

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

**FINANCIAL STATEMENTS**  
For the year ended 31 December 2025  
with  
**INDEPENDENT AUDITOR'S REPORT**

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

**FINANCIAL STATEMENTS**

For the year ended 31 December 2025

---

<b>Contents</b>	<b>Page</b>
Independent auditor's report on the financial statements	1-5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10-54



## KPMG Professional Services Company

Zahrán 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

To the Shareholders of Arabian Mills for Food Products Company

## Opinion

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

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

## Basis for Opinion

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

## Key Audit Matters

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



# Independent Auditor's Report

To the Shareholders of Arabian Mills for Food Products Company (continued)

## Key Audit Matters (continued)

### Revenue recognition

See note 23 to the financial statements.

#### The key audit matter

During the year ended 31 December 2025, the Company recognized revenue from contract with customers of SR 998 million.

Revenue from contract with customers is recognised at point in time when control over the goods is transferred to the customer on dispatch or delivery of the goods in accordance with applicable financial reporting framework.

Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks to overstate revenue recognition to increase profitability and earnings. Therefore, revenue recognition was considered a key audit matter.

#### How the matter was addressed in our audit

Our audit procedures performed included, among other audit procedures, the following:

- Assessed the appropriateness of the Company's accounting policies for revenue recognition in line with the requirements of applicable financial reporting framework;
- Assessed the design and implementation of the Company's controls over the recognition of revenue;
- Evaluated key contractual and return arrangements by considering relevant documentation and agreements with the customers on sample basis;
- Tested samples of sales transactions taking place during the year to inspect the supporting documents to assess they were recognized at the correct amounts;
- Recalculated and inspected the supporting documents for discounts and rebates for a sample of customers according to their agreements;
- Tested sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; and
- Assessed the adequacy of the relevant disclosures in accordance with the requirements of applicable financial reporting framework included in the financial statements.

# Independent Auditor's Report

To the Shareholders of Arabian Mills for Food Products Company (continued)

## Key Audit Matters (continued)

### Impairment of goodwill

See note 7 to the financial statements.

#### The key audit matter

As of 31 December 2025, the carrying value of goodwill is stated at SR 822 million.

Goodwill is subject to a mandatory annual impairment test.

Management engaged an independent expert to carry out the impairment assessment. The impairment assessment was performed by comparing the carrying values of the respective Cash Generating Units ("CGUs"), including partially allocated goodwill, to their recoverable amounts, which is the higher of value-in-use (VIU) or the fair value less costs to sell. The recoverable amount of each CGU was determined based on value-in-use ("VIU") calculations. A VIU assessment requires input of several key assumptions, including growth rates and discount rates. These calculations employ a discounted cash flow ("DCF") model, by using cash flow projections based on financial budgets prepared by management and approved by the Board of Directors.

There is uncertainty in estimating the recoverable amount of the CGUs which principally arises from the inputs used in both forecasting and discounting future cash flows. The significance of the goodwill balance, combined with the inherent uncertainty in the assumptions supporting its valuation, means that impairment testing is a key judgmental area.

Accordingly, we considered the valuation of goodwill to be a key audit matter due to the significant judgment and key assumptions involved in the impairment assessment process.

#### How the matter was addressed in our audit

Our audit procedures performed included, among other audit procedures, the following:

- Assessed the design and implementation of the Company's controls around impairment assessment;
- Compared the respective information used by the management in the DCF model with the historical financial information;
- Checked the mathematical accuracy of the models used by the management;
- Assessed the methodology for identifying CGUs and allocation of goodwill to them;
- Engaged our internal valuations specialist to assess the reasonableness of key assumptions (i.e., growth rates and discount rates) used in the VIU calculation;
- Performed a sensitivity analysis, which include assessing the effect of reasonably possible reductions in growth rates to evaluate the impact on the currently estimated headroom for the CGU; and
- Assessed the adequacy of the relevant disclosures in accordance with the requirements of applicable financial reporting framework included in the financial statements.

### Emphasis of matter - comparative information

We draw attention to Note [34] to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2024 has been reclassified. Our opinion is not modified in respect of this matter.



# Independent Auditor's Report

To the Shareholders of Arabian Mills for Food Products Company (continued)

## Other matter relating to comparative information

The financial statements of Arabian Mills for Food Products Company as at and for the year ended 31 December 2024, excluding the reclassifications described in Note [34] to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 March 2025.

As part of our audit of the financial statements as at and for the year ended 31 December 2025, we audited the reclassifications described in Note [34] that were applied to reclass the comparative information presented as at and for the year ended 31 December 2024. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2024, other than with respect to the reclassifications described in Note [34] to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the reclassifications described in Note [34] are appropriate and have been properly applied.

## Other Information

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

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

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

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

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

# Independent Auditor's Report

To the Shareholders of Arabian Mills for Food Products Company (continued)

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

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

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

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

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

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

### KPMG Professional Services Company

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



Jeddah, 26 March 2026  
Corresponding to 7 Shawwal 1447H

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

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Notes</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Assets</b>			
Goodwill	7	822,434,373	822,434,373
Property, plant and equipment	8	836,773,531	844,853,151
Right-of-use assets	9	236,415,722	247,682,492
Intangible assets	10	60,095,524	62,681,694
<b>Non-current assets</b>		<u>1,955,719,150</u>	<u>1,977,651,710</u>
Inventories	11	91,685,993	127,404,721
Trade receivables	12	39,230,271	34,193,251
Prepayments and other current assets	13	10,284,304	9,540,757
Cash and cash equivalents	14	235,963,432	130,444,607
<b>Current assets</b>		<u>377,164,000</u>	<u>301,583,336</u>
<b>Total assets</b>		<u>2,332,883,150</u>	<u>2,279,235,046</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	15	513,150,060	513,150,060
Reserve	16	50,849,137	50,849,137
Retained earnings		677,784,866	471,117,861
<b>Total equity</b>		<u>1,241,784,063</u>	<u>1,035,117,058</u>
<b>Liabilities</b>			
Long-term loan	18	669,642,126	824,884,452
Lease liabilities	19	252,060,309	261,466,872
Employees' benefits	20	18,130,000	8,557,000
<b>Non-current liabilities</b>		<u>939,832,435</u>	<u>1,094,908,324</u>
Trade and other payables		44,703,336	42,355,366
Accrued expenses and other current liabilities	21	50,186,495	38,968,230
Current portion of long-term loans	18	20,050,394	26,867,674
Current portion lease liabilities	19	15,524,901	15,403,229
Advances from customers	22	14,701,526	20,120,165
Zakat payable	28	6,100,000	5,495,000
<b>Current liabilities</b>		<u>151,266,652</u>	<u>149,209,664</u>
<b>Total liabilities</b>		<u>1,091,099,087</u>	<u>1,244,117,988</u>
<b>Total equity and liabilities</b>		<u>2,332,883,150</u>	<u>2,279,235,046</u>

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

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

The accompanying notes from 1 to 35 form an integral part of these financial statements.

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	Notes	<u>2025</u>	<u>2024</u>
Revenue from contract with customers	23	997,658,173	973,942,448
Cost of revenue	24	(526,849,274)	(523,233,904)
<b>Gross profit</b>		<b>470,808,899</b>	<b>450,708,544</b>
Selling and distribution expenses	25	(79,222,219)	(64,147,416)
General and administrative expenses	26	(85,099,803)	(86,556,440)
Expected credit loss on trade receivables	12	(1,400,000)	(2,300,000)
Other income		1,537,573	473,145
<b>Operating profit</b>		<b>306,624,450</b>	<b>298,177,833</b>
Finance cost	27	(70,414,732)	(83,563,721)
Interest income		7,100,877	4,603,540
<b>Profit before zakat</b>		<b>243,310,595</b>	<b>219,217,652</b>
Zakat expense	28	(6,272,741)	(5,581,037)
<b>Profit for the year</b>		<b>237,037,854</b>	<b>213,636,615</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurements of defined benefit obligations	20	(95,000)	(1,486,000)
<b>Other comprehensive loss for the year</b>		<b>(95,000)</b>	<b>(1,486,000)</b>
<b>Total comprehensive income for the year</b>		<b>236,942,854</b>	<b>212,150,615</b>
<b>Earnings per share for the year attributable to shareholders of the Company (SR):</b>			
Basic	30	4.62	4.16
Diluted	30	4.62	4.16

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

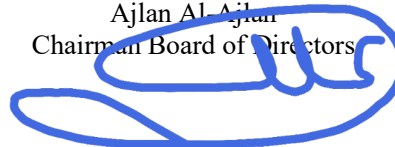
Mr. Safouane AlMabruk Khechirif  
Chief Financial Officer (CFO)



Mr. Rohit Chugh  
Chief Executive Officer



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



The accompanying notes from 1 to 35 form an integral part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

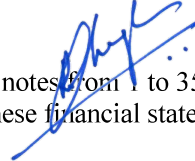
	Note	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total</u>
<b>Balance at 1 January 2025</b>		<b>513,150,060</b>	<b>50,849,137</b>	<b>471,117,861</b>	<b>1,035,117,058</b>
<b>Profit for the year</b>		--	--	<b>237,037,854</b>	<b>237,037,854</b>
<b>Other comprehensive loss for the year</b>		--	--	<b>(95,000)</b>	<b>(95,000)</b>
<b>Total comprehensive income for the year</b>		--	--	<b>236,942,854</b>	<b>236,942,854</b>
<b>Dividends distribution</b>	17	--	--	<b>(30,275,849)</b>	<b>(30,275,849)</b>
<b>Balance at 31 December 2025</b>		<b>513,150,060</b>	<b>50,849,137</b>	<b>677,784,866</b>	<b>1,241,784,063</b>
Balance at 1 January 2024		513,150,060	50,849,137	258,967,246	822,966,443
Profit for the year		--	--	213,636,615	213,636,615
Other comprehensive loss for the year		--	--	(1,486,000)	(1,486,000)
Total comprehensive income for the year		--	--	212,150,615	212,150,615
Balance at 31 December 2024		513,150,060	50,849,137	471,117,861	1,035,117,058

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

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



The accompanying notes from 1 to 35 form an integral part of these financial statements.

