	2,858,918	4,350,227	2,414,630	-	258,266,965
<u>Net book value</u>							
As at December 31, 2024	179,531,655	315,000,297	1,601,076	4,488,198	172,914	3,760,342	504,554,482

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Cost</u>	Buildings (a)	Plant and Machinery	Furniture and fittings	Computer equipment	Motor vehicle	Capital work in progress (b)	Total
At 1 January 2023	241,905,152	465,234,629	3,998,864	6,918,107	2,587,561	9,508,081	730,152,394
Additions during the year	137,897	4,722,577	267,459	277,839	-	3,862,015	9,267,787
Transferred from inventories (c)	-	15,880,144	-	-	-	-	15,880,144
Transfers	365,450	5,462,280	52,114	-	-	(5,879,844)	-
At 31 December 2023	242,408,499	491,299,630	4,318,437	7,195,946	2,587,561	7,490,252	755,300,325
<u>Accumulated depreciation</u>							
At 1 January 2023	45,656,040	132,779,866	2,223,253	2,445,368	1,452,269	-	184,556,796
Transferred from inventories (c)	-	3,284,600	-	-	-	-	3,284,600
Charge for the year	9,106,034	24,687,354	304,189	905,702	488,551	-	35,491,830
At 31 December 2023	54,762,074	160,751,820	2,527,442	3,351,070	1,940,820	-	223,333,226
<u>Net book value</u>							
At 31 December 2023	187,646,425	330,547,810	1,790,995	3,844,876	646,741	7,490,252	531,967,099

The Fourth Milling Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

6. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Buildings are built on lands leased from the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organization) with an annual rental value of SR 12.7 million. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (30 November 2046). The lease is renewable automatically subject to renewal of Company’s milling license.
- (b) Capital work in progress as of 31 December 2024 mainly consist of:
- Project of implementing security and safety works in Dammam Branch, which is expected to be completed by September 2025. Further, during the year, SR 4.4 million related to this project has been written off, as it did not meet requirements of High Commission for Industrial Security (“HCIS”), Kingdom of Saudi Arabia;
 - Flour transfer line diverter valves in Al-Kharj Branch, which is expected to be completed by June 2025; and
 - Improvements in new Head office in Dammam, which is expected to be completed by April 2025.
- The capital commitments relating to the above projects is SR 17.6 million (2023: SR 3.1 million).
- (c) During the year ended 31 December 2023, management has assessed that certain capital spares with a cost of SR 15.9 million and provision for slow-moving inventories of SR 3.28 million have useful life of above 1 year and hence it meets the criteria of capitalisation under property, plant and equipment. Consequently, management has reclassified net amount of SR 12.59 million from inventories to property, plant and equipment.

Depreciation expenses for the year were allocated as follows:

	2024 SR	2023 SR
Direct costs (note 21)	32,452,068	31,915,573
Selling and distribution expenses (note 22)	434,103	426,926
General and administration expenses (note 23)	3,202,271	3,149,331
	36,088,442	35,491,830

During the year, the Company sold machineries, equipment and certain leasehold improvements with a total net carrying amount of SR 906,453 for a cash consideration of SR 532,433. The net loss on the disposals were recognised as part of other operating income in the statement of profit or loss.

There is no temporary idle asset (2023: none). Assets with cost amounting SR 7.8 million have been fully depreciated as of the year-end (2023: SR 8.3 million).

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a lease agreement with the General Food Security Authority (“GFSA”) (formerly Saudi Grains Organization (“SAGO”)) for the rental of silos for the purpose of storing wheat, flour and feed. The term of the lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in December 2021 to match with the duration of flour milling license upto 30 November 2046. and is renewable automatically subject to renewal of Company’s milling license. The estimated useful lives of leased assets for amortising right-of-use assets purposes are 25 years.

The Company has entered into land leases for business units. The initial term of the land lease is 25 calendar years commencing from 3 Rabi Al-Thani 1438H (corresponding to 1 January 2017), which was adjusted in 2021 to match with the duration of flour milling license (i.e., 30 November 2046). These leases do not transfer ownership of the assets to the lessor at the end of the lease. The estimated useful lives of right-of-use assets are 25 years and ending on 30 November 2046.

