

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

**CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**
For the three-month period ended 31 March 2025
together with the
INDEPENDENT AUDITORS' REVIEW REPORT

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

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KPMG Professional Services Company

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

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Arabian Mills for Food Products Company

Introduction

We have reviewed the accompanying 31 March 2025 condensed interim financial statements of **Arabian Mills for Food Products Company ("the Company")**, which comprises:

- the condensed statement of financial position as at 31 March 2025;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2025;
- the condensed statement of changes in equity for the three-month period ended 31 March 2025;
- the condensed statement of cash flows for the three-month period ended 31 March 2025; and
- the notes to the condensed interim financial statements.

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed interim financial statements of **Arabian Mills for Food Products Company** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.



Independent auditor's report on review of condensed interim financial statements (continued)

To the Shareholders of Arabian Mills for Food Products Company

Other matter

The financial statements of the Company for the year ended 31 December 2024 and condensed interim financial statements of the Company for the three-month period ended 31 March 2024, were audited and reviewed by another auditor who expressed an unmodified opinion and conclusion on those financial statements on 24 March 2025 and 12 August 2024 respectively.

KPMG Professional Services Company

Ebrahim Oboud Baeshen
Regional Managing Partner - Jeddah
License No. 382



Jeddah, 14 May 2025
Corresponding to 16 Dhul Qadah 1446H

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

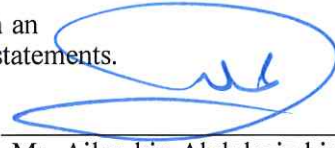
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Goodwill		822,434,373	822,434,373
Property, plant, and equipment	7.1	841,739,243	844,853,151
Right-of-use assets		244,868,010	247,682,492
Intangible assets		61,898,396	62,681,694
Non-current assets		1,970,940,022	1,977,651,710
Inventories	8	121,901,937	127,404,721
Trade receivables	9	49,866,000	33,705,555
Prepayments and other current assets	10	13,170,411	9,583,713
Due from related parties	22	1,470,664	487,696
Term deposits	11.1	50,000,000	--
Cash and cash equivalents	11	139,586,240	130,264,607
Current assets		375,995,252	301,446,292
Total assets		2,346,935,274	2,279,098,002
Equity and liabilities			
Equity			
Share capital	12	513,150,060	513,150,060
Statutory reserve		50,849,137	50,849,137
Retained earnings		535,178,455	471,117,861
Total equity		1,099,177,652	1,035,117,058
Liabilities			
Long-term loans	14	827,446,197	827,031,228
Lease liabilities		247,593,220	261,466,872
Employees' defined benefit liabilities		9,496,170	8,557,000
Non-current liabilities		1,084,535,587	1,097,055,100
Trade and other payables		47,582,692	37,710,515
Accrued expenses and other current liabilities	15	31,620,935	41,329,261
Interest payable on loans		16,116,263	2,146,777
Current portion of long-term loans	14	24,720,897	24,720,897
Current portion of lease liabilities		15,403,229	15,403,229
Advances from customers		20,070,660	20,120,165
Zakat payable	19.1	7,707,359	5,495,000
Current liabilities		163,222,035	146,925,844
Total liabilities		1,247,757,622	1,243,980,944
Total equity and liabilities		2,346,935,274	2,279,098,002

The accompanying notes from 1 to 25 form an integral part of these condensed interim financial statements.


Mr. Safouane AlMabruk Khechirif
Chief Financial Officer (CFO)


Mr. Rohit Chugh
Chief Executive Officer


Mr. Ajlan bin Abdulaziz bin
Ajlan Al-Ajlan
Chairman Board of Directors

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

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

For the three-month period ended 31 March 2025


(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Revenue from contract with customers	16	247,723,684	239,920,025
Cost of revenue	17	(131,014,595)	(127,628,981)
Gross profit		116,709,089	112,291,044
General and administrative expenses		(20,474,430)	(20,780,846)
Selling and distribution expenses		(16,392,091)	(13,793,865)
Operating profit		79,842,568	77,716,333
Finance costs	18	(15,914,041)	(21,942,027)
Finance income		1,408,405	571,350
Other income		815,021	539,127
Profit before zakat		66,151,953	56,884,783
Zakat expense	19.1	(2,212,359)	(1,500,000)
Profit for the period		63,939,594	55,384,783
Other comprehensive income for the period			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit liability		121,000	167,000
Total comprehensive income for the period		64,060,594	55,551,783
Earnings per share for the period attributable to shareholders of the Company			
Basic and diluted earnings per share	21	1.25	1.08

The accompanying notes from 1 to 25 form an integral part of these condensed interim financial statements.


