

3-1 Operational Review

First Milling Company is engaged in the production, packaging and selling of flour products and wheat byproducts, such as animal feed, bran and wheat germ. The Company is a market leader in the production of flour products. This is supported by strategically located, modern, innovative and efficient production facilities in four main regions. These regions are, Makkah Region (Jeddah Governorate), Al-Qassim Region (Buraidah Governorate), Tabuk Region (Tabuk City), and Eastern Region (Al-Ahsa Governorate), providing the Company with an important competitive advantage and accelerated pace in its operational processes as the only local player with production facilities located in

four regions throughout the Kingdom.

The Company plays an active and prominent role by providing innovative solutions in production to enhance its integrated role in the stability of food security in the Kingdom of Saudi Arabia. First Milling Company has achieved outstanding operational performance in 2023G in conjunction with its shares listing on the Saudi Stock Exchange «Tadawul». The listing was an additional incentive to continue leadership and excellence in the production of high-quality products with continuous innovation.

The main activities of First Milling Company include the following:

| | | |
|--|---|---|
| Wheat packing and grinding | Preparation, grinding and pressing of animal feed | Retail of barley |
| Corn Filling and grinding | Poultry feed industry | Road Transportation of Goods |
| Filling and grinding barley | Bird feed industry | Food and animal feeds storage |
| Filling and grinding groats, semolina and bulgur | Wholesale of barley | Storage in warehouses of grain, flour and agricultural products |
| Oats production | Wholesale of cereals except for barley | Dry food stores |
| Concentrated animal feed industry | Wholesale of livestock feed for pharmaceutical feed additives | Activities of head offices |
| Cattle feed industry | Wholesale of feed and non-pharmaceutical feed additives | Motor equipment rental |
| Making plant by-products as animal food | Wholesale of food and beverage | Rental of measuring and control devices |
| Retail for cattle feed | Bakery of flour and dough industry | |

First Milling Company conducted a distinguished operational performance during 2023G. The Company succeeded in achieving its strategic goals despite the unfavorable conditions and challenges that cast their shadows on the markets. The Company also expects to continue to deliver promising growth across two main paths. The first path is its core business portfolio, by optimizing cost and production dynamics in order to achieve economies of scale as a result of the

diversification of its geographical presence and the diversity of its customer portfolio. In addition to the Company's continuous expansion across the finished products sectors, which in turn will contribute to increasing revenue growth. This will require allocating more capital and operational expenditures as a second path to support this growth and increase the Company's market share.

Flour Products:

The Company produces various types of flour for multiple uses. These types of flour are usually classified according to their extraction percentage from wheat.

During the milling process, the flour is extracted from whole wheat kernels, separating the starchy endosperm elements of the wheat kernel from the bran and germ elements. The amount of the wheat kernel that remains after the flour extraction process is referred to as the «Extraction Percentage». A lower extraction percentage, from which more of the bran and germ has been removed, results in a finer, whiter flour. A higher extraction percentage, which includes more of the bran and germ elements, results in a coarser, more whole-grain type of flour.

The Company produces the following classes of flour:

| Type | Usage |
|---|---|
| 1 Premium Flour Extraction 70% | For the confectionery, pastry and bakery |
| 2 Bakery Flour Extraction 80% | For making Arabic bread and other traditional and Western baking products |
| 3 Whole Wheat Flour Extraction 95% | For making Whole meal bread |
| 4 Superior Wheat Flour Extraction 70% with fine bran additives | For making special traditional meals |

The Company sells the flour in the form of packs or in bulk, with the packs ranging in size from 1kg to 45kg.

Notably, the Company is the first milling company to obtain a license of Durum Mill to produce semolina locally.