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**  
(A Saudi Joint Stock Company)  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2025  
(Expressed in Saudi Arabian Riyals, unless otherwise specified)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>			
Profit before zakat		243,310,595	219,217,652
<b>Adjustments:</b>			
Depreciation of property, plant and equipment	8.5	69,181,649	64,925,036
Depreciation of right-of-use assets	9.1	11,266,770	11,258,295
Amortization of intangible assets	10.2	3,348,170	3,080,693
Finance cost on lease liabilities	19.2	6,118,343	6,330,644
Interest on long-term loan	27	51,846,812	75,651,647
Amortization of loan transaction cost	27	12,449,577	1,581,430
Interest income		(7,100,877)	(4,603,540)
Adjustment for net relisable value of inventories	11.2	215,987	671,596
Provision for employees' defined benefit obligations	20	5,259,603	3,990,466
Expected credit loss on trade receivables	12.2	1,400,000	2,300,000
Provision for long-term incentive plan (LTIP)	20.2	4,600,000	--
		<b>401,896,629</b>	<b>384,403,919</b>
<b>Changes in:</b>			
Inventories		31,482,285	(29,264,675)
Trade receivables		(6,437,020)	(24,826,233)
Prepayments and other current assets		(1,067,226)	6,005,004
Trade and other payables		2,347,970	(6,394,688)
Accrued expenses and other current liabilities		13,365,042	15,877,782
Advances from customers		(5,418,639)	3,977,087
<b>Cash generated from operating activities</b>		<b>436,169,041</b>	<b>349,778,196</b>
Zakat paid	28.2	(5,667,741)	(5,208,131)
Employees' defined benefit obligations paid	20	(381,603)	(216,630)
<b>Net cash from operating activities</b>		<b>430,119,697</b>	<b>344,353,435</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	8	(57,299,737)	(17,779,221)
Additions to intangible assets	10	(762,000)	(787,500)
Interest received		7,424,556	4,279,862
Proceeds from disposal of property, plant and equipment		218,164	--
<b>Net cash used in investing activities</b>		<b>(50,419,017)</b>	<b>(14,286,859)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	17	(30,275,849)	--
Principal repayment of long-term loan	18	(174,509,183)	(226,475,806)
Interest paid on long-term loan		(53,993,589)	(85,540,452)
Principal payment of lease liabilities	19.1	(9,072,590)	(9,072,585)
Finance cost paid on lease liabilities		(6,330,644)	(6,330,649)
<b>Net cash used in financing activities</b>		<b>(274,181,855)</b>	<b>(327,419,492)</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>105,518,825</b>	<b>2,647,084</b>
Cash and cash equivalents as at the beginning of the year		130,444,607	127,797,523
<b>Cash and cash equivalents at the end of the year</b>		<b>235,963,432</b>	<b>130,444,607</b>

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

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

The accompanying notes from 1 to 35 form  
an integral part of these financial statements

## **ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### **1. COMPANY INFORMATION**

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 Unified No. 7010991938 and 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’s 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-Awwal 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 FINANCIAL STATEMENTS

For the year ended 31 December 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 cancelled 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 Tadawul on 8 October 2024 (corresponding to 5 Rabi Al-Thani 1446H).

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 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

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.

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

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

## **ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

### **2.2 Basis of measurement**

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

### **2.3 Functional and presentation currency**

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

## **3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **3.1 Useful lives and residual value of property, plant and equipment**

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

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** **(continued)**

#### **3.2 Adjustment for net realizable value of inventories**

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

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

#### **3.3 Defined benefit plans**

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

#### **3.4 Impairment of non-financial assets**

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

#### **3.5 Determination of discount rate for present value calculations**

Discount rates represent the current market assessment of the risks specific to each cash flow stream, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from recent market transactions and a market yields overview.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 4. MATERIAL ACCOUNTING POLICIES

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

##### 4.1 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning (if any) of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

<u>Categories</u>	<u>Useful lives</u>	<u>Categories</u>	<u>Useful lives</u>
Buildings	Shorter of the useful life and lease term (10 - 25 years)	Furniture, fittings and equipment	5 - 10 years
Plant and equipment	10 - 25 years	Strategic spare parts	15 years
Motor vehicles	5 years		

The depreciation of plant is calculated on the useful lives of the components of the principal asset.

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

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

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

## **ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### **4. MATERIAL ACCOUNTING POLICIES (continued)**

##### **4.2 Leases**

###### **4.2.1 Right-of-use assets**

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

###### **4.2.2 Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the year on which the event or condition that triggers the payment occurs.

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

##### **4.3 Goodwill**

Goodwill represents the difference between the cost of businesses acquired and the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed. Goodwill is assessed for impairment at CGU level.

##### **4.4 Financial instruments**

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

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 4. **MATERIAL ACCOUNTING POLICIES (continued)**

##### 4.4 **Financial instruments (continued)**

###### 4.4.1 **Financial Assets**

The Company's financial assets comprise of cash and cash equivalents, trade receivables and other current financial assets, margins against letter of guarantees and amounts due from related parties.

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

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

On initial recognition, a financial asset is classified as measured at:

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

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

###### ***Cash and cash equivalents***

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

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

###### ***Trade receivable and other current financial assets***

Trade receivables and other current financial assets are measured at amortized cost and comprise of trade and other receivables, margins against letters of guarantee and other current financial assets.

###### ***Due from related parties***

Amounts due from related parties are measured at amortized cost.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 4. MATERIAL ACCOUNTING POLICIES (continued)

##### 4.4 Financial instruments (continued)

##### 4.4.2 Financial liabilities

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

The Company's financial liabilities include trade and other payables, certain accrued expenses and other current liabilities, long-term loan, and lease liabilities. At 31 December 2025, all of the Company's financial liabilities are classified at amortised cost.

##### **Long-term loan**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization 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 amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

##### *Offsetting of financial instruments*

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

##### 4.5 Inventories

Cost is measured as follows:

Finished goods	Direct cost of raw materials as well as overheads, the latter of which is allocated based on the normal level of activity.
Wheat (raw material)	Weighted average based on SR 180 per metric ton (note 1).
Spare parts and other raw materials	Weighted average
Goods in transit	Cost plus freight and other related expense based on the underlying shipping terms.

Inventories are stated at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 4. **MATERIAL ACCOUNTING POLICIES (continued)**

##### 4.5 **Inventories (continued)**

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

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

##### 4.6 **Employees' benefits**

###### 4.6.1 **Employees' defined benefit obligations**

The Company has defined benefit plan with General Organization for Social Insurance "GOSI" where the Company and the employees contribute fixed percentage of their salary toward the retirement of its employees. The Company operates defined benefit plan, under the Saudi Arabian Labor Law based on employees' accumulated periods of service at the statement of financial position date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

Past service costs are recognized in income at the earlier of:

- The date of the plan amendment or curtailment; and
- The date on which the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the changes in the net defined benefit obligation for service costs that comprises current service costs, past-service costs, gains and losses on curtailments, net interest expense and non-routine settlements in the statement of profit or loss and other comprehensive income.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 4. MATERIAL ACCOUNTING POLICIES (continued)

##### 4.6 Employees' benefits(continued)

###### 4.6.2 Long-term incentive plan

The Company's net obligation in respect of long-term incentive plan is the amount of future benefits that certain executives have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in the profit or loss in the period in which they arise.

##### 4.7 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's 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-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

##### 4.8 Revenue from contracts with customers

The Company is involved in the manufacturing of flour, feed and bran (by-product).

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

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 4. MATERIAL ACCOUNTING POLICIES (continued)

##### 4.8 Revenue from contracts with customers (continued)

Revenue is measured at the transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods, excluding amounts collected on behalf of third parties.

Revenue from the sale of goods is recognised at a point in time, based on the terms of the contract with the customer. Control is generally transferred either upon dispatch of the goods from the Company's warehouse or upon delivery to the location specified by the customer, depending on the agreed shipping terms.

The Company has concluded that it acts as principal in its revenue arrangements, as it controls the goods before transfer to the customer and is primarily responsible for fulfilling the promise to provide the goods.

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

##### 4.9 Zakat

Zakat provision is calculated and recorded based on the zakat base according to the regulations of the Zakat, Tax and Customs Authority ("ZATCA "). The expense relating to a provision is charged to the statement of profit or loss and other comprehensive income.