Mr. Safouane AlMabruk Khechirif
Chief Financial Officer (CFO)


Mr. Rohit Chugh
Chief Executive Officer


Mr. Ajlan bin Abdulaziz bin
Ajlan Al-Ajlan
Chairman Board of Directors

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Share capital	Statutory reserve	Retained earnings	Total
<u>Three-month period ended 31 March 2025:</u>				
As at 31 December 2024 (audited)	513,150,060	50,849,137	471,117,861	1,035,117,058
Profit for the period	--	--	63,939,594	63,939,594
Other comprehensive income for the period	--	--	121,000	121,000
Total comprehensive income for the period	--	--	64,060,594	64,060,594
Balance at 31 March 2025 (unaudited)	513,150,060	50,849,137	535,178,455	1,099,177,652
<u>Three-month period ended 31 March 2024:</u>				
Balance at 31 December 2023 (audited)	513,150,060	50,849,137	258,967,246	822,966,443
Profit for the period	--	--	55,384,783	55,384,783
Other comprehensive income for the period	--	--	167,000	167,000
Total comprehensive income for the period	--	--	55,551,783	55,551,783
Balance at 31 March 2024 (unaudited)	513,150,060	50,849,137	314,519,029	878,518,226

The accompanying notes from 1 to 25 form an integral part of these condensed interim financial statements.

Mr. Safouane AlMabruk Khechirif
Chief Financial Officer (CFO)

Mr. Rohit Chugh
Chief Executive Officer

Mr. Ajjan bin Abdulaziz bin
Ajjan Al-Ajjan
Chairman Board of Directors

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Cash flows from operating activities			
Profit before zakat		66,151,953	56,884,783
Adjustments:			
Depreciation on property, plant and equipment	7.2	15,240,096	16,103,354
Depreciation of right-of-use assets		2,814,482	2,814,482
Amortisation of intangible assets		783,298	770,173
Finance cost on lease liabilities	18	1,529,586	1,582,609
Finance cost on long-term loans	18	13,969,486	19,987,757
Amortisation of loan transaction cost	18	414,969	371,661
Finance income		(1,408,405)	(571,350)
Adjustment for net realizable value for inventories		--	460,545
Provision for employees' defined benefit obligations		1,109,567	682,513
		100,605,032	99,086,527
Changes in working capital:			
Inventories		5,502,784	(9,589,651)
Amounts due from related parties		(982,968)	505,866
Prepayments and other current assets		(2,861,904)	(628,501)
Trade receivables		(16,160,445)	(14,469,851)
Trade and other payables		9,872,177	9,017,375
Accrued expenses and other current liabilities		(9,708,326)	7,044,138
Advances from customers		(49,505)	6,076,212
Amounts due to a related party		--	269,278
Cash generated from operating activities		86,216,845	97,311,393
Employees' defined benefit obligations paid		(49,397)	--
Net cash from operating activities		86,167,448	97,311,393
Cash flows from an investing activities			
Additions to property, plant and equipment	7.2	(12,126,188)	(2,071,328)
Investment in term deposits		(50,000,000)	(100,000,000)
Finance income received		683,611	--
Net cash used in investing activities		(61,442,577)	(102,071,328)
Cash flows from financing activities			
Repayment of principal portion on lease liabilities		(9,284,895)	--
Finance costs paid on lease liabilities		(6,118,343)	--
Net cash used in financing activities		(15,403,238)	--
Net change in cash and cash equivalents during the period		9,321,633	(4,759,935)
Cash and cash equivalents at 1 January		130,264,607	127,797,523
Cash and cash equivalents at 31 March		139,586,240	123,037,588

The accompanying notes from 1 to 25 form an integral part of these condensed interim financial statements.

Mr. Safouane AlMabruk Khechirif
Chief Financial Officer (CFO)

Mr. Rohit Chugh
Chief Executive Officer

Mr. Ajlan bin Abdulaziz bin
Ajlan Al-Ajlan
Chairman Board of Directors

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY INFORMATION

Arabian Mills for Food Products Company (the “Company”), a Saudi Joint Stock Company, was incorporated in accordance with the Companies’ Regulations in the Kingdom of Saudi Arabia under Commercial Registration No. 1010465464 issued on 10 November 2016 (corresponding to 10 Safar 1438H) and listed on the Saudi Stock Exchange Market (“Tadawul”).