The Fourth Milling Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Company’s obligations under its leases are secured by the lessor’s title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of motor vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Silos SR	Lands SR	Building SR	Total SR
<u>Cost</u>				
At 1 January 2023	203,756,283	235,953,221	3,339,506	443,049,010
Lease modification	-	(5,701,304)	1,965,237	(3,736,067)
At 31 December 2023	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
<u>Accumulated depreciation</u>				
At 1 January 2023	32,800,974	24,154,744	580,784	57,536,502
Charge for the year	8,646,942	10,402,254	236,198	19,285,394
At 31 December 2023	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
<u>Net book Value</u>				
At 31 December 2024	155,251,482	186,688,200	7,861,742	349,801,424
At 31 December 2023	162,308,367	195,694,919	4,487,761	362,491,047

Depreciation charge for the year has been allocated as follows:

	2024 SR	2023 SR
Direct costs (note 21)	15,554,406	18,227,935
Selling and distribution expenses (note 22)	95,990	112,489
General and administration expenses (note 23)	806,369	944,970
	16,456,765	19,285,394

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

	2024 SR	2023 SR
At the beginning of the year	402,254,418	420,874,762
Accretion of interest	11,434,948	7,882,296
Lease modification	-	(3,736,067)
Addition during the year	3,767,142	-
Payments during the year	(23,724,851)	(22,766,573)
At the end of the year	393,731,657	402,254,418
Bifurcated into:		
Current portion of lease liabilities	23,724,851	22,986,091
Non-current portion of lease liabilities	370,006,806	379,268,327

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Following are the amounts recognised in statement of profit or loss:

	2024 SR	2023 SR
Depreciation expense of right-of-use assets	16,456,765	19,285,394
Interest expense on lease liabilities	11,434,948	7,882,296
Expense on short term leases	741,075	721,283
At the end of the year	28,632,788	27,888,973

	2024 SR	2023 SR
Future minimum lease payments	522,789,693	541,860,356
Less: unamortised finance costs	(129,058,036)	(139,605,938)
Present value of minimum lease payments	393,731,657	402,254,418
Less: current portion of lease payments	(23,724,851)	(22,986,091)
Non-current portion of lease payments	370,006,806	379,268,327

8 INTANGIBLE ASSETS

	Software SR	Software under development SR	Trademark SR	Total SR
<u>Cost</u>				
At 1 January 2023	388,513	5,693,506	50,102,500	56,184,519
Additions	16,375	866,871	-	883,246
At 31 December 2023	404,888	6,560,377	50,102,500	57,067,765
Additions	49,600	1,528,750	-	1,578,350
Transfers	8,089,127	(8,089,127)	-	-
At 31 December 2024	8,543,615	-	50,102,500	58,646,115

<u>Accumulated amortisation</u>				
At 1 January 2023	313,752	-	-	313,752
Charge for the year	33,509	-	-	33,509
At 31 December 2023	347,261	-	-	347,261
Charge for the year	630,847	-	-	630,847
At 31 December 2024	978,108	-	-	978,108

<u>Net book value</u>				
At 31 December 2024	7,565,507	-	50,102,500	57,668,007
At 31 December 2023	57,627	6,560,377	50,102,500	56,720,504

Computer software

Amortisation is charged to general and administration expenses. Remaining useful life of the computer software at 31 December 2024 is around 9.25 year.

Software under implementation

SAP ERP was under implementation from 2022, and implementation has been completed in April 2024 and management has commenced the use in operation and hence amortisation is being charged on the new software during the year.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

8 INTANGIBLE ASSETS (continued)

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 designated as indefinite useful life and is stated at cost less accumulated impairment, if any.

The Company has performed its impairment test for intangible asset with indefinite useful life on 31 December 2024. The recoverable amount of all the CGUs of SR 86.8 million as at 31 December 2024 (2023: SR 66 million) has been determined based on a value-in-use calculation using cash flow projections from financial budgets reviewed by Board of Directors covering a five-year period. The weighted average cost of capital (“WACC”) applied to cash flow projections is 12.06% (2023: 11.7%). As at 31 December 2024, the value-in-use of the CGUs was higher than the net assets value of the Company, indicating no impairment of trademark (2023: same).

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions:

Relief from Royalty Method

The Company applied “Relief from Royalty Method” for the impairment calculation. This method is based on the concept that an owner of an intangible asset does not have to rent one and is therefore relieved from paying royalty. Under this method, the license agreements for comparable assets are analysed. The benchmark royalty rate is then calculated. The net revenue expected by the management is then multiplied with the benchmark rate and estimated value for royalty stream is calculated which is further discounted with the discount rate to arrive at the present value of the intangible asset. Benchmark royalty rate of 1.9% (2023: 1.9%) is used in the calculation. A decrease in the royalty rate by 0.81% (2023: 0.55%) would result in impairment.