##### 4.10 Finance costs

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

#### 5. NEW STANDARDS, INTERPRETATION 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 financial statements.

*Standards,  
interpretations and  
amendments*

*Description*

*Effective from periods  
beginning on or after  
the following date*

Amendments to IAS 21

Lack of exchangeability

1 January 2025

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 5. NEW STANDARDS, INTERPRETATION AND AMENDMENTS (continued)

##### 5.2 Standards, interpretations and amendments issued but not yet effective

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

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

<u>Standards / Interpretations</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Volume 11	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	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.

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**6. SEGMENT INFORMATION (continued)**

<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.

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. Intercompany transactions, if any, 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 zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

**For the year ended 31**

<u>December 2025</u>	<u>Riyadh</u>	<u>Hail</u>	<u>Jizan</u>	<u>Total</u>
Total revenue	612,298,327	193,123,668	192,236,178	997,658,173
Cost of inventories	(206,817,390)	(90,024,455)	(63,202,721)	(360,044,566)
Salaries and other benefits	(30,005,527)	(20,482,368)	(18,643,149)	(69,131,044)
Depreciation and amortization	(40,725,081)	(16,852,816)	(24,979,435)	(82,557,332)
Other expenses	(62,804,773)	(28,194,836)	(27,476,104)	(118,475,713)
Finance costs	(2,095,359)	(1,874,268)	(2,148,716)	(6,118,343)
Other income	1,445,000	--	--	1,445,000
Segment profit	<u>271,295,197</u>	<u>35,694,925</u>	<u>55,786,053</u>	<u>362,776,175</u>

**For the year ended 31**

<u>December 2024</u>	<u>Riyadh</u>	<u>Hail</u>	<u>Jizan</u>	<u>Total</u>
Total revenue	593,463,546	216,014,200	164,464,702	973,942,448
Cost of inventories	(199,831,356)	(110,203,710)	(53,354,523)	(363,389,589)
Salaries and other benefits	(27,823,619)	(20,481,173)	(17,461,969)	(65,766,761)
Depreciation and amortization	(36,050,453)	(15,890,915)	(23,503,557)	(75,444,925)
Other expenses	(51,629,719)	(28,663,390)	(23,989,234)	(104,282,343)
Finance costs	(2,177,680)	(1,934,898)	(2,227,278)	(6,339,856)
Other income	140,986	2,637	96,521	240,144
Segment profit	<u>276,091,705</u>	<u>38,842,751</u>	<u>44,024,662</u>	<u>358,959,118</u>

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**6. SEGMENT INFORMATION (continued)**

<u>At 31 December 2025</u>	<u>Riyadh</u>	<u>Hail</u>	<u>Jizan</u>	<u>Total</u>
Total assets	1,119,475,376	322,442,815	599,874,304	2,041,792,495
Total liabilities	169,542,370	93,570,871	105,047,447	368,160,688
<b><u>Other disclosures:</u></b>				
Property, plant and equipment	339,282,093	149,703,934	310,875,043	799,861,070
Capital expenditure	21,869,137	7,828,589	4,909,952	34,607,678
Right-of-use assets	80,883,742	71,738,159	83,793,821	236,415,722
Goodwill	608,334,373	54,500,000	159,600,000	822,434,373
Inventories	51,479,371	20,347,778	19,858,844	91,685,993
<u>At 31 December 2024</u>	<u>Riyadh</u>	<u>Hail</u>	<u>Jizan</u>	<u>Total</u>
Total assets	1,125,405,231	366,714,449	618,308,768	2,110,428,448
Total liabilities	135,698,006	116,668,040	109,930,698	362,296,744
<b><u>Other disclosures:</u></b>				
Property, plant and equipment and	346,317,892	159,842,896	320,987,726	827,148,514
Capital expenditure	10,886,576	2,803,537	2,427,588	16,117,701
Right-of-use assets	84,735,804	75,154,263	87,792,425	247,682,492
Goodwill	608,334,373	54,500,000	159,600,000	822,434,373
Inventories	56,668,047	43,629,561	27,107,113	127,404,721

**6.1 Reconciliations of information on reportable segments to the amounts reported in the financial statements:*****i) Profit before zakat***

	<b>31 December <u>2025</u></b>	<b>31 December <u>2024</u></b>
Total profit before zakat for reportable segments	<b>362,776,175</b>	358,959,118
<b><u>Unallocated amounts:</u></b>		
Salaries and other benefits	<b>(43,150,032)</b>	(36,116,098)
Depreciation and amortization	<b>(1,239,255)</b>	(3,819,099)
Remuneration of board of directors	<b>(3,934,346)</b>	(4,225,082)
Other expenses	<b>(12,639,008)</b>	(20,893,862)
Finance costs	<b>(64,296,389)</b>	(77,223,865)
Finance income	<b>7,100,877</b>	4,603,540
Other income	<b>92,573</b>	233,000
Expected credit loss on trade receivables	<b>(1,400,000)</b>	(2,300,000)
	<b><u>243,310,595</u></b>	<u>219,217,652</u>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 6. SEGMENT INFORMATION (continued)

##### ii) Total assets

	<b>31 December 2025</b>	31 December 2024
Total assets for reportable segments	<b>2,041,792,495</b>	2,110,565,448
Unallocated amounts	<b>291,090,655</b>	168,669,598
	<b><u>2,332,883,150</u></b>	<u>2,279,235,046</u>

##### iii) Total liabilities

	<b>31 December 2025</b>	31 December 2024
Total liabilities for reportable segments	<b>368,160,688</b>	362,433,744
Unallocated amounts	<b>722,938,399</b>	881,684,244
	<b><u>1,091,099,087</u></b>	<u>1,244,117,988</u>

All revenue is generated from external customers. Revenue from one customer of the Company's Riyadh segment is SR 64.40 million (31 December 2024: SR 44.40 million) which represents 6.5% (31 December 2024: 4.6%) of the Company's total revenues.

#### 7. GOODWILL

Pursuant to privatization program by the GFSA, the former Parent Company entered into an agreement with NCP and Public-Private Partnership (PPP) on 30 November 2021 (corresponding to 25 Rabi Al Thani, 1443H) to acquire 100% equity stake in the Company. The transaction was completed by 31 December 2020 (corresponding to 16 Jumada Al Awwal, 1442H).

The former Parent Company paid a consideration of SR 2,150 million to acquire the Company with book value of net assets of SR 1,141 million. The former Parent Company completed the purchase price allocation ("PPA") to net assets within a measurement period of one year after the date of acquisition in which the former Parent Company identify and measure the identifiable assets and liabilities assumed as of the acquisition date in accordance with the requirements of IFRS 3 Business Combination. The following adjustment was recorded by the former Parent Company:

	<b><u>SR</u></b>
Fair value of consideration paid	2,153,922,719
Book value of net assets of the subsidiary	(1,140,552,561)
Net uplift in property, plant and equipment	(130,254,750)
Recognition of intangible asset	(60,681,035)
Goodwill	<u>822,434,373</u>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 7. **GOODWILL (continued)**

Break-up of net assets as stated in the Parent Company's financial statements that were transferred to the Company at the time of merger (i.e. 30 November 2022) were as follows:

	<b><u>SR</u></b>
Property, plant and equipment	130,254,750
Intangible assets	60,681,035
Goodwill	822,434,373
Bank balances	47,285
Loans	(1,748,244,714)
Trade payables and other current liabilities	(6,463,901)
Amount due to related parties	(53,856,780)
Accumulated losses	136,314,546
Merger deficit reserve	<b><u>(658,833,406)</u></b>

For impairment testing, goodwill acquired through business combination is allocated to three CGUs, which are also the Company's operating and reportable segments. The amount of goodwill allocated to each CGU is as follows:

	<b><u>31 December</u></b>	<b>31 December</b>
	<b><u>2025</u></b>	<b><u>2024</u></b>
Riyadh	<b>608,334,373</b>	608,334,373
Jizan	<b>159,600,000</b>	159,600,000
Hail	<b>54,500,000</b>	54,500,000
	<b><u>822,434,373</u></b>	<b><u>822,434,373</u></b>

The Company has performed its impairment test for goodwill on 31 December 2025 and 31 December 2024. The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As of 31 December 2025, the market capitalisation of the Company is above book value of its equity.

The recoverable amount of the CGUs is SR 2,129.50 million for Riyadh, SR 687 million for Jizan and SR 398.10 million for Hail, totalling SR 3,214.60 million as at 31 December 2025, which has been determined based on a value-in-use calculation using cash flow projections from financial budgets reviewed by key management covering a five-year period. The pre-zakat discount rate applied to cash flow projections is between 12% to 13%. As at 31 December 2025, the carrying amount of the CGUs is SR 683.20 million for Riyadh, SR 341.70 million for Jizan and SR 217.10 million for Hail, lower than the recoverable amount of the CGUs, indicating no impairment of goodwill. As a result of this analysis, there is headroom of SR 1,446.30 million for Riyadh, SR 354.40 for Jizan and SR 181 million for Hail, therefore, management did not identify impairment.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 7. **GOODWILL (continued)**

##### **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:*

##### **Earnings before interest, tax and depreciation (EBITDA)**

EBITDA based on average values achieved in the three years preceding the beginning of the budget period. EBITDA of the CGUs was 43.3% for Riyadh, 39.1% for Jizan and 23.3% for Hail. These have been kept consistent over the budget period.