The Company was formed by the Public Investment Fund (the “PIF”) pursuant to the resolution of the Council of Ministers No. (35) of 9 November 2015 (corresponding to 27 Muharram 1437H) approving the adoption of the necessary actions to establish four Joint Stock Flour Milling Companies according to the proposed geographical distribution. The PIF, in coordination with the General Food Security Authority (“GFSA”) formerly known as Saudi Grains Organization (“SAGO”), shall do so in accordance with Royal Decree No. (62) dated 31 July 2014 (corresponding to 4 Shawwal 1435H).

On 9 June 2020 (corresponding to 17 Shawwal 1441H), Cabinet Resolution No. (631) was issued to transfer the ownership of the Company to the National Center for Privatization (the “NCP”) and for the NCP to carry out the tasks assigned to the PIF by Cabinet Resolution No. (118) and dated 30 October 2018 (corresponding to 21 Safar 1440H).

On 30 November 2021 (corresponding to 25 Rabi Al-Thani 1443H), the Company’ share capital of 51,315,006 shares of SR 10 per share, were wholly sold to Food Security Holding Company (the “Parent Company”) for the purchase price specified in the share sale and purchase agreement on the same date.

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

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

On 4 September 2022 (corresponding to 8 Safar 1444H), the Company entered into a merger agreement (the “Merger”) pursuant to which the Company and the Parent Company have agreed to take necessary steps to implement the Merger between the two Companies. Subsequently, on 30 November 2022 (corresponding to 6 Jumada Al-Awwal 1444H), pursuant to the approval of the Ministry of Commerce (the “MOC”), the Parent Company ceased to exist and all of the assets and liabilities of the Parent Company were transferred to the Company.

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY INFORMATION (continued)

The Company and the former Parent Company satisfied the required regulatory approvals, and the Merger conditions agreed between the two companies in the Merger agreement. The legal formalities were completed, and the Parent Company's commercial registration was canceled and closed for the purpose of the merger on 18 December 2022 (corresponding to 24 Jumada Al-Awwal 1444H).

On 12 April 2023 (corresponding to 21 Ramadan 1444H), the General Assembly of Shareholders decided to go for an Initial Public Offering ("IPO") and listing of 30% of its ordinary shares on Saudi Stock Exchange ("Tadawul"), which was approved by Capital Market Authority ("CMA") on 24 June 2024 (corresponding to 18 Duh Al-Hijjah 1445H). On 21 August 2024 (corresponding to 17 Safar 1446H), 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 Saudi Stock Exchange ("Tadawul") on 8 October 2024 (corresponding to 5 Rabi Al-Thani 1446H).

The new Companies Law issued through Royal Decree M/132 on 30 June 2022 (corresponding to 1 Dhul Hijjah 1443H) (hereinafter referred as "the Law") came into force on 19 January 2023 (corresponding to 26 Jumada Al-Thani 1444H). For certain provisions of the Law, full compliance is expected not later than two years from 19 January 2023 (corresponding to 26 Jumada Al-Thani 1444H). The management has assessed the impact of the New Companies Law on its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company presented the amended By-Laws to the shareholders in their extraordinary General Assembly meeting for their ratification that have been approved by the members of General Assembly on 5 February 2025 (corresponding to 06 Shaban 1446H). The Company completed the legal procedures, and the amended By-laws were issued on 13 February 2025 (corresponding to 14 Shaban 1446H).

The registered address of the Company is as follows:

Building no. 5252
Jabal Abu Zawalah Street
Al Manakh District, P.O. Box 6868
Riyadh 14313
Kingdom of Saudi Arabia

On 05 November 2023 (corresponding to 21 Rabi Al Thani 1445H), the shareholders of the Company resolved to change the name of the Company to "Arabian Mills for Food Products Company" from Second Milling Company. Legal formalities have been completed in this regard and the commercial register and the amended By-laws were issued on 19 November 2023 (corresponding to 05 Jumada Al Awwal 1445H).

The Company's licensed activities include packing and grinding wheat, grits, semolina, and bulgur, manufacture of concentrated feed for animals, manufacture of livestock feed, wholesale of bakery products, trade of specialty and healthy foods, land transportation of goods, storage in ports and customs or free zones, and integrated office administrative services activities.

The Company is selling various products of flour, feed and bran out of which the selling prices of only the flour products weighing 45 KGs and above are determined by the GFSA.

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

1. COMPANY INFORMATION (continued)

The Company operates through its five branches in the many cities in the Kingdom of Saudi Arabia listed as follows:

<u>Branch Location</u>	<u>Date</u>	<u>Commercial Registration No.</u>
Riyadh	26 March 2017 (corresponding to 27 Jumada Al-Akhirah 1438H)	1010469375
Jizan	26 March 2017 (corresponding to 27 Jumada Al-Akhirah 1438H)	5900036083
Hail	26 March 2017 (corresponding to 27 Jumada Al-Akhirah 1438H)	3350044599
Jizan	28 May 2024 (corresponding to 20 Dhul-Qi'dah 1445H)	5957101150
Jeddah	19 August 2024 (corresponding to 15 Safar 1446H)	4030573659

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the International Accounting Standards (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA") and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2024 ("last annual financial statements").