Revenues

Revenue based on average values achieved in the three years preceding the beginning of the budget period. These have been kept consistent over the budget period. Demand is consistent for the food product. Decreased demand can lead to a decline in the gross margin. A decrease in the revenues by 42.3% (2023: 28.7%) would result in impairment.

Market share assumption

When using industry data for growth rates, these assumptions are important because management assesses how the unit’s position, relative to its competitors, might change over the forecast period. Management expects the Company’s share in retail market to move up in positive direction.

Discount rates

Discount rates represent the current market assessment of the risks specific to its CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (“WACC”). WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company’s investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-zakat discount rate.

A rise in the pre-tax discount rate to 19.18% (i.e., + 7.12%) (2023: 15.6% (i.e., +3.9%)) would result in impairment.

Growth rates estimates

Rates are based on detailed value creation plan with external consultant reflecting the market growth and the projection of the subsidiary for coming years. As management does not expect new competing entrant in market in the coming 10 years, management build the growth plan based on the value creation plan focusing on key enablers to gain market share in retails segment while expanding the base by on-boarding new industrial consumer.

Terminal growth rate of 2% (2023: 2%) has been applied for period after 5 years.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

9 INVENTORIES

	2024 SR	2023 SR
Spare parts and others**	30,845,725	36,789,364
Raw materials	30,213,738	28,150,915
Finished goods	8,575,096	7,636,514
Goods in transit	54,461	5,210
Less: Provision for slow moving inventories	(12,753,021)	(12,753,021)
Less: Provision for scrap items	-	(3,860,810)
	56,935,999	55,968,172

Movement in provision for slow moving inventories were as follows:

	2024 SR	2023 SR
At the beginning of the year	12,753,021	16,037,621
Reclassified to property, plant and equipment**	-	(3,284,600)
At the end of the year	12,753,021	12,753,021

** During the year ended 31 December 2023, management has assessed that certain capital spares with a cost of SR 15.9 million and provision for slow-moving inventories of SR 3.28 million have useful life of above 1 year and hence it meets the criteria of capitalisation under property, plant and equipment. Consequently, management has reclassified net amount of SR 12.59 million from inventories to property, plant and equipment (refer note 6).

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	2024 SR	2023 SR
Advance to suppliers	12,325,107	10,199,235
Prepaid expenses	3,809,753	2,499,415
Margin against letter of guarantees	3,447,914	2,625,640
Accrued income on Short-term murabaha deposits	716,426	140,645
Staff loans and advances	85,754	54,085
Other receivables	-	55,872
	20,384,954	15,574,892

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholder and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

Name of related party	Nature of relationship
Gulf Flour Milling Industrial Company	Shareholder
Abdullah Al-Othaim Markets Company	Partner in the shareholder
United Feed Manufacturing Company	Partner in the shareholder
Allana International Limited Company	Partner in the shareholder
United Feed Company Limited	Affiliate
Riyadh Food Industries Company	Affiliate
Pure Food Corporations	Affiliate
Abdulaziz Al-Othaim Markets Company	Affiliate
Zod Factory for Pastries and Bakeries - a branch of Abdullah Al-Othaim Markets Company	Affiliate

Following table shows the total amount of transactions that were made with the related parties during the year ended 31 December 2024 and 31 December 2023.

Related parties	Nature of transactions	Amount of transactions	
		2024 SR	2023 SR
Zod Factory for Pastries and Bakeries - a branch of Abdullah Al-Othaim Markets Company (an affiliate)	Sales	949,123	800,739
	Collection	935,042	1,047,240
Gulf flour Milling Industrial Company (Shareholder)	Sale of spare parts at cost	-	21,190,702
	IPO costs charged	15,230,229	-
	Collections	36,017,454	-
Riyadh Food Industries Company (an affiliate)	Sales	-	560,017
	Collection	47,507	586,921
Pure Food Corporations (an affiliate)	Sales	4,225,858	4,183,650
	Collection	3,754,517	4,012,008
Abdullah Al-Othaim Markets Company (Partner in the shareholder)	Sales	7,785,695	14,233,039
	Collection	7,154,841	13,524,338
United Feed Manufacturing Company (Partner in the shareholder)	Sales	50,537,146	50,150,694
	Collection	49,046,503	49,066,635
United Feed Company Limited (an affiliate)	Purchases	16,434	-
	Payments	13,627	-
Abdulaziz Al-Othaim Markets Company (an affiliate)	Sales	11,499	-
	Collection	66,700	-

Balances outstanding with the related parties is presented below:

	2024 SR	2023 SR
Amounts due from related parties		
Abdullah Al-Othaim Markets Company	1,916,408	1,285,554
Pure Food Cooperation	642,983	171,642
Gulf Flour Milling Industrial Company	403,477	21,190,702
Zod Factory for Pastries and Bakeries, a branch of Abdullah Al-Othaim Markets Company	85,612	71,531
Rivadh Food Industries Comnanv	-	47,507

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2024 SR	2023 SR
Amounts due to related parties		
Abdulaziz Abdullah Al-Othaim Markets Company	55,201	-
United Feed Company Limited	2,807	-
United Feed Manufacturing Company	-	1,490,643
	58,008	1,490,643

Compensation of key management personnel of the Company

The compensation of the Company’s key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel.

	2024 SR	2023 SR
Board and committees’ expenses, rewards and allowances	3,340,265	1,775,017
Compensation of key management personnel of the Company		
Short-term employee benefits	8,780,897	5,313,966
Termination benefits	367,084	147,093

The amounts disclosed in the table are the amounts recognised as an expense during the reporting year related to key management personnel.

Terms and conditions of transactions with related parties

Terms and policies of related parties’ transactions are approved by the Company's management. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

12 ACCOUNTS RECEIVABLES

	2024 SR	2023 SR
Accounts receivables	9,076,894	6,094,901
Less: provision for expected credit losses	(667,824)	(884,367)
	8,409,070	5,210,534

Accounts receivables are non-interest bearing and are generally on terms of 30 to 60 days. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured. Refer to note 27 on credit risk of accounts receivable, which explains how the Company manages and measures credit quality of accounts receivables that they are neither past due nor impaired.

There are 5 customers which represent more than 71% (2023: 67%) of the total gross accounts receivables.

Movement in provision for expected credit losses is presented below:

	2024 SR	2023 SR
At the beginning of the year	884,367	168,402
(Reversal) charge for the year	(216,543)	715,965
At the end of the year	667,824	884,367

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

13 CASH AND CASH EQUIVALENTS

	2024 SR	2023 SR
Short-term Murabaha deposits*	108,161,974	82,967,570
Cash at bank	14,179,459	23,287,854
Cash in hand	73,268	88,046
	122,414,701	106,343,470

* Short-term murabaha deposits are deposited with banks for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earns interest at floating rate based on daily bank deposit rate. Effective interest rate is 5.54% (2023: 5.38%).

Short-term Murabaha deposits (exceeding 90 days duration)

Deposits with period exceeding 90 days amounting SR 74,060,069 (2023: nil) are presented separately from cash and cash equivalents in the statement of financial position.

14 SHARE CAPITAL

The Company’s authorised, issued and paid-up share capital is divided into 540,000,000 shares of SR 1 each (31 December 2023: 47,390,317 shares of SR 10 each), held as follows:

	2024 Percentage	2023	2024 SR	2023 SR
Gulf Flour Milling Industrial Company	70%	100%	378,000,000	473,903,170
Public	30%	-	162,000,000	-
	100%	100%	540,000,000	473,903,170

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

Partners in the shareholder

	Ownership
Abdullah Al-Othaim Markets Company	33.33%
United Feed Manufacturing Company	33.33%
Allana International Limited Company	33.33%
	100%

During the year, the shareholder of the Company passed a resolution of the extraordinary General Assembly of the Company at their meeting held on 14 Jumada Al-Akhirah 1445H (corresponding to 27 December 2023) on the increase in the Company’s share capital from SR 473,903,170 to SR 540,000,000 through the transfer of SR 40,017,406 from the account of “retained earnings” and SR 26,079,424 from the account of “statutory reserve” respectively. Legal formalities in this regard have been completed after the year-end on 27 Jumada Al-Akhirah 1445H (corresponding to 9 January 2024).

Statutory reserve

On 14 Jumada Al-Akhirah 1445H (corresponding to 27 December 2023), the Company’s General Assembly approved amending the Company’s bylaws to comply with the new Companies’ Law, issued on 1 Duh Al-Hijjah 1443H (corresponding to 30 June 2022) (“the law”), to increase the share capital through transfer from statutory reserve and retained earnings. Legal formalities in this regard have been completed after the year-end on 27 Jumada Al-Akhirah 1445H (corresponding to 9 January 2024).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

15 EMPLOYEES' DEFINED BENEFIT LIABILITIES

The Company has defined benefit plan (unfunded), which is a final salary plan in Kingdom of Saudi Arabia and require to recognise the provision for employees' end-of-service benefits for the amounts payable at the statement of financial position date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit liabilities in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements.

