

## 2-6 CFO's Review

First Milling Company has continued to deliver superior sustainable financial results this year and has maintained its pioneering position in the food production sector. The year 2023G has been loaded with many opportunities for the Company's growth and development, as well as successes and challenges. Thanks to the Company's solid business foundation that guided us to be able to increase operational efficiency across all economic endeavors. Furthermore, we managed to create the best environment for conducting business according to the highest international standards, while being committed to the proper bases of management, which contributed to the implementation of the Company's strategy and positively reflected on the annual financial results.



**Total Annual Revenue of SAR 964.3 million with an increase of 5.5% YoY**

Given the diversity of the First Milling Company product portfolio and the expansion of its geographical reach within the local market, the Company managed to grow its revenues and net profits during this year, which synchronized with investing in future strategic expansions, diversification of revenue sources and maintaining strong cash flow position. The Company's total annual revenues increased by 5.5% to SAR 964.3 million, compared to the last year. The net profits climbed 1.2%, exceeding SAR 220 million by the end of 2023G, under our strategy and promises which aim at achieving healthy and sustainable growth that would magnify the investments of our shareholders.

First Milling Company outstanding revenue performance has been matched with its persistent dedication to cost control, which has produced exceptional profits and excellent operating cash flows. This has been further supported by the Company's commitment to meeting its stated financial goals and preserving healthy profit margins while pursuing progressive growth in all activities, including expanding the scope of its business, improving operational efficiency, and boosting productivity.

**First Mills flour production exceed one million ton in 2023G**

It is worth noting that the Company has witnessed a significant rise in production along with a gradual increase in the consumption of raw materials over the past five years. This year, the Company achieved a production of over a million tons of flour, surpassing the 987.8 thousand tons produced in 2022. This increase had a favorable effect on flour and feed sales, which rose by 9% by the year's end, reaching SAR 552 million for flour and SAR 271 million for feed.

As for the Company's geographical presence all over the Kingdom, Jeddah Plant has contributed with the largest portion to our annual revenues during the current year, with a share of 44.6%. Noting that the revenue

contribution of Jeddah Plant was SAR 430 million, followed by Al Qassim Plant with a contribution of SAR 305 million, which made up 31.7% of the company's annual revenues, then Al Ahsa Plant with SAR 120 million, i.e. 12.4% of revenues, Tabuk Plant with SAR 109 million, that contributed to revenues with 11.3%.

In general, in 2023G, First Milling Company has managed to achieve the targets of growth with great results at all levels, despite facing some challenges that affected the Company's results like the climatic changes in Q1 and Q2 this year, and attempts pace up with the competition by offering promotions and reducing prices.

**Jeddah Plant generates the biggest share of the Company's revenues by 44.6% in 2023G**

In light of such unique financial performance, First Milling Company Board of Directors has approved dividends distribution of SAR 1.37 for the H1-2023. Further, the Board approved cash dividends distribution SAR 78.2 million, i.e. SAR 1.41 per share for H2-2023, which shall be paid in Q2 of 2024G, and raises the total dividends distribution to SAR 154.2 million, i.e. 70% of the total net profits of 2023G, in line with the Company's policy to distribute dividends in order to reward its honorable shareholders.

Looking ahead for 2024G, First Milling Company aspires to continue its path of progress as a company that takes pride in its Saudi identity, further looking forward towards achieving the confidence of all stakeholders. The implementation of our strategy has shaped new rules that shall pace up our growth and expand the Company's business. In the future, we shall focus more on increasing our market share, magnifying our potentials to achieve growth in the current operations, while maintaining good profits margins and maximizing the value of the investments of our shareholders at the same time.

**Manwel A. Bou Hamdan**

CFO