These condensed interim financial statements do not include all the information and disclosures required to prepare a complete set of financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia. However selected accounting policies and explanatory notes have been included to explain the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the last annual financial statements. In addition, the results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025.

2.2 Basis of measurement

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

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

2. BASIS OF PREPARATION (continued)

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The Company based its assumptions and estimates on parameters available when the condensed interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The significant judgments exercised in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2024.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024, except for the adoption of new standards, interpretations and amendments effective as at 1 January 2025, as mentioned in note 5.1.

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

5.1 Standards, interpretations and amendments adopted

Several amendments and interpretations apply for the first time in 2025, which are effective for annual periods beginning on or after 1 January 2025 which do not have a material effect on these condensed interim financial statements.

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

5.2 Standards, interpretations and amendments issued but not yet effective

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

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

5. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

5.2 Standards, interpretations and amendments issued but not yet effective (continued)

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

<i><u>Standards, interpretations and amendments</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IFRS 9 and IFRS 7	Classification and measurement of Financial Instruments - disclosures	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability – disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely

The Company is currently assessing the implications for other above-mentioned standards, interpretations and amendments on the Company's financial statements on adoption.

6. SEGMENT INFORMATION

The Company has determined that the Chief Executive Officer is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'.

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

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

<u>Reportable segments</u>	<u>Operations</u>
Riyadh	Production of flour, feed and bran
Hail	Production of flour, feed and bran
Jizan	Production of flour and bran

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the financial statements. The accounting policies of the operating segments are the same as the Company's accounting policies.

ARABIAN MILLS FOR FOOD PRODUCTS COMPANY
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three-month period ended 31 March 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

6. SEGMENT INFORMATION (continued)

Transfer prices between operating segments are on cost and any transmission and distribution costs are recovered from the segments in a manner similar to transactions with third parties.

The selected financial information for these business units is set out below. All intercompany transactions within the reportable segments have been appropriately eliminated. There were no inter-segment sales in the period presented below. All unallocated amounts are related to the head office and are not allocatable to the operating segments. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

**For the three-month
period ended 31 March
2025 (Unaudited)**

	<u>Riyadh</u>	<u>Jizan</u>	<u>Hail</u>	<u>Total</u>
Revenue from contract with customers				
Flour	93,949,835	30,843,000	20,802,159	145,594,994
Feed	22,444,191	--	22,829,360	45,273,551
Bran	39,249,537	13,755,951	3,849,651	56,855,139
Total revenue	155,643,563	44,598,951	47,481,170	247,723,684
Cost of inventories	(52,729,594)	(15,395,852)	(23,018,841)	(91,144,287)
Salaries and other benefits	(7,316,817)	(4,287,010)	(4,759,243)	(16,363,070)
Depreciation and amortization	(8,354,681)	(5,662,279)	(3,914,813)	(17,931,773)
Other expenses	(13,386,384)	(7,032,577)	(7,159,550)	(27,578,511)
Finance costs	(523,840)	(537,179)	(468,567)	(1,529,586)
Other income	446,603	199,713	168,491	814,807
Segment profit	72,540,593	12,827,776	8,622,895	93,991,264

**For the three-month period
ended 31 March 2024
(Unaudited)**

	<u>Riyadh</u>	<u>Jizan</u>	<u>Hail</u>	<u>Total</u>
Revenue from contract with customers				
Flour	85,510,350	27,320,982	23,009,367	135,840,699
Feed	21,513,548	--	17,655,348	39,168,896
Bran	40,828,566	15,995,176	8,086,688	64,910,430
Total revenue	147,852,464	43,316,158	48,751,403	239,920,025
Cost of inventories	(50,288,398)	(12,845,411)	(21,981,053)	(85,114,862)
Salaries and other benefits	(6,895,510)	(4,124,895)	(4,632,695)	(15,653,100)
Depreciation and amortization	(8,981,987)	(6,117,922)	(3,665,755)	(18,765,664)
Other expenses	(11,835,122)	(7,491,539)	(7,843,335)	(27,169,996)
Finance costs	(542,064)	(556,819)	(483,725)	(1,582,608)
Other income	391,213	8,368	139,546	539,127
Segment profit	69,867,945	12,317,489	9,987,488	92,172,922

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6. SEGMENT INFORMATION (continued)