Management has identified that a reasonably possible change in EBITDA margins by 21.4% for Riyadh, 30.2% for Jizan and 14.1% for Hail would result in estimated recoverable amount to be equal to the carrying amount.

##### **Discount rates**

Discount rates represent the current market assessment of the risks specific to each 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 also takes into account the specific circumstances of the CGU and is derived from its weighted average cost of capital (WACC). The 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 from a market participant's view. The cost of debt is based on the market participant's view based on the Company's performance. 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. The estimate of the value in use was determined using the pre-zakat discount rate 12%-13%.

A rise in the discount rate by 13.6% for Riyadh, 6.3% for Jizan and 6.3% for Hail would result in estimated recoverable amount to be equal to the carrying amount.

##### **Growth rates used to extrapolate cash flows beyond the forecast period**

Rates are based on detailed value creation plan with external consultant reflecting the market growth and the projection of the Company for coming years. The Company has assumed the terminal value growth rate (TVGR) of 2.3% to extrapolate cash flows beyond the forecast period. 1% increase in TVGR will increase the recoverable amount of Riyadh by SR. 195.15 million, Jizan by SR 68 million and Hail by SR 35.2 million. 1% decrease in TVGR will decrease the recoverable amount of Riyadh by SR 160.1 million, Jizan by SR 55.65 million and Hail by SR 28.85 million.

As management does not expect new entrant in the market till 31 December 2031, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**8. PROPERTY, PLANT AND EQUIPMENT**

	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Strategic spares</u>	<u>Furniture and fittings</u>	<u>Computer equipment</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
<b><u>Cost:</u></b>								
Balance at 1 January 2024	369,571,150	744,835,218	28,896,637	11,017,094	4,649,544	12,964,949	6,331,546	1,178,266,138
Additions during the year	2,431,209	7,290,340	1,540,541	585,319	478,965	26,086	5,426,761	17,779,221
Transfers during the year	7,554,006	5,256,610	(2,557,283)	--	--	--	(10,253,333)	--
Balance at 31 December 2024	<u>379,556,365</u>	<u>757,382,168</u>	<u>27,879,895</u>	<u>11,602,413</u>	<u>5,128,509</u>	<u>12,991,035</u>	<u>1,504,974</u>	<u>1,196,045,359</u>
<b>Balance at 1 January 2025</b>	<b>379,556,365</b>	<b>757,382,168</b>	<b>27,879,895</b>	<b>11,602,413</b>	<b>5,128,509</b>	<b>12,991,035</b>	<b>1,504,974</b>	<b>1,196,045,359</b>
Additions during the year	241,040	15,700,765	5,713,916	9,631,745	744,691	3,547,300	21,720,280	57,299,737
Transfers from inventories	--	--	4,020,456	--	--	--	--	4,020,456
Disposals during the year	--	(365,109)	--	(11,713)	(15,167)	--	--	(391,989)
Transfers during the year	5,075,152	4,437,988	(2,061,111)	325,378	--	--	(7,777,407)	--
<b>Balance at 31 December 2025</b>	<b><u>384,872,557</u></b>	<b><u>777,155,812</u></b>	<b><u>35,553,156</u></b>	<b><u>21,547,823</u></b>	<b><u>5,858,033</u></b>	<b><u>16,538,335</u></b>	<b><u>15,447,847</u></b>	<b><u>1,256,973,563</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**8. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Strategic spares</u>	<u>Furniture and fittings</u>	<u>Computer equipment</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
<b><u>Accumulated depreciation:</u></b>								
<b>Balance at 1 January 2024</b>	75,075,743	191,713,496	3,720,983	4,746,783	3,579,173	7,430,994	--	286,267,172
Charge for the year	18,763,932	39,032,561	2,982,494	1,025,470	533,122	2,587,457	--	64,925,036
Transfers during the year	--	496,313	(496,313)	--	--	--	--	--
<b>Balance at 31 December 2024</b>	<u>93,839,675</u>	<u>231,242,370</u>	<u>6,207,164</u>	<u>5,772,253</u>	<u>4,112,295</u>	<u>10,018,451</u>	<u>--</u>	<u>351,192,208</u>
<b>Balance at 1 January 2025</b>	<u>93,839,675</u>	<u>231,242,370</u>	<u>6,207,164</u>	<u>5,772,253</u>	<u>4,112,295</u>	<u>10,018,451</u>	<u>--</u>	<u>351,192,208</u>
Charge for the year	<u>17,641,896</u>	<u>42,681,835</u>	<u>2,482,421</u>	<u>4,956,842</u>	<u>509,059</u>	<u>909,596</u>	<u>--</u>	<u>69,181,649</u>
Transfer from inventories	--	<u>449,585</u>	<u>(449,585)</u>	--	--	--	--	--
Disposals during the year	--	<u>(153,143)</u>	--	<u>(5,552)</u>	<u>(15,130)</u>	--	--	<u>(173,825)</u>
<b>Balance at 31 December 2025</b>	<u>111,481,571</u>	<u>274,220,647</u>	<u>8,240,000</u>	<u>10,723,543</u>	<u>4,606,224</u>	<u>10,928,047</u>	<u>--</u>	<u>420,200,032</u>
<b><u>Net book value:</u></b>								
<b>At 31 December 2025</b>	<u>273,390,986</u>	<u>502,935,165</u>	<u>27,313,156</u>	<u>10,824,280</u>	<u>1,251,809</u>	<u>5,610,288</u>	<u>15,447,847</u>	<u>836,773,531</u>
At 31 December 2024	<u>285,716,690</u>	<u>526,139,798</u>	<u>21,672,731</u>	<u>5,830,160</u>	<u>1,016,214</u>	<u>2,972,584</u>	<u>1,504,974</u>	<u>844,853,151</u>

**8.1** During the year ended 31 December 2025, management reclassified spare parts amounting to SR 4.02 million from inventories to property, plant and equipment, as these items have a useful life of more than one year and meet the definition of property, plant and equipment in accordance with IAS 16.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 8. PROPERTY, PLANT AND EQUIPMENT (continued)

8.2 The buildings are built 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 03 Rabi Al 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 the Company's milling license.

8.3 As at 31 December 2025, projects capitalized mainly consist of the following projects:

- i) Establishment of administrative offices in Riyadh
- ii) Laboratory expansion and renovation in Riyadh
- iii) Asphalt parking in Riyadh
- iv) Installation of emergency ladder in Riyadh
- v) A & B Mills automation upgrade in Riyadh

8.4 As at 31 December 2025, projects under progress mainly consist of the following projects:

- i) Air wash system in A, B and C Mill in Riyadh, expected to be completed in March 2026
- ii) New line 10kg in flour packing area in Riyadh, expected to be completed in June 2026
- iii) Feed bulker – KT pacer in Riyadh, expected to be completed in June 2026

Capital commitments relating to capital work-in-progress are amounting to SR 15.45 million (31 December 2024: SR 5.84 million).

8.5 The depreciation charge on property, plant and equipment for the year has been allocated as follows:

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cost of revenue	24	<b>65,901,143</b>	60,548,483
General and administrative expenses	26	<b>2,782,674</b>	3,614,962
Selling and distribution expenses	25	<b>497,832</b>	761,592
		<b><u>69,181,649</u></b>	<u>64,925,037</u>

#### 9. RIGHT-OF-USE ASSETS

The Company leases lands, silos and warehouses. Silos and lands are leased from the GFSA. The term of the lease is twenty-five calendar years commenced from 1 January 2017 (corresponding to 3 Rabi Al-Thani 1438H), which was modified in December 2021 to match with the duration of flour milling license up to 30 November 2046 (corresponding to 2 Safar 1469H) and is renewable automatically for the same period subject to renewal of Company's milling license. For leases, the Company is restricted from entering into any sub-lease arrangements.