Upto the time of acquisition of the Company by its Former Owner in November 2021, all the employees of the Company were seconded from General Food Security Authority ("GFSA") (formerly Saudi Grains Organization ("SAGO")) and GFSA used to charge the cost of end of service benefits payable to seconded employees of the Company in accordance with the agreement made in that regard.

Main actuarial assumptions used to calculate the defined unfunded benefit liabilities are as follows:

	2024 SR	2023 SR
<i>Financial assumptions</i>		
Discount rate	5.50%	4.75%
Salary increase rate	5.00%	4.00%
<i>Demographic assumptions</i>		
Withdrawal rate	15%	15%
Mortality rate	0.08% to 1.05%	0.08% to 1.05%

Movement in employees' defined benefit liabilities were as follows:

	2024 SR	2023 SR
At the beginning of the year	3,919,993	1,418,025
Current service cost	2,293,883	2,417,544
Interest expense	186,200	59,557
Amount recognised in statement of profit or loss	2,480,083	2,477,101
<i>Re-measurements</i>		
Change in financial assumptions	45,213	(198,313)
Experience adjustments	126,462	385,550
Amount recognised in other comprehensive income	171,675	187,237
Benefits paid during the year	(949,983)	(162,370)
At the end of the year	5,621,768	3,919,993

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

The Fourth Milling Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

15 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

Sensitivity analysis (continued)

	2024 SR	2023 SR
Salary growth rate		
1% increase	5,973,504	4,161,518
1% decrease	5,301,557	3,700,411
Discount rate		
1% increase	5,256,353	3,669,414
1% decrease	6,032,133	4,201,676

Following undiscounted payments are expected against the defined benefit liability in future years:

	2024 SR	2023 SR
Within the next 12 months (next annual reporting period)	646,355	519,046
Between 2 and 5 years	2,423,610	1,583,247
After 5 years	5,612,351	3,538,876

The average duration of the defined benefit liabilities at the end of the reporting period is 7 years (2023: 7.5 years).

16 ACCOUNTS PAYABLES

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

17 ACCRUED EXPENSES AND OTHER LIABILITIES

	2024 SR	2023 SR
Accrued employees' costs	11,591,805	9,664,067
Accrual for penalties and fines	4,000,000	-
Accrued Board and committees' expenses, rewards and allowances	2,975,952	-
Accrued utilities expense	1,386,041	1,072,592
Accrued customer rebates	1,209,322	628,425
Accrual for legal cases	339,632	-
Accrual for professional fees	308,000	4,987,500
Value added tax ("VAT") payable	226,129	3,116,943
Accrued marketing and promotion	227,566	295,425
Accrued rent	12,420	5,130,308
Accrual for General Organization for Social Insurance ("GOSI")	-	99,847
Other accruals	2,459,353	1,732,906
	24,736,220	26,728,013

18 ADVANCE FROM CUSTOMERS

Advance from customers primarily relate to advance consideration received from customers to deliver goods in future period. The amount of SR 9.7 million included in advances from customers at 31 December 2023 has been recognised as revenue in 2024 (2023: SR 8.5 million). The Company is expecting to recognise remaining amount as revenue in 2025.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

19 ZAKAT AND INCOME TAX

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

	2024 SR	2023 SR
Current income tax	8,769,868	6,315,324
Deferred income tax	2,983,728	5,805,761
Zakat	3,445,688	2,745,766
	15,199,284	14,866,851

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:

	2024 SR	2023 SR
Additions to zakat base	933,376,862	966,211,191
Zakatable income for the year	186,130,637	164,737,701
Deductions from zakat base	(942,869,653)	(983,836,328)
Zakat base	176,637,846	147,112,564
Zakat base on Saudi shareholders' shares at 75.47% (2023: 66.67%)	133,308,583	109,830,625
Zakat expense	3,445,688	2,745,766

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.

	2024 SR	2023 SR
Accounting profit for the year	186,130,637	157,683,838
Depreciation of property, plant and equipment	36,088,442	35,491,832
Provision for expected credit losses	(216,543)	715,965
Provision for scrap items	-	3,860,810
Provision for employees' defined benefit liabilities	2,480,083	2,477,101
Depreciation of property, plant and equipment as per ZATCA rates	(80,585,459)	(98,182,414)
Employees' defined benefit liabilities paid	(949,983)	(162,370)
Reversal of provision for slow-moving items	(3,860,810)	(7,145,408)
	139,086,367	94,739,354
Taxable profit for non-Saudi shareholders' shares at 31.53% (2023: 33.33%)	43,489,342	31,576,627
Income tax expense @ 20%	8,769,868	6,315,324