At of 31 March 2025 (Unaudited)	<u>Riyadh</u>	<u>Jizan</u>	<u>Hail</u>	<u>Total</u>
Total assets	1,158,188,976	599,052,518	358,144,036	2,115,385,530
Total liabilities	169,975,847	108,796,028	96,721,793	375,493,668
Other disclosures:				
Property, plant and equipment	350,018,886	322,621,164	160,214,905	832,854,955
Capital expenditure	6,959,611	3,857,728	626,531	11,443,870
Right of use assets	83,773,259	86,786,458	74,300,237	244,859,954
Goodwill	608,334,373	159,600,000	54,500,000	822,434,373
Inventories	62,722,578	28,850,439	30,227,015	121,800,032
 At of 31 December 2024 (Audited)	 <u>Riyadh</u>	 <u>Jizan</u>	 <u>Hail</u>	 <u>Total</u>
Total assets	1,125,405,231	618,308,768	366,714,449	2,110,428,448
Total liabilities	135,698,006	109,930,698	116,668,040	362,296,744
Other disclosures:				
Property, plant and equipment	357,204,468	323,415,314	162,646,433	843,266,215
Capital expenditure	10,886,576	2,427,588	2,803,537	16,117,701
Right of use assets	84,735,804	87,792,425	75,154,263	247,682,492
Goodwill	608,334,373	159,600,000	54,500,000	822,434,373
Inventories	56,668,047	27,107,113	43,629,561	127,404,721

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

i) Profit before zakat

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Total profit before zakat for reportable segments	93,991,264	92,172,922
Unallocated amounts		
Salaries and other benefits	(8,193,189)	(8,351,629)
Depreciation and amortization	(906,103)	(922,345)
Remuneration of board of directors	(990,000)	(900,000)
Other expenses	(4,774,183)	(5,326,096)
Finance costs	(14,384,455)	(20,359,419)
Finance income	1,408,405	571,350
Other income	214	--
	66,151,953	56,884,783

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6. SEGMENT INFORMATION (continued)

6.1 Reconciliations of information on reportable segments to the amounts reported in the condensed interim financial statements (continued)

ii) Total assets

	31 March <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)
Total assets for reportable segments	2,115,385,530	2,110,428,448
Unallocated amounts	231,549,744	168,669,554
	<u>2,346,935,274</u>	<u>2,279,098,002</u>

iii) Total liabilities

	31 March <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)
Total liabilities for reportable segments	373,193,668	362,296,744
Unallocated amounts	873,592,078	881,684,200
	<u>1,246,785,746</u>	<u>1,243,980,944</u>

All revenue is generated from external customers. Revenue from one customer of the Company's Riyadh and Jizan segments represented approximately SR 14 million (2024: SR 12 million) which represents 5% (2024: 5%) of the Company's total revenues.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Property, plant and equipment comprise of the following:

	31 March <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)
Buildings	281,338,458	285,716,690
Plant and equipment	518,649,989	526,139,798
Capital spares	21,016,055	21,672,731
Furniture and fittings	5,573,476	5,830,160
Computer equipment	931,834	1,016,214
Motor vehicles	2,771,198	2,972,584
Capital work in progress	11,458,233	1,504,974
	<u>841,739,243</u>	<u>844,853,151</u>

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

- 7.2 For the purposes of preparing the condensed interim statement of cash flows, the movement in property, plant and equipment during the three-month period ended 31 March is as follows:

	For the three-month period ended 31 March	
	<u>2025</u>	<u>2024</u>
	(Unaudited)	(Unaudited)
Depreciation	<u>15,240,096</u>	<u>16,103,354</u>
Additions	<u>(12,126,188)</u>	<u>(2,071,328)</u>

- 7.3 The buildings are constructed on land leased from the GFSA with an annual rental of SR 3,017,456 (which is increasing at the rate of 5% after every 3 years). The lease term is twenty-five calendar years commencing from 1 January 2017 (corresponding to 3 Rabee Thani 1438H) which was adjusted in 2021 to match with the duration of flour milling license (i.e. 30 November 2046). The lease is automatically renewable for a similar period subject to renewal of Company's milling license.

- 7.4 As at 31 March 2025, projects under progress mainly consist of the following projects:

- i) Updating Silos OCS system at Hail branch
- ii) Installation of emergency ladder in Riyadh branch
- iii) Installation of rainproofing equipment for finished goods warehouse at Hail branch
- iv) Installation of Hercules System for Real Time Analysis of Mills at Riyadh branch
- v) Construction of a warehouse building for spare parts and forklifts at Jizan branch

The expected date of completion of these projects is June 2025 and the related capital commitments amounts to SR 2.44 million (31 December 2024: SR 2.44 million).