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**9. RIGHT-OF-USE ASSETS (continued)**

The Company leases warehouses with contract terms of twelve months or less. These leases are either low value or short-term leases. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

	<u>Silos</u>	<u>Lands</u>	<u>Total</u>
<b><u>Cost:</u></b>			
Balance at 31 December 2024	251,975,011	69,150,181	321,125,192
<b>Balance at 1 January 2025</b>	<b>251,975,011</b>	<b>69,150,181</b>	<b>321,125,192</b>
<b>Balance at 31 December 2025</b>	<b>251,975,011</b>	<b>69,150,181</b>	<b>321,125,192</b>
<b><u>Accumulated depreciation:</u></b>			
Balance at 1 January 2024	51,246,349	10,938,056	62,184,405
Charge for the year	8,727,333	2,530,962	11,258,295
<b>Balance at 31 December 2024</b>	<b>59,973,682</b>	<b>13,469,018</b>	<b>73,442,700</b>
<b>Balance at 1 January 2025</b>	<b>59,973,682</b>	<b>13,469,018</b>	<b>73,442,700</b>
Charge for the year	8,727,333	2,539,437	11,266,770
<b>Balance at 31 December 2025</b>	<b>68,701,015</b>	<b>16,008,455</b>	<b>84,709,470</b>
<b><u>Net book value:</u></b>			
<b>At 31 December 2025</b>	<b>183,273,996</b>	<b>53,141,726</b>	<b>236,415,722</b>
At 31 December 2024	192,001,329	55,681,163	247,682,492

9.1 The depreciation charge on right-of-use assets for the year has been allocated as follows:

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Cost of revenue	24	9,748,413	9,739,939
General and administrative expenses	26	1,265,298	1,265,297
Selling and distribution expenses	25	253,059	253,059
		<b>11,266,770</b>	<b>11,258,295</b>

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**10. INTANGIBLE ASSETS**

10.1 Intangible assets include computer programmes and software and brand. Movement in intangible assets is as follows:

	<u>Computer software</u>	<u>Brand</u>	<u>Projects under progress</u>	<u>Total</u>
<b><u>Cost:</u></b>				
<b>Balance at 1 January 2024</b>	9,801,786	60,681,035	--	70,482,821
Additions during the year	<u>787,500</u>	--	--	<u>787,500</u>
<b>Balance at 31 December 2024</b>	<u>10,589,286</u>	<u>60,681,035</u>	--	<u>71,270,321</u>
<b>Balance at 1 January 2025</b>	<b>10,589,286</b>	<b>60,681,035</b>	--	<b>71,270,321</b>
Additions during the year	--	--	<u>762,000</u>	<u>762,000</u>
<b>Balance at 31 December 2025</b>	<u>10,589,286</u>	<u>60,681,035</u>	<u>762,000</u>	<u>72,032,321</u>
<b><u>Accumulated amortization:</u></b>				
<b>Balance at 1 January 2024</b>	653,452	4,854,482	--	5,507,934
Amortization for the year	<u>653,452</u>	<u>2,427,241</u>	--	<u>3,080,693</u>
<b>Balance at 31 December 2024</b>	<u>1,306,904</u>	<u>7,281,723</u>	--	<u>8,588,627</u>
<b>Balance at 1 January 2025</b>	<b>1,306,904</b>	<b>7,281,723</b>	--	<b>8,588,627</b>
Amortization for the year	<u>718,659</u>	<u>2,629,511</u>	--	<u>3,348,170</u>
<b>Balance at 31 December 2025</b>	<u>2,025,563</u>	<u>9,911,234</u>	--	<u>11,936,797</u>
<b><u>Net book value:</u></b>				
<b>At 31 December 2025</b>	<u>8,563,723</u>	<u>50,769,801</u>	<u>762,000</u>	<u>60,095,524</u>
At 31 December 2024	<u>9,282,382</u>	<u>53,399,312</u>	--	<u>62,681,694</u>

10.2 The amortisation charge on intangible assets for the year has been allocated as follows:

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
General and administrative expenses	26	<b>718,659</b>	653,452
Selling and distribution expenses	25	<u>2,629,511</u>	<u>2,427,241</u>
		<u>3,348,170</u>	<u>3,080,693</u>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 11. INVENTORIES

11.1 Inventories comprise of the following:

	<b>31 December 2025</b>	31 December 2024
Spare parts	69,354,724	76,175,924
Raw materials	25,773,088	28,051,119
Finished goods	7,567,940	11,330,232
Goods in transit	1,052,673	24,137,870
Other inventories	1,817,323	1,373,344
Less: adjustment for net realizable value of inventories	<u>(13,879,755)</u>	<u>(13,663,768)</u>
	<b><u>91,685,993</u></b>	<b><u>127,404,721</u></b>

11.2 Movement in adjustment for net realizable value of inventories during the year is as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	13,663,768	12,992,172
Charged during the year	<u>215,987</u>	<u>671,596</u>
At the end of the year	<b><u>13,879,755</u></b>	<b><u>13,663,768</u></b>

11.3 Spare parts amounting to SR 7.90 million (31 December 2024: SR 7.54 million) consumed during the year is included in the maintenance expenses under cost of revenue. Cost of raw materials, packing materials and finished goods recognized during the year are disclosed in note 24.

11.1 During the year ended 31 December 2025, the Company has recognized the provision for net realizable value of inventories amounting to SR 0.22 million (31 December 2024: SR 0.67 million). The amount is included in the cost of revenue.

#### 12. TRADE RECEIVABLES

12.1 Trade receivables comprise of the following:

	<b>31 December 2025</b>	31 December 2024
Trade receivables	42,930,271	36,493,251
Allowance for expected credit losses on trade receivables	<u>(3,700,000)</u>	<u>(2,300,000)</u>
	<b><u>39,230,271</u></b>	<b><u>34,193,251</u></b>

The settlement period of these trade receivables are 30-90 days and are secured by promissory notes.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 12. TRADE RECEIVABLES (continued)

12.2 The movement of allowance for expected credit losses during the year is as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	2,300,000	1,700,000
Allowance during the year	<u>1,400,000</u>	<u>600,000</u>
At the end of the year	<u><u>3,700,000</u></u>	<u><u>2,300,000</u></u>

#### 13. PREPAYMENTS AND OTHER CURRENT ASSETS

	<u>Note</u>	<b>31 December 2025</b>	31 December 2024
Advances to suppliers		5,070,724	3,658,815
Prepayments	13.1	2,938,111	3,243,206
Margins against letters of guarantee		2,187,976	2,187,976
Accrued interest on short-term murabaha deposits		--	323,679
Other receivables		<u>87,493</u>	<u>127,081</u>
		<u><u>10,284,304</u></u>	<u><u>9,540,757</u></u>

13.1 Prepayments mainly include prepaid rent related to low value and short-term leases, medical and other insurances.

#### 14. CASH AND CASH EQUIVALENTS

	<b>31 December 2025</b>	31 December 2024
Cash in hand	91,817	180,000
Cash at banks	235,871,615	80,264,607
Short-term deposits	--	50,000,000
	<u><u>235,963,432</u></u>	<u><u>130,444,607</u></u>

#### 15. SHARE CAPITAL

The authorized, issued and fully paid-up share capital of the Company as at 31 December 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 (2024: SR 10) each share.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 15. SHARE CAPITAL (continued)

The shareholding pattern as of 31 December 2025 and 31 December 2024 was as follows:

	<u>Percentage</u>	<u>No. of shares</u>	<u>Amount</u>
Abdulaziz Alajlan Sons Co. for Commercial and Real Estate Investment	35.09%	18,006,278	180,062,780
Sulaiman Abdulaziz Alrajhi International Company	24.50%	12,572,176	125,721,760
National Agriculture Development Company	10.41%	5,342,050	53,420,500
General public	30%	15,394,502	153,945,020
	<u>100%</u>	<u>51,315,006</u>	<u>513,150,060</u>

#### 16. STATUTORY RESERVE

In accordance with the previous By-laws of the Company, the Company transfers 10% of its net income each year as a statutory reserve until such reserve reaches 30% of the share capital. This statutory reserve is not required in accordance with the new Companies Law and amended By-laws of the Company.

The Company is currently studying and reviewing the balance of statutory reserve, and it will be raised to the Company's General Assembly with the recommendations.

#### 17. DIVIDENDS DISTRIBUTION

17.1 On 2 June 2025 (corresponding to 6 Dhul Hijjah 1446H), the General Assembly, on recommendation of Board of Directors on 19 March 2025 (corresponding to 19 Ramadan 1446H), approved the distribution of cash dividends to the Company's shareholders for the financial year 2024, with a total amount of SR 30.28 million at SR 0.59 per share of the nominal capital. The dividends were distributed on 17 June 2025 (corresponding to 21 Dhul Hijjah 1446H).

17.2 On 21 December 2025 (corresponding to 1 Rajab 1447H), the Board of Directors recommended the distribution of cash dividends to the Company's shareholders for the financial year 2025, with a total amount of SR 51.32 million at SR 1 per share of the nominal capital. The distribution of these dividends is subject to the approval of the General Assembly. The eligibility to dividends is for shareholders holding the shares by the end of the trading day of the assembly date, and who are registered in the Company's shareholders register held with the Securities Depository Center Company (Edaa) at the end of the second trading day following the Company's General Assembly meeting, which will be determine later.

#### 18. LONG-TERM LOAN

	<u>31 December 2025</u>	<u>31 December 2024</u>
Term Murabaha facility	699,015,011	873,524,194
Less: unamortised loan transaction cost	<u>(9,322,491)</u>	<u>(21,772,068)</u>
	<u>689,692,520</u>	<u>851,752,126</u>
Current portion	20,050,394	26,867,674
Non-current portion	<u>669,642,126</u>	<u>824,884,452</u>
	<u>689,692,520</u>	<u>851,752,126</u>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 18. LONG-TERM LOAN (continued)

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 instalments with a grace period of 24 months.

The Company made an early repayment of SR 400 million, SR 200 million and SR 100 million during the years ended 31 December 2023, 31 December 2024 and 31 December 2025 respectively. These payments were not originally scheduled under the contractual repayment plan.

This facility is subject to 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 of which pledge over the certain bank accounts and certain shares of the Company has been released as on 8 January 2024 (corresponding to 26 Jumada Al Thani 1445H).

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 at each reporting date till the end of the facility agreement. As at 31 December 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.