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

19 ZAKAT AND INCOME TAX (continued)

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

	Zakat SR	Income tax SR	Total SR
At 1 January 2023	2,991,120	10,855,342	13,846,462
Charge for the year	2,745,766	6,315,324	9,061,090
Payments during the year	(2,991,120)	(18,996,849)	(21,987,969)
At 31 December 2023	2,745,766	(1,826,183)	919,583
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

Deferred tax

Deferred taxes are recognised for all taxable temporary differences and all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which these assets can be utilised. Following represents the approximate tax effect of cumulative temporary differences between financial net income and taxable income, which has been recognised as a deferred income tax liabilities as of reporting date:

	2024 SR	2023 SR
Property, plant and equipment	9,990,191	7,233,498
Provision for employees' defined benefit liabilities	(354,472)	(261,307)
Provision for expected credit losses	(42,109)	(58,952)
Provision for slow-moving and scrap inventories	(804,121)	(1,107,478)
	8,789,489	5,805,761

Movement in deferred tax liabilities during the year is presented below:

	2024 SR	2023 SR
At the beginning of the year	5,805,761	-
Charge for the year recorded in profit or loss	2,983,728	5,805,761
At the end of the year	8,789,489	5,805,761

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.

Status of zakat and income tax assessment

The Company was subject to zakat and income tax from 1 December 2021 as previously its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority (ZATCA). The Company has submitted its zakat and income tax returns for a period from 1 December 2021 to 31 December 2021 and for the years ended 31 December 2022 and 31 December 2023, however assessments have not been raised by ZATCA.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

20 REVENUE

	2024 SR	2023 SR
Flour	425,987,899	370,763,830
Bran	182,539,977	161,428,341
Feed	53,329,452	49,342,716
	661,857,328	581,534,887
Less: Discounts and promotions	(32,829,929)	(23,444,774)
	629,027,399	558,090,113

The Company's revenues are from sales in the Kingdom of Saudi Arabia. The Company sells its goods based on sale orders from customers, majority of which is secured by the advance receipts of value of goods. The sale of goods by the Company is recognised at a point in time basis.

	2024 SR	2023 SR
Type of sector		
Corporate sector	587,789,740	513,479,913
Hypermarkets	15,561,015	16,046,975
Individual sector	25,676,644	28,563,225
	629,027,399	558,090,113

Duration of contracts

Less than one year	629,027,399	558,090,113
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21 DIRECT COSTS

	2024 SR	2023 SR
Materials consumed	212,310,628	193,082,070
Employees' costs	42,263,142	42,815,219
Depreciation of property, plant and equipment (note 6)	32,452,068	31,915,573
Fuel and Power	17,297,036	14,512,302
Depreciation of right-of-use assets (note 7)	15,554,406	18,227,935
Transportation	5,712,800	2,878,852
Insurance	2,884,243	3,192,082
Maintenance	3,052,538	2,682,690
Subscriptions	1,551,373	2,333,082
Consultancy fee	1,028,511	-
Rent	702,999	675,324
Other direct costs	581,837	1,069,236
	335,391,581	313,384,365
Finished goods at the beginning of the year	7,636,514	6,175,233
	343,028,095	319,559,598
Finished goods at the end of the year	(8,575,096)	(7,636,514)
	334,452,999	311,923,084

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

22 SELLING AND DISTRIBUTION EXPENSES

	2024 SR	2023 SR
Transportation and shipping charges	23,186,206	16,808,110
Employees' costs	7,773,624	8,870,451
Marketing and advertising costs	2,395,940	6,392,714
Sales support services	1,307,590	1,147,915
Fuel and power	505,467	1,657,979
Depreciation of property, plant and equipment (note 6)	434,103	426,926
Insurance	418,252	425,390
Depreciation of right-of-use assets (note 7)	95,990	112,489
Professional and consultancy fees	59,917	-
Rent	38,076	45,959
Other expenses	1,029,139	740,543
	37,244,304	36,628,476

23 GENERAL AND ADMINISTRATION EXPENSES

	2024 SR	2023 SR
Employees' costs	37,592,103	23,266,553
Legal and professional fees	5,655,041	9,998,969
Board and committees' expenses, rewards and allowances	3,340,265	1,775,017
Depreciation of property, plant and equipment (note 6)	3,202,271	3,149,331
Maintenance	1,721,964	1,336,783
Insurance	1,704,177	1,030,472
Fuel and Power	972,841	566,377
Communication	861,816	836,329
Depreciation of right-of-use assets (note 7)	806,369	944,970
Amortisation of intangible assets (note 8)	630,847	33,509
(Reversal) expected credit losses of accounts receivables	(216,543)	715,965
Others	2,688,357	2,053,076
	58,959,508	45,707,351