8. INVENTORIES

- 8.1 Inventories comprise of the following:

	31 March <u>2025</u> (Unaudited)	31 December <u>2024</u> (Audited)
Spare parts	76,881,471	76,175,924
Raw materials	29,444,448	28,051,119
Goods in transit	12,509,414	24,137,870
Finished goods	15,355,697	11,330,232
Others	1,374,675	1,373,344
Less: adjustment for net realizable value of inventories	<u>(13,663,768)</u>	<u>(13,663,768)</u>
	<u>121,901,937</u>	<u>127,404,721</u>

- 8.2 During the three-month period ended 31 March 2025, the Company has recognized the provision for net realizable value of inventories amounting to SR NIL (31 March 2024: SR 0.46 million). The amount is included in the cost of revenue.

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9. TRADE RECEIVABLES

Trade receivables comprise of the following:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Trade receivables	52,166,000	36,005,555
Allowance for expected credit loss on trade receivables	(2,300,000)	(2,300,000)
	49,866,000	33,705,555

The settlement period of these trade receivables is 30 – 90 days and the Company holds promissory notes against these receivables.

No allowance for expected credit loss was recognized during the three-month period ended 31 March 2025 and 31 March 2024.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Advances to suppliers	2,045,548	3,658,815
Prepayments	5,030,758	3,198,324
Margins against letter of guarantees - restricted	2,187,976	2,187,976
VAT receivables	2,641,653	--
Interest receivable on short term deposits	1,048,472	323,678
Other receivables	216,004	214,920
	13,170,411	9,583,713

11. CASH AND CASH EQUIVALENTS

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Cash at banks	59,586,240	80,264,607
Term deposits with maturity of less than three months	80,000,000	50,000,000
Cash and cash equivalents	139,586,240	130,264,607
Term deposits with maturity of more than three months	50,000,000	--

11.1 Term deposits are deposited with a commercial bank with an agreed return of 6.1%.

12. SHARE CAPITAL

The authorized, issued and fully paid-up share capital of the Company as at 31 March 2025 amounted to SR 513,150,060 (31 December 2024: SR 513,150,060) consists of 51,315,006 shares (31 December 2024: 51,315,006 shares) at SR 10 each share.

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13. DIVIDENDS DISTRIBUTION

On 19 March 2025 (corresponding to 19 Ramadan 1446H), the Board of Directors recommended to distribute cash dividends to the Company's shareholders for the financial year 2024, with a total amount of SR 30,275,853 at SR 0.59 per share of the nominal capital. The dividends are not yet approved by the shareholders as on the date of approval of these condensed interim financial statements.

14. LONG-TERM LOAN

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Term Murabaha facility	873,524,194	873,524,194
Less: unamortised loan transaction cost	(21,357,100)	(21,772,069)
	<u>852,167,094</u>	<u>851,752,125</u>
Current portion	24,720,897	24,720,897
Non-current portion	827,446,197	827,031,228
	<u>852,167,094</u>	<u>851,752,125</u>

On 28 November 2021 (corresponding to 23 Rabi Al Thani 1443H), the former Parent Company signed a Murabaha facility agreement with Saudi Alawwal Bank (formerly known as Saudi British Bank "SABB") amounted to SR 1,500 million with the maturity period of 18 years to acquire the shares in the Company. The loan carries interest at SAIBOR plus margin. The loan is repayable on 31 December 2039 in 32 semi-annual installments with a grace period of 24 months.

During the year ended 31 December 2023, the Company made an early payment of SR 400 million, which was not scheduled as per repayment schedule. Further, during the year ended 31 December 2024, the Company made an early payment of SR 200 million, which was not scheduled as per repayment schedule.

This facility is subject several guarantees, including promissory notes, equity commitment from the shareholders, pledges over the Company's rights under share purchase agreement by former Parent, pledge of shares held by the shareholders, assignment of dividends, assignment of Company's rights under compensation and claims agreement, pledge over insurance proceeds of the Company and pledge over project accounts of the Company.

Following the merger with the former Parent Company, the loan is novated in the name of the Company.

The loan facility has a covenant for debt service cover ratio to be maintained during the period of facility agreement. As at and during the three-month period ended 31 March 2025, there has not been any non-compliance observed for any this covenant. The Company expects to comply with this covenant within 12 months after the reporting date.