Movement in loan balance is as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	<b>873,524,194</b>	1,100,000,000
Paid during the year	<b>(174,509,183)</b>	(226,475,806)
At the end of the year	<b>699,015,011</b>	873,524,194

#### **Maturity analysis – contractual undiscounted cash flows**

	<b>31 December 2025</b>	31 December 2024
Within one year	<b>67,270,406</b>	86,851,403
One to five years	<b>368,969,719</b>	422,643,617
More than five years	<b>701,826,945</b>	1,233,445,323
	<b>1,138,067,070</b>	1,742,940,343

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 19. LEASE LIABILITIES

19.1 Movement in lease liabilities during the year is as follows:

	<b>31 December 2025</b>	31 December 2024
At the beginning of the year	<b>276,870,101</b>	285,942,686
Finance cost on lease liabilities	<b>6,118,343</b>	6,330,644
Repayment of lease liabilities	<b>(9,072,590)</b>	(8,865,143)
Finance cost paid on lease	<b>(6,330,644)</b>	(6,538,086)
At the end of the year	<b>267,585,210</b>	276,870,101
Current portion	<b>15,524,901</b>	15,403,229
Non-current portion	<b>252,060,309</b>	261,466,872
	<b>267,585,210</b>	276,870,101

19.2 Amounts recognised in profit or loss are as follows:

	<b>2025</b>	2024
Finance cost on lease liabilities	<b>6,118,343</b>	6,330,644
Expenses relating to short-term and low-value leases	<b>2,192,239</b>	1,381,810

#### 20. EMPLOYEES' BENEFITS

Employees' benefits comprise of the following:

	<u>Notes</u>	<b>31 December 2025</b>	31 December 2024
Employees' defined benefit obligations	20.1	<b>13,530,000</b>	8,557,000
Long-term incentive plan (LTIP)	20.2	<b>4,600,000</b>	--
		<b>18,130,000</b>	8,557,000

##### 20.1 Employees' defined benefit obligations

The Company has defined benefit plan (unfunded), which is a final salary plan in the Kingdom of Saudi Arabia and requires 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 in the current year.

	<b>31 December 2025</b>	31 December 2024
Present value of defined benefit obligations	<b>13,530,000</b>	8,557,000

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**20. EMPLOYEES' BENEFITS (continued)**

**20.1 Employees' defined benefit obligations (continued)**

**20.1.1** The major financial assumptions used to calculate the defined benefit obligations are as follows:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
Discount rate	<b>5.25%</b>	5.30%
Salary increase rate	<b>5.25%</b>	5.00%
Mortality table	<b>AMC00 / AFC00 Mortality Table</b>	AMC00 / AFC00 Mortality Table
Employee turnover (withdrawal rate) 18-30 years	<b>16.00%</b>	16.00%
Employee turnover (withdrawal rate) 31-40 years	<b>11.00%</b>	11.00%
Employee turnover (withdrawal rate) 41+ years	<b>6.00%</b>	6.00%
Expected retirement age	<b>65 years</b>	65 years

At 31 December 2025, the weighted-average duration of the defined benefit obligations was 14.5 years (31 December 2024: 15 years).

**20.1.2** Amount charged to profit or loss is as follows:

	<b><u>2025</u></b>	<u>2024</u>
Current service cost	<b>4,816,603</b>	3,822,466
Interest expense	<b>443,000</b>	168,000
	<b><u>5,259,603</u></b>	<u>3,990,466</u>

**20.1.3** Amount charged to other comprehensive income is as follows:

	<b><u>2025</u></b>	<u>2024</u>
Gain resulting from change in demographic assumptions	--	1,312,000
Loss resulting from change in financial assumptions	<b>333,000</b>	(131,000)
Gain resulting from change in experience adjustments	<b>(238,000)</b>	305,000
<b>Actuarial loss</b>	<b><u>95,000</u></b>	<u>1,486,000</u>

**20.1.4** Movement in present value of defined benefit obligations is as follows:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
At the beginning of the year	<b>8,557,000</b>	3,297,164
Service cost	<b>4,816,603</b>	3,822,466
Interest expense	<b>443,000</b>	168,000
Paid during the year	<b>(381,603)</b>	(216,630)
Remeasurement of the net defined benefit liability	<b>95,000</b>	1,486,000
At the end of the year	<b><u>13,530,000</u></b>	<u>8,557,000</u>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 20. EMPLOYEES' BENEFITS (continued)

##### 20.1 Employees' defined benefit obligations (continued)

The Company expects to pay SR 0.30 million out of defined benefit plans in 2025.

**20.1.5** The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is as follows:

<u>31 December 2025</u>	<u>Original</u>	<u>%</u>	<u>Amount (SR)</u>
Discount rate	5.25%	+1	11,886,000
		-1	15,518,000
Salary increase rate	5.25%	+1	15,499,000
		-1	11,869,000
Future mortality	AMC00 / AFC00 Mortality Table	+10	13,318,000
		-10	13,741,000
Withdrawal rate	6%-16%	+10	13,527,000
		-10	13,533,000
<u>31 December 2024</u>	<u>Original</u>	<u>%</u>	<u>Amount (SR)</u>
Discount rate	5.30%	+1	7,476,000
		-1	9,869,000
Salary increase rate	5.00%	+1	9,861,000
		-1	7,462,000
Future mortality	AMC00 / AFC00 Mortality Table	+10	8,555,000
		-10	8,696,000
Withdrawal rate	6%-16%	+10	8,416,000
		-10	8,696,000

**20.1.6** The maturity profile of the defined benefit obligations is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Current portion	305,000	204,000
Between 2 to 5 years	1,797,000	909,000
Between 6 to 10 years	4,895,000	3,232,000
Beyond 10 years	23,548,000	15,718,000

##### 20.2 Long-term incentive plan (LTIP)

Long-Term Incentive Plan (LTIP) represents future benefits earned by certain executives in consideration of services rendered during the current and prior periods. The incentives vest over a three-year performance cycle commencing on 1 January 2025 and ending on 31 December 2027 and are subject to continued employment and the achievement of performance targets (KPIs) approved by the Board of Directors. During the current year, the Company recognized an expense of SR 4.60 million in respect of the LTIP.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<b>31 December 2025</b>	31 December 2024
Accrued employees' costs	21,943,442	19,110,928
VAT payable	5,142,922	1,187,605
Accrued rebates	8,637,584	5,103,507
Accrued trade marketing	6,812,500	--
Board and committees' expenses, rewards and allowances	2,344,500	2,315,500
Other accruals (note 21.1)	5,305,547	11,250,690
	<u>50,186,495</u>	<u>38,968,230</u>

21.1 Accrued expenses 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).

During the year, on 16 October 2025 (corresponding to 24 Rabi Al Thani 1447H) the Company received response from GFSA with a revised claim amounting to SR 3.10 million and accordingly the reversed the excess provision amounting to SR 2.50 million. The Company has filed an appeal before the Administrative Court against this decision that is under review as on the date of approval of these financial statements.

#### 22. ADVANCES FROM CUSTOMERS

Advances from customers primarily relates to the advance consideration received from customers for the sale of goods. Advances from customers amounting to SR 20.12 million as at 31 December 2024 has been recognised as revenue in the statement of profit or loss and other comprehensive income for the year ended 31 December 2025 (31 December 2024: SR 16.14 million). The Company expects to recognise advances from customers amounting to SR 14.70 million as revenue for the year 31 December 2026.

#### 23. REVENUE FROM CONTRACTS WITH CUSTOMERS

	<b>2025</b>	2024
Sale of goods	<u>997,658,173</u>	<u>973,942,448</u>

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

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 23. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

##### 23.1 Disaggregation of revenue from sales of goods

Revenue is disaggregated by type of goods as shown below:

Type of goods	<u>2025</u>	<u>2024</u>
Flour	576,575,662	534,553,852
Feed	191,215,858	184,489,384
Bran	229,866,653	254,899,212
	<u>997,658,173</u>	<u>973,942,448</u>

The Company sells its goods based on sale orders from customers, the majority of which is secured by the advance receipts of value of goods.

##### Timing of revenue recognition

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

#### 24. COST OF REVENUE

Cost of revenue comprises the following:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Raw materials consumed		355,527,106	366,539,333
Salaries and other benefits		40,549,815	40,560,290
Fuel and power		23,598,809	19,138,236
Depreciation of property, plant and equipment	8.4	65,901,143	60,548,483
Depreciation of right-of-use assets	9.1	9,748,413	9,740,410
Maintenance		14,786,739	13,697,950
Transportation		3,547,743	5,217,422
Insurance		1,118,797	962,378
Adjustment for net relisable value of inventories	11.2	215,987	671,596
Short-term lease rentals		659,800	592,758
Other expenses	24.1	7,432,630	8,714,792
		<u>523,086,982</u>	<u>526,383,648</u>
Finished goods inventory at the beginning of the year	11.1	11,330,232	8,180,488
Finished goods available for sale		534,417,214	534,564,136
Finished goods inventory at the end of the year	11.1	(7,567,940)	(11,330,232)
		<u>526,849,274</u>	<u>523,233,904</u>

24.1 Other expenses include mainly mill license fee, material scrapping expenses and other operating expenses for the period.

