

5 - 3 Analysis of Annual Results in Summary

First Milling Company has achieved an ascending growth in its revenue over the last five years, despite of the increase of the cost of revenue as a percentage of

revenue from 56.5 in the last year to 57.2% this year, as a result of speeding the rhythm of Company operations and launching projects of new products.

Income Statement

- The Company revenues increased about 5.5% amounting to SAR 964.3 million in 2023G, compared to SAR 913.7 million in 2022G. This came as the flour revenue hiked 9% to SAR 552.9 million, backed by launching projects of new products and the robust growth in the sales of mini packages. It would be of worth here to note that for the first time, the Company has registered sales in the ready-to-bake mixes, launched lately, in addition to the sales of the Pesa mill. The sales of the Company's brand "Aloula" witnessed a growth in the retail sales by 37% in mini packages on an annual basis. The bran revenues also climbed 5.9% thus becoming SAR 140.31 million, with a slight dip in the feed revenue of about 1%, despite the increase in amounts soled by 9% year-on-year (Y-O-Y), thus growing to SAR 271.05 million. Such retreat is attributed to the first half of the year, to pace up with competitiveness by reducing the feed products prices, in response to the decrease in demand and the extended rain season in the Kingdom.
- The Company's operating profits have been enhanced in the current year to reach SAR 286.96 million, compared to SAR 255.61 million in 2022G, with an increase of 12.3%, which is mainly due to the decrease of the general and administrative expenses at about 23.7%.

- First Milling Company net profits climbed by the end of the current year by about 1.25%, rising to SAR 220.21 million, compared to SAR 217.48 million last year. Profits increased despite the interest costs due to the transfer of the long-term financing, following the completion of the merge with the mother company "Al-Raha Al-Safi Food Company", which was entered in First Milling Company registers as of 15/09/2022G. Save for the interest rate costs, the net profits for this period on a back-to-back basis will register an approximate increase of about 17.6%, compared to the year-ago period. This is mainly due to the increase in profit rates and the increase in the Company's sales sizes and values in general, led by the flour products sales. Let alone, the review and management of the general and administrative expenses which fell by SAR 24 million including some expenses that were not repeated and were only registered for once. The sales and distribution expenses rose by 21.5% in 2023G, as a result of adding the costs of the new projects, the additional investment in the brand "Aloula", and the expenses related to the transfer of inventories among branches, to support the temporary suspension of Mill C in Jeddah Facility and some other organizational expenses.

Annual Change in Main Items of the Income Statement

(All amounts in SAR mln)

Most Prominent Items in Income Statement	2022G	2023G	Change	(%) Change
Revenue	913.65	964.26	50.61	5.54
Cost of Revenue	-515.72	-551.12	-35.39	6.86
Gross Profit	397.93	413.14	15.22	3.82
Operating profit/loss	255.61	286.96	31.35	12.27
Net profit/loss	217.48	220.21	2.73	1.25

Statement of Financial Position

- In 2023G, the Company's total assets hiked 1.8% to reach SAR 2,470.72 million, compared to SAR 2,426.35 million in 2022G. This hike is due to the increase in the item of property, plant and equipment from 2022G to 2023G by 24.7%, as well as the rise in the value of inventories from SAR 119.1 last year to SAR 148.35 million this year, with an increase of 24.6%.
- The total liabilities plummeted by the end of this year about 5.8% to reach SAR 1,578.58 million, compared to SAR 1,675.39 million in 2022G. Such decrease was the direct result of reducing the value of long-term loans from SAR 1,006.4 million to SAR 936.39 million,

in addition to the reduction of the current part of the long-term loans by 34.4% to reach SAR 107.72 million, compared to SAR 164.27 million last year.

- Over both years, subject of comparison, the total equity rights rose by 18.8% to SAR 892.14 million, compared to SAR 750.96 million last year, as a result of the increase of retained earnings by 101.4% Y-O-Y, rising to SAR 245.03 million by the end of this year, compared to SAR 121.69 million in 2022G.

Annual Change in Main Items of the Financial Position Statement

(All amounts are in SAR mln)

Most Prominent Items of Income Statement	2022G	2023G	Change	(%) Change
Current assets	415.11	357.54	-57.57	-13.87
Non-current assets	2,011.24	2,113.18	101.94	5.07
Total assets	2,426.35	2,470.72	44.37	1.83
Current liabilities	337.4	289.36	-48.08	-14.25
Non-current liabilities	1,337.95	1,289.22	-48.73	-3.64
Total liabilities	1,675.39	1,578.58	-96.81	-5.78
Total equity	750.96	892.14	141.18	18.80
Total liabilities and equity	2,426.35	2,470.72	44.37	1.83

5 - 4 Overview of Quarterly Results

The Company's quarterly results saw an increase in Q1 and Q4 of this year, compared to the last year, while the profits of Q2 and Q3 of the current year decreased,

compared to the year-ago period. The following table shows the development of the Company's quarterly results between 2022G and 2023G:

Description/Period	Q1		Q2		Q3		Q4		Total	
	2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G
Total revenue	242.37	255.55	206.85	213.96	237.84	248.14	226.60	246.62	913.65	964.26
Total profit	111.36	120.14	94.88	87.99	103.76	100.40	87.92	104.60	397.93	413.14
Operating profit/loss	77.53	90.97	66.16	51.33	74.77	70.73	37.16	73.93	255.61	286.96
Net profit/loss	72.45	73.76	61.25	34.91	63.49	54.04	20.29	57.50	217.48	220.21