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14. LONG TERM LOANS (continued)

Movement in loan balance is as follows:

	31 March 2025 (Unaudited)	31 December 2024 (Audited)	31 March 2024 (Unaudited)
At the beginning of the period/year	873,524,194	1,100,000,000	1,100,000,000
Paid during the period/year	--	(226,475,806)	--
At the end of the period/year	873,524,194	873,524,194	1,100,000,000

Maturity analysis - contractual undiscounted cash flows

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)	31 December 2024 (Audited)
Within one year	82,178,075	105,522,133	83,160,258
One to five years	418,647,853	532,102,720	354,291,529
More than five years	940,418,605	1,361,886,484	1,046,264,507
	1,441,244,533	1,999,511,337	1,483,716,294

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities include accrued fines and penalties. Fines and penalties relate to the claim received from GFSA on 12 December 2024 (corresponding to 11 Jumada Al Thani 1446H) for inspection made on 16 October 2024 (corresponding to 13 Rabi Al Thani 1446H) alleging that the Company did not comply with the Flour Mills Production Law. The management has objected to the claim and shared their response on 31 December 2024 (corresponding to 30 Jumada Al Thani 1446H). The Company's management took a prudent view of the matter and made a provision of full amount of SR 5.6 million in the financial statements for the year ended 31 December 2024 (corresponding to 30 Jumada Al Thani 1446H). The matter is still under review with GFSA as on the date of approval of these condensed interim financial statements.

16. REVENUE FROM CONTRACT WITH CUSTOMERS

The Company generates revenue primarily from the sale of flour, feed and bran.

16.1 Disaggregation of revenue

Revenue is disaggregated by type of goods as shown below:

Type of goods	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Flour	145,594,994	138,985,086
Feed	45,273,551	39,457,743
Bran	56,855,139	61,477,196
	247,723,684	239,920,025

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16. REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

16.1 Disaggregation of revenue (continued)

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.

Timing of revenue recognition

The sale of goods is recognized by the Company at a point in time, and the performance obligation is fulfilled when the goods are transferred to the customers.

17. COST OF REVENUE

Cost of revenue comprises the following:

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Raw materials consumed	95,169,752	91,940,075
Salaries and other benefits	9,903,343	9,567,442
Depreciation and amortization	15,623,060	16,211,354
Fuel and power	5,504,363	5,470,582
Adjustment for net realizable value of inventories	--	460,545
Other expenses	8,839,542	10,804,194
	135,040,060	134,454,192
Finished goods inventory at the beginning of the period	11,330,232	8,180,488
Finished goods available for sale during the period	146,370,292	142,634,680
Finished goods inventory at the end of the period	(15,355,697)	(15,005,701)
	131,014,595	127,628,979

18. FINANCE COSTS

Finance costs comprise the following:

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Finance cost on long-term loans	13,969,486	19,987,757
Finance cost on lease liabilities	1,529,586	1,582,609
Amortisation of loan transaction cost	414,969	371,661
	15,914,041	21,942,027

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19. ZAKAT

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

19.1 Movement in provision for zakat during the period/ year

	31 March <u>2025</u> (Unaudited)	31 March <u>2024</u> (Unaudited)	31 December <u>2024</u> (Audited)
At the beginning of the period / year	5,495,000	5,122,094	5,122,094
Charge for the period / year	2,212,359	1,500,000	5,581,037
Paid during the period / year	--	--	(5,208,131)
At the end of the period / year	<u>7,707,359</u>	<u>6,622,094</u>	<u>5,495,000</u>

19.2 Zakat status

The Company was subject to zakat and income tax from 1 December 2021 as previously its share capital was from public funds in accordance with the decision of the Zakat, Tax and Customs Authority (ZATCA). The Company has submitted its zakat and income tax return for a period from 1 December 2021 to 31 December 2021 and for the years ended 31 December 2022, 31 December 2023 and 31 December 2024, however assessment has not been raised by ZATCA.

20. CAPITAL COMMITMENTS AND CONTINGENCIES

20.1 Contingencies

- The Company has provided a bank guarantee amounting to SR 1,840,485 in favor of GFSA for lease of silos in Riyadh, Hail and Jizan. This guarantee is valid up to 19 February 2026.
- The Company has provided a bank guarantee amounting to SR 347,491 in favor of GFSA for lease of lands in Riyadh and Hail. This guarantee is valid up to 19 February 2026.

20.2 Commitments

The following LCs are outstanding as at 31 March 2025:

- LC at sight amounting to SR 112,428.26 (USD 29,980.87) (31 December 2024: Nil) in favor of Buhler AG for supply of machines and equipment (roller bearing) for Jizan.
- LC at sight amounting to SR 114,284.14 (USD 30,475.77) (31 December 2024: Nil) in favor of Buhler AG for supply of machines and equipment (corrugation tool K20 right) for Riyadh.
- LC at sight amounting to SR 512,793.75 (USD 136,745.00) (31 December 2024: Nil) in favor of Buhler AG for supply of machines and equipment (plant components) for Riyadh.