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**25. SELLING AND DISTRIBUTION EXPENSES**

Selling and distribution expenses comprise the following:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Shipping and transportation cost		33,161,938	26,944,771
Salaries and other benefits		18,243,600	15,330,404
Advertisement and marketing		15,616,683	7,017,011
Amortisation of intangible assets		2,629,511	2,427,241
Depreciation of right-of-use assets	8.4	253,059	253,059
Sales commission		2,503,807	1,020,218
Fuel and power		1,392,085	1,053,846
Depreciation of property, plant and equipment		497,832	761,592
Short-term lease rentals		1,532,439	789,053
Point of sales fees		1,550,022	7,831,397
Insurance		118,578	45,879
Repair and maintenance		52,078	254,528
Other expenses		1,670,587	418,417
		<u>79,222,219</u>	<u>64,147,416</u>

**26. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses comprise the following:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Salaries and other benefits		53,487,660	46,239,778
Professional and consulting fees		4,455,296	6,978,260
Depreciation of right-of-use assets		1,265,298	1,265,297
Fines and penalties		(1,470,925)	5,605,621
Board and committees' expenses, rewards, and allowances		3,934,346	3,977,000
Depreciation of property, plant and equipment		2,782,674	3,614,962
Insurance		576,479	329,958
Maintenance		4,709,008	2,617,856
Fuel and power		4,821,828	3,608,515
Materials and supplies		3,812,597	2,293,327
Amortisation of intangible assets		718,659	653,452
Other expenses	26.1	5,582,587	7,372,464
License renewal fees		424,296	1,999,950
		<u>85,099,803</u>	<u>86,556,440</u>

**26.1** Other expenses include mainly communications, government fees, training, IPO costs and other general and administrative expenses for the year.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 27. FINANCE COSTS

Finance costs comprise the following:

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Interest on long-term loan		51,846,812	75,651,647
Finance cost on lease liabilities	19.2	6,118,343	6,330,644
Amortization of loan transaction cost		12,449,577	1,581,430
		<u>70,414,732</u>	<u>83,563,721</u>

#### 28. ZAKAT

##### 28.1 Components of Zakat base

The significant components of the zakat base of the Company under zakat regulations are as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Equity at the end of the year	1,247,884,063	1,040,612,058
Liabilities and related items	994,708,155	1,158,512,978
Total deductions	(2,060,700,384)	(2,053,827,634)
Total base	<u>181,891,834</u>	<u>145,297,402</u>
Minimum zakat base	<u>237,037,854</u>	<u>219,276,536</u>
Maximum zakat base	<u>1,247,884,063</u>	<u>1,046,251,979</u>
Zakat base for the year	<u>237,037,854</u>	<u>219,276,536</u>

##### 28.2 Movement in provision for zakat during the year is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
At the beginning of the year	5,495,000	5,122,094
Charge during the year	6,272,741	5,581,037
Paid during the year	(5,667,741)	(5,208,131)
At end of the year	<u>6,100,000</u>	<u>5,495,000</u>

##### 28.3 Zakat Status

The Company has filed Zakat and income tax returns for the years including and up to 31 December 2024. During the year, the Company received a request from ZATCA for submission of preliminary information in relation to the return submitted for the year ended 31 December 2024. The Company has submitted the required information to ZATCA and awaiting their response as on the approval of these financial statements. Furthermore, Zakat assessments for the Company have been finalized up to the years and including the year ended 31 December 2023.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

## 29. CAPITAL COMMITMENTS AND CONTINGENCIES

### 29.1 Contingencies

- a) 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.
- b) 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.

### 29.2 Commitment

LC at sight amounting to SR 1,894,200 (EUR 430,500) (31 December 2024: NIL) in favor of OCRIM SPA for supply of new line 10kg packing for Riyadh.

## 30. EARNINGS PER SHARE

### 30.1 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.

	<u>2025</u>	<u>2024</u>
Profit for the year	237,037,854	213,636,614
Weighted average number of ordinary shares for basic and diluted EPS	51,315,006	51,315,006
Earnings per share - basic and diluted	4.62	4.16

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 year ended 31 December 2025 and 31 December 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.

## 31. 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.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

##### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

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

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

	<u>2025</u>	<u>2024</u>
Short term employee benefits	17,777,740	15,730,533
Post-employment benefits and medical benefits	<u>5,225,915</u>	<u>318,676</u>
Total compensation of key management personnel	<u><u>23,003,655</u></u>	<u><u>16,049,209</u></u>

Short term employee benefits include SR 4.30 million (31 December 2024: SR 4.23 million) related to 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 (if any) 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 years ended 31 December 2025 and 31 December 2024.

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)****OTHER RELATED PARTY TRANSACTIONS (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
			For the year ended 31 December	
			<u>2025</u>	<u>2024</u>
Abdulaziz Alajlan Sons Co. for Real Estate Investment	Shareholder	IPO costs	--	7,277,989
Sulaiman Abdulaziz Alrajhi International Company	Shareholder	IPO costs	--	5,081,381
National Agriculture Development Company (NADEC)*	Shareholder	Sale of goods (Including VAT)	<b>41,675,797</b>	20,904,655
		Receipts	<b>(38,484,264)</b>	22,170,602
		Credit notes	<b>(6,928)</b>	--
		IPO costs	--	2,158,861
National Poultry Company*	Subsidiary of shareholder	Sale of goods (Including VAT)	<b>24,382,325</b>	8,012,988
		Receipts	<b>(24,000,000)</b>	(7,652,174)

Balances outstanding with the related parties are presented below:

**Amounts due from related parties (under trade receivables)**

	<u>31 December 2025</u>	<u>31 December 2024</u>
National Agriculture Development Company (NADEC)*	<b>3,534,763</b>	350,158
National Poultry Company*	<b>424,017</b>	41,692
	<b><u>3,958,780</u></b>	<b><u>391,850</u></b>

\*This is in addition to the requirements of IAS 24.

**32. FINANCIAL INSTRUMENTS**

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
<b>Financial assets at amortised cost:</b>		
Bank balances and short-term deposits	<b>235,963,432</b>	130,444,607
Margins against letters of guarantee	<b>2,187,976</b>	2,187,976
Trade receivables	<b>42,930,271</b>	36,493,251
	<b><u>281,081,679</u></b>	<b><u>169,125,834</u></b>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 32. FINANCIAL INSTRUMENTS (continued)

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

	<b>31 December 2025</b>	31 December 2024
<b>Financial liabilities at amortised cost:</b>		
Long-term loan	<b>699,015,011</b>	873,524,194
Lease liabilities	<b>267,585,210</b>	276,870,101
Trade and other payables	<b>44,703,336</b>	42,355,366
	<b><u>1,011,303,557</u></b>	<u>1,192,749,661</u>

#### **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, amounts due from related parties, margins against letter of guarantees, trade and other receivables. Its financial liabilities consist of trade and other payables, accrued expenses, long-term loan and obligations under finance lease.

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

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

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

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

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

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

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

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 32. FINANCIAL INSTRUMENTS (continued)

##### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main purpose of the Company's financial instruments is to raise finances for the Company's operations.

The Company's activities expose it to a variety of financial risks that include credit risk, liquidity risk, and market risk. These financial risks are actively managed by the Company's Finance Department under strict policies and guidelines approved by the Board of Directors. The Company's Finance Department actively monitors market conditions minimising the volatility of the funding costs of the Company.

There were no changes in the policies for managing these risks.

##### *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.

The Company is exposed to credit risk on its bank balances and short-term deposits, trade receivables, margin against letters of guarantee and other current financial assets as follows:

	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
<b>Financial assets at amortised cost</b>		
Bank balances and short-term deposits	<b>235,963,432</b>	130,444,607
Margin against letters of guarantee	<b>2,187,976</b>	2,187,976
Trade receivables	<b>42,930,271</b>	36,493,251
	<b><u>281,081,679</u></b>	<u>169,125,834</u>

The carrying amounts of financial assets represent the maximum credit exposure. Credit risk on balances with banks, short-term deposits and margin against letters of guarantee is limited as:

- Cash balances, short-term deposits and margins are held with banks with sound credit ratings as below:

<b><u>Banks</u></b>	<b><u>Rating</u></b>		<b><u>Rating agency</u></b>	<b><u>Nature of financial asset</u></b>	<b>31 December <u>2025</u></b>	31 December <u>2024</u>
	<b><u>Short-term</u></b>	<b><u>Long-term</u></b>			<b><u>2025</u></b>	<b><u>2024</u></b>
Banque Saudi Fransi	P-1	A-1	Moody's	Cash balance	<b>2,628,451</b>	2,977,741
Saudi Awwal Bank	P-1	A-1	Moody's	Cash balance	<b>233,243,164</b>	77,286,865
Saudi Awwal Bank	P-1	A-1	Moody's	Short-term deposit	--	50,000,000
Banque Saudi Fransi	P-1	A-1	Moody's	Margin against LGs	<b>2,187,976</b>	2,187,976
					<b><u>238,059,591</u></b>	<u>132,452,582</u>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 32. **FINANCIAL INSTRUMENTS (continued)**

##### *Credit risk (continued)*

Ratings of Prime-1 (P-1) reflect a superior ability to repay short-term obligations (Aaa – A3).