24 OTHER EXPENSES, NET

	2024 SR	2023 SR
Write-off of capital work in progress	4,402,937	-
Fines and penalties	4,000,000	4,079,205
Loss on disposal of property, plant and equipment	374,020	-
Sale of scrap	(742,914)	(64,523)
Others	47,700	(219,469)
	8,081,743	3,795,213

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

25 DIVIDENDS

In its meeting held on 4 Thul-Qi’dah 1445H (corresponding to 12 May 2024), the Ordinary General Assembly of the Company has authorised the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis.

For the year ended 31 December 2024

The Board of Directors resolved to distribute following cash dividends:

- SR 0.03 per share amounting to SR 14 million in meeting held on 27 Rajab 1445H (corresponding to 8 February 2024)
- SR 0.12 per share amounting to SR 67 million in a meeting held on 1 Thul-Qi’dah 1445H (corresponding to 9 May 2024)
- SR 0.11 per share amounting to SR 59.4 million in a meeting held on 27 Rabi Al-Akhirah 1446H (corresponding to 30 October 2024)

Out of total dividends of SR 140,400,000, SR 140,110, 985 has been paid to the shareholder during the year and remaining amount is reported as dividend payable in statement of financial position.

For the year ended 31 December 2023

The Board of Directors resolved to distribute following cash dividends:

- SR 2.11 per share amounting to SR 100 million in meeting held on 24 Rajab 1444H (corresponding to 15 February 2023)
- SR 1.06 per share amounting to SR 50 million in meeting held on 6 Safar 1445H (corresponding to 22 August 2023)
- SR 1.02 per share amounting to SR 48,346,682 in meeting held on 8 Jumada Al-Ula 1445H (corresponding to 22 November 2023)

Dividends for the year 2023 was fully paid during the year ended 31 December 2023.

26 EARNINGS PER SHARE

Basic Earnings per share (“EPS”) is computed using net profit for the period attributable to Shareholders of the Company based on the weighted average number of shares outstanding for the year. The number of shares for the year ended 31 December 2023 has been adjusted retrospectively to reflect the shares split (note 14). Since the change in the number of shares outstanding during the year ended 31 December 2023 was due to shares split without a corresponding change in resources, the number of shares outstanding for all periods presented was adjusted retrospectively. The diluted earnings per share are the same as the basic earnings per share as the Company does not have any dilutive instruments in issue.

Following table reflects the income and share data used in the basic and diluted EPS computations:

	2024 SR	2023 SR
Profit for the year	170,931,353	142,816,987
Weighted average number of ordinary shares	540,000,000	540,000,000
Earnings per share –basic and diluted	0.32	0.26

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.

27 CONTINGENT LIABLILTIES AND CAPITAL COMMITMENTS

Contingent liabilities

As of 31 December 2024, the Company had contingent liabilities arose during its normal business cycle, and related to letters of credit and letters of guarantee limited to SR 3.45 million (2023: SR 2.63 million).

Capital commitments

The capital commitments relating to ongoing capital work in progress projects amounts to SR 17,632,890 (2023: SR 3,099,220).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

28 FINACIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by shareholders that advises on financial risks and the appropriate financial risk governance framework for the Company. The board committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer which the Company seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Owing to nature of the Company's business, significant portion of revenue is collected in cash due to which the Company is not significantly exposed to credit risks.

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and all such investments are subject to approval of shareholders. Management continuously monitors the limits of investments with different financial institutions to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

<i>Banks</i>	<i>Rating</i>		<i>Rating Agency</i>	<i>31 December</i>	<i>31 December</i>
	<i>Long term</i>	<i>Short term</i>		<i>2024</i>	<i>2023</i>
				<i>SR</i>	<i>SR</i>
Riyad Bank	A-1	P-1	Moody’s	117,698,034	92,024,939
Banque Saudi Fransi	A-1	P-1	Moody’s	4,270,274	13,730,485
Saudi Alawwal Bank	A-1	P-1	Moody’s	373,125	500,000
				122,341,433	106,255,424