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21. EARNINGS PER SHARE

Basic and diluted earnings per share

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

	31 March <u>2025</u> (Unaudited)	31 March <u>2024</u> (Unaudited)
Profit for the period	63,939,594	55,384,783
Weighted average number of ordinary shares for basic and diluted EPS	51,315,006	51,315,006
Earnings per share – basic and diluted	1.25	1.08

The calculation of diluted earnings per share has been based on the earnings attributable to the shareholder of ordinary shares and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares if any.

During the three-month period ended 31 March 2025 and 31 March 2024, there are no transactions that reduce the earnings per share and therefore, the diluted earnings per share are not different from the basic earnings per share.

22. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The terms of the transactions with related parties are approved by the Company's management. Transactions with related parties are on the basis of contractual arrangements made with them.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

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22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (continued)

Compensation of key management personnel of the Company for the three-month period ended 31 March:

	31 March <u>2025</u> (Unaudited)	31 March <u>2024</u> (Unaudited)
Short-term employee benefits	4,530,571	3,985,104
Post-employment benefits	78,306	78,103
Total compensation of key management personnel	<u>4,608,877</u>	<u>4,063,207</u>

Short-term employee benefits include SR 1.01 million (31 March 2024: SR 0.90 million) board and committees' fees, rewards and allowances.

OTHER RELATED PARTY TRANSACTIONS

Transactions with related parties arise mainly from services provided/ received and payments made on behalf of each other and are undertaken at mutually agreed terms. Due to related parties are the balances payable on demand, interest free and unsecured.

The related parties of the Company are as follows:

<u>Name of related party</u>	<u>Nature of relationship</u>
Abdulaziz Alajlan Sons Co. for Commercial and Real Estate Investment	Shareholder
Sulaiman Abdulaziz Alrajhi International Company	Shareholder
National Agriculture Development Company (NADEC)	Shareholder

Following table provides the total amount of transactions that have been entered into with the related parties during the three-month period ended 31 March 2025 and 31 March 2024, as well as balances with related parties as at 31 March 2025 and 31 December 2024:

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u> For the three-month period ended 31 March	
		<u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)
National Poultry Company	Revenue	7,555,359	1,746,192
National Agriculture Development Company (NADEC)	Revenue	10,051,196	5,196,488

Balances outstanding with the related parties are presented below:

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22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

OTHER RELATED PARTY TRANSACTIONS (continued)

Amounts due from related parties (under current assets)

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
National Poultry Company	730,355	350,158
National Agriculture Development Company (NADEC)	740,309	137,538
	1,470,664	487,696

23. FINANCIAL INSTRUMENTS – FAIR VALUES

Financial assets

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

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Financial assets at amortised cost:		
Bank balances and term deposits	189,586,240	130,264,607
Trade receivables	49,866,000	33,705,555
Margins against letter of guarantees and letter of credits	2,187,976	2,187,976
Other current financial assets	1,048,472	538,598
	242,688,688	166,696,736

Financial liabilities

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

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Financial liabilities at amortised cost:		
Trade and other payables	47,582,692	37,710,515
Accrued expenses and other current liabilities	31,620,935	41,329,261
Interest payable on loan	16,116,263	2,146,777
Long-term loan	852,167,094	851,752,125
Lease liabilities	262,996,449	276,870,101
	1,210,483,433	1,209,808,779

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23. FINANCIAL INSTRUMENTS – FAIR VALUES (continued)

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities. The Company's financial assets consist of bank balances and short-term deposits, trade receivables, margins against letter of guarantees and letter of credits, and other current assets. Its financial liabilities consist of trade and other payables, certain accrued expenses, long-term loan, obligations under finance lease, and amounts due to a related party.

The management assessed that fair value of bank balances and short-term deposits, trade receivables, margins against letter of guarantees and letter of credits, other current assets, trade and other payables, certain accrued expenses and other current liabilities, long-term loans, obligations under finance lease, and amounts due to a related party approximate their carrying amounts, largely due to the short-term maturities of these instruments except for the long-term loans which carries floating rate based on the market terms.

24. SUBSEQUENT EVENTS

No matter has occurred up to and including the date of the approval of these condensed interim financial statements by the Board of Directors which could materially affect these condensed interim financial statements and the related disclosures for the three-month period ended 31 March 2025.

25. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved and authorized for issuance by the Company's Board of Directors on 8 May 2025, corresponding to 10 Dhul Qadah 1446H.