##### *Expected credit losses:*

The Company considers that its cash and cash equivalents and margins against letter of guarantees and letter of credits have low credit risk based on the external credit ratings (long-term) of the respective counterparties.

##### *Trade 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 manages its exposure to credit risk from trade receivables by largely operating under advance payment or cash-based arrangements with customers. In most cases, payment is received prior to the delivery of goods, which significantly reduces the level of outstanding receivables. While a portion of sales is conducted on credit terms, management monitors receivable balances closely and applies established credit controls to mitigate the related credit risk.

##### *Expected credit loss assessment for trade 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 and contract assets.

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.

For the purposes of measuring expected credit losses, the Company defines a financial asset as being in default when the counter party is unlikely to pay its credit obligations in full or when contractual payments are more than 120 days past due.

IFRS 9 includes a rebuttable presumption that default occurs when contractual payments are more than 90 days past due. The Company has rebutted this presumption based on historical credit loss experience and internal credit risk management practices. Analysis of historical collection patterns indicates that a significant portion of balances that are between 90 and 120 days past due are subsequently recovered without enforcement actions and do not typically result in credit losses.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 32. FINANCIAL INSTRUMENTS (continued)

##### *Expected credit loss assessment for trade and other receivables (continued)*

The Company performed a quantitative assessment using historical ageing data covering multiple reporting periods to determine the point at which receivables demonstrate a significant increase in the likelihood of non-recovery. The analysis showed that the probability of default increases significantly after 120 days past due, which management considers to be a more appropriate indicator of default for the Company's portfolio.

Accordingly, management concluded that a 120-day past due threshold better reflects the point at which a financial asset is considered to be credit-impaired and therefore provides a more faithful representation of default for the purpose of expected credit loss measurement.

##### *Credit risk*

The Company's trade receivables are subject to concentration of credit risk as a significant portion of receivables is due from a limited number of customers. As at 31 December 2025, the Company's four largest customers accounted for approximately 58% of total trade receivables, with each customer individually representing more than 10% of the total trade receivable balance.

The Company manages this risk by monitoring the creditworthiness of these customers, reviewing credit limits on a regular basis, and maintaining ongoing relationships with these counterparties.

Management believes that the credit risk associated with these receivables is adequately managed and that no additional impairment is required as at the reporting date.

The Company has recognized allowance for expected credit losses against their trade receivables amounting to SR 3.70 million (31 December 2024: SR 2.30 million).

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2025:

Trade Receivables	<u>Loss rate</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Credit-impaired</u>
1 – 30 days past due	1.69%	33,912,220	574,021	No
31 – 60 days past due	2.52%	2,838,454	71,458	No
61 – 90 days past due	3.28%	1,332,785	43,764	No
91 – 120 days past due	17.04%	60,282	10,277	No
More than 120 days past due	62.69%	4,786,530	3,000,480	Yes
		<u>42,930,271</u>	<u>3,700,000</u>	

**ARABIAN MILLS FOR FOOD PRODUCTS COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

**32. FINANCIAL INSTRUMENTS (continued)*****Credit risk (continued)***

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2024:

Trade Receivables	<u>Loss rate</u>	<u>Gross carrying amount</u>	<u>Loss allowance</u>	<u>Credit-impaired</u>
1 – 30 days past due	1.44%	26,868,204	387,492	No
31 – 60 days past due	3.53%	4,728,860	167,146	No
61 – 90 days past due	7.39%	1,352,497	99,919	No
91 – 120 days past due	15.24%	395,413	60,247	No
More than 120 days past due	50.35%	3,148,277	1,585,196	Yes
		<u>36,493,251</u>	<u>2,300,000</u>	

***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 sufficient 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.

***Excessive risk concentration:***

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturities of the Company's financial liabilities as 31 December based on contractual payment dates and current market interest rates as following.

**31 December 2025**

<u>Financial liabilities</u>	<u>Carrying amounts</u>	<u>Contractual amounts</u>			<u>Total contractual amounts</u>
		<u>1 year or less</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	
Loans and borrowings	699,015,011	67,270,406	368,969,719	701,826,945	1,138,067,070
Lease liabilities	267,585,210	15,524,901	62,355,105	256,896,119	334,776,125
Trade and other payables	44,703,336	44,703,336	--	--	44,703,336
Other payables	29,217,992	29,217,992	--	--	29,217,992
	<u>1,040,521,549</u>	<u>156,716,635</u>	<u>431,324,824</u>	<u>958,723,064</u>	<u>1,546,764,523</u>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 32. **FINANCIAL INSTRUMENTS (continued)**

##### *Liquidity risk (continued)*

31 December 2024

<u>Financial liabilities</u>	<u>Carrying amounts</u>	1 year or less	<u>Contractual amounts</u>		<u>Total contractual amounts</u>
			1 to 5 years	More than 5 years	
Loans and borrowings	873,524,194	86,851,403	422,643,617	1,233,445,323	1,742,940,343
Lease liabilities	276,870,101	15,403,234	62,227,355	272,548,771	350,179,360
Trade and other payables	42,355,366	42,355,366	--	--	42,355,366
Other payables	30,140,326	30,140,326	--	--	30,140,326
	<u>1,222,889,987</u>	<u>174,750,329</u>	<u>484,870,972</u>	<u>1,505,994,094</u>	<u>2,165,615,395</u>

##### *Market risk*

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: foreign currency risk, interest rate risk and other price risks.

##### *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, with Euro being immaterial and 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 these financial statements.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loan with floating interest rates. The Company manages its exposure to interest rate risk by continuously monitoring movements in interest rates.

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

#### 32. FINANCIAL INSTRUMENTS (continued)

##### *Interest rate risk (continued)*

###### *Sensitivity analysis*

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

###### Floating rate financial liabilities

	<u>Impact on profit or loss</u>	
	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
100 bps increase	6,990,150	8,735,242
100 bps decrease	(6,990,150)	(8,735,242)

##### *Capital Risk Management*

For the purpose of the Company's management, capital includes issued share capital, and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. 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, long-term loan, lease liabilities, employees' defined benefit obligations, zakat payable, less cash and cash equivalents. The gearing ratio as at 31 December 2025 and 31 December 2024 is as follows:

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
Long-term loan	699,015,011	873,524,194
Lease liabilities	267,585,210	276,870,101
Employees' defined benefit obligations	18,130,000	8,557,000
Zakat payable	6,100,000	5,495,000
Less: cash and cash equivalents	(235,963,432)	(130,444,607)
<b>Net debt</b>	<b>754,866,789</b>	<b>1,034,001,688</b>
Share capital	513,150,060	513,150,060
Retained earnings	677,784,866	471,117,861
<b>Equity</b>	<b>1,190,934,926</b>	<b>984,267,921</b>
<b>Capital and net debt</b>	<b>1,945,801,715</b>	<b>2,018,269,609</b>
<b>Gearing ratio</b>	<b>38.79%</b>	<b>51.23%</b>

## ARABIAN MILLS FOR FOOD PRODUCTS COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

#### 33. SUBSEQUENT EVENTS

Subsequent to the reporting date, the Middle East region has witnessed heightened geopolitical and security developments, resulting in increased uncertainty in certain regional markets. Management has evaluated these developments in accordance with IAS 10 – Events after the Reporting Period and determined that they constitute non-adjusting events, as they relate to conditions that arose after 31 December 2025. Accordingly, no adjustments have been made to the amounts recognized in these financial statements.

Based on the information available up to the date of authorization of these financial statements, management has not identified any impact from these developments that would affect the Company's ability to continue its operations or materially affect these financial statements and the related disclosures for the year ended 31 December 2025. Management will continue to monitor the situation and will assess the need for any future actions, as appropriate.

#### 34. RECLASSIFICATION AND COMPARATIVE FIGURES

During the year, management performed a detailed review of the presentation of certain comparative figures and identified instances where amounts were not classified in the most appropriate categories.

These reclassifications have been made to ensure appropriate presentation and consistency in the financial statements for the year ended 31 December 2024. The reclassifications do not have a material effect on financial statements for the comparative period.

The table below summarises the impact of these reclassifications on the previously reported amounts.

The items are reclassified as follows:

##### Statement of profit and loss and other comprehensive income

<u>Items</u>	<u>Amounts as reported earlier</u>	<u>Reclassifications</u>	<u>Reclassified amounts</u>
Cost of revenue	518,997,498	4,236,406	523,233,904
General and administrative expenses	100,238,610	(11,382,170)	88,856,440
Selling and distribution expenses	59,589,605	4,557,811	64,147,416
Other income	(3,061,098)	3,534,243	473,145

##### Statement of financial position

<u>Items</u>	<u>Amounts as reported earlier</u>	<u>Reclassifications</u>	<u>Reclassified amounts</u>
Prepayments and other current assets	9,583,713	(42,956)	9,540,757
Cash and cash equivalents	130,264,607	180,000	130,444,607
Long-term loan	827,031,228	(2,146,776)	824,884,452
Trade and other payables	37,710,515	4,644,851	42,355,366
Accrued and other current liabilities	41,329,261	(2,361,031)	38,968,230

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

(Expressed in Saudi Arabian Riyals, unless otherwise specified)

---

**35. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved and authorised for issuance by the Company's Board of Directors on 11 March 2026, corresponding to 22 Ramadan 1447H.