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

28 FINACIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Accounts receivables (continued)

	<i>ECL rate %</i>	<i>Gross carrying amount SR</i>	<i>Expected credit loss SR</i>
<i>31 December 2024</i>			
0-30 days	-	5,887,437	-
31-60 days	1.70%	1,930,439	32,759
61-90 days	45.14%	1,102,476	497,619
91-120 days	56.17%	43,564	24,468
Above 120 days	100%	112,978	112,978
TOTAL		9,076,894	667,824
	<i>ECL rate %</i>	<i>Gross carrying amount SR</i>	<i>Expected credit loss SR</i>
<i>31 December 2023</i>			
0-30 days	-	4,603,746	-
31-60 days	35.38%	194,842	68,935
61-90 days	47.17%	511,787	241,410
91-120 days	56.36%	301,234	169,775
Above 120 days	83.64%	483,292	404,247
TOTAL		6,094,901	884,367

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 (2023: 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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

28 FINACIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations as they fall due. The Company seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have 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.

	<i>Less than 3 months SR</i>	<i>3 to 12 Months SR</i>	<i>1 to 5 years SR</i>	<i>More than 5 years SR</i>	<i>Total SR</i>
<i>31 December 2024</i>					
Accounts payables	33,340,949	-	-	-	33,340,949
Accrued expenses and other liabilities	24,736,220	-	-	-	24,736,220
Amount due to related parties	58,008	-	-	-	58,008
Dividend payable	289,015	-	-	-	289,015
Lease liabilities	-	23,724,851	97,167,705	401,897,137	522,789,693
	58,424,192	23,724,851	97,167,705	401,897,137	581,213,885
	<i>Less than 3 months SR</i>	<i>3 to 12 Months SR</i>	<i>1 to 5 years SR</i>	<i>More than 5 years SR</i>	<i>Total SR</i>
<i>31 December 2023</i>					
Accounts payables	22,402,300	-	-	-	22,402,300
Accrued expenses and other liabilities	26,728,013	-	-	-	26,728,013
Amount due to related parties	1,490,643	-	-	-	1,490,643
Lease liabilities	-	22,986,091	93,169,793	425,704,472	541,860,356
	50,620,956	22,986,091	93,169,793	425,704,472	592,481,312

Capital Management

For the purpose of the Company’s capital management, capital includes issued share capital and all other equity reserves. The primary objective of the Company’s capital management is to maximise the shareholder value.

The Company manages its capital structure and adjusts considering changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt accounts payables, accrued expenses and other current liabilities, amounts due to related parties and lease liabilities, less cash at banks.

There were no changes in the objectives, policies, and procedures for capital management during the years ended December 31, 2024 and December 31, 2023.

	<i>2024 SR</i>	<i>2023 SR</i>
Accounts payables	33,340,949	22,402,300
Accrued expenses and other liabilities	24,736,220	26,728,013
Amounts due to related parties	58,008	1,490,643
Lease liabilities	393,731,657	402,254,418
Less: cash and cash equivalents and Short-term Murabaha deposits	(196,474,770)	(106,343,470)
Net debt	255,392,064	346,531,904
Shareholders' equity	713,373,032	683,013,354
Total capital and debt	968,765,096	1,029,545,258
Gearing ratio	26%	34%

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At 31 December 2024

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s financial asset consists of cash and cash equivalents, accounts receivables, amounts due from related parties and other receivables. Its financial liabilities consist of accounts payables, amounts due to related parties, dividends payable and lease liabilities.

Management believes that the fair value of the financial instruments of the Company at the reporting date approximate their carrying value.

30 COMPARATIVE FIGURES

Below financial information in the comparative period has been reclassified to conform with current year presentation, as shown below:

	<i>Previously reported 2023 (SR)</i>	<i>Amount of reclassification (SR)</i>	<i>Reclassified amount 2023 (SR)</i>
Statement of profit or loss and other comprehensive income			
Revenue	565,636,888	(7,546,775)	558,090,113
Direct costs	306,187,624	5,735,460	311,923,084
Selling and distribution expenses	52,494,166	(15,865,690)	36,628,476
General and administration expenses	43,123,896	2,583,455	45,707,351

- Certain expenses are now being allocated on basis of cost centres in the new accounting software compared to percentage allocation in the prior year.
- Certain rebates have been classified as reduction of revenue instead of expenses.

31 EVENTS AFTER THE REPORTING DATE

On 7 Ramadan 1446H (corresponding to 7 March 2025), the Board of Directors resolved to distribute 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.

Other than mentioned above, management believes that no significant subsequent event since the year ended 31 December 2024 that would have a material impact on the financial position of the Company as reflected in these financial statements.

32 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issuance by the Company's Board of Directors on 7 Ramadan 1446H (corresponding to 7 March 2025).

