



المزجم
ALMUNAJEM
للأغذية Foods

Continuous Growth For a Promising Future



Annual Report 2024

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al-Saud

May God protect him

His Royal Highness the Prince

Mohammed bin Salman bin Abdulaziz Al-Saud

Crown Prince, Prime Minister of Saudi Arabia

May God protect him

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Introduction

In 2024G, Almunajem Foods Company "Almunajem Foods" made significant strides toward its strategic objectives of sustainable growth, enhancing production capabilities, and ensuring operational excellence. Consequently, the Company successfully strengthened its leadership position in the Saudi market and continued its growth trajectory with unwavering assurance.

Almunajem Foods successfully navigated all the challenges it faced during the year by implementing efficient strategic planning, informed decision-making, and wise management practices. Besides this, the exceptional dedication of the team across all

layers was crucial in executing the Company's strategy, honoring its commitments, and delivering meaningful, sustainable value to shareholders and all stakeholders.

The Board of Directors of Almunajem Foods is honored to present the 2024 Annual Report to our esteemed shareholders. This report provides an overview of key developments, financial and operational activities, and objectives achieved throughout the year. It also highlights major activities, achievements, and challenges faced by the Company. Additionally, the report offers a detailed overview of the Company's goals and future directions, boosting trust and transparency between the Company and its shareholders.

slogan of the Year

Continuous Growth for a Promising Future

Our 2024G slogan embodies Almunajem Foods' steadfast dedication to innovation and sustainable growth and our vision for a bright future characterized by continued development and enhanced leadership in the Kingdom's food sector. This year, the Company achieved remarkable progress and expanded across various domains, driven by a strategy focused on continuous development and support for sustainable growth, alongside the unwavering commitment of our team. In this report, we highlight our most notable achievements and the challenges we encountered and outline our ambitious plans to continue our journey toward a promising future.

The year 2024G slogan also reflects the Company's ambitious goals, vision, and strategy to foster development. In 2024G, Almunajem Foods made significant progress in its transformation journey, achieving remarkable results that underscore its commitment to the development of the food and consumer sector in the Kingdom. The Company's strategic goals and vision have inspired the team to reach new milestones, reinforcing Almunajem Foods' leadership in the local market.

This year, Almunajem Foods has continued its tradition of delivering exceptional customer service while embracing technological advancements and digital transformation across all operations to enhance efficiency and productivity. These innovations have enabled the Company to effectively meet the dietary needs of a broader consumer base, surpassing any previous achievements.

This year's slogan underscores Almunajem Foods' unwavering commitment to its shareholders and customers, highlighting the Company's dedication to achieving strategic objectives, upholding core values, and consistently enhancing its brand, product quality, innovation, and strategic partnerships within the sector. The goal is to become the preferred and trusted source for high-quality and leading products that effectively contribute to sustainable food resources.





Financial

Performance

Almunajem Foods continues to deliver strong financial performance and generate value for its shareholders despite the persistent challenges faced over the years. The year 2024 presented significant headwinds, beginning with the Red Sea crisis, which led to supply chain disruptions and adversely impacted sales volumes. Additionally, unfavorable trading conditions, particularly within the poultry category, posed further challenges. However, the Company remained resilient, leveraging its strengths to drive growth and fortify its market presence.

Revenue

Despite these obstacles, the Company successfully increased its revenue compared to the previous year, reaching SAR 3,346.98 million in 2024. All product categories recorded revenue growth, with the exception of the poultry segment.

Over the past five years, the Company has demonstrated exceptional revenue expansion, achieving a compound annual growth rate (CAGR) of 7.1%. A key driver of this success has been the strategic expansion of its owned brands, which accounted for 30% of total revenue by the end of 2024. Notably, owned brands have exhibited robust growth, with a CAGR of 22.5% over the

past five years, primarily fueled by the flagship "Dari" brand, which experienced a remarkable CAGR of 30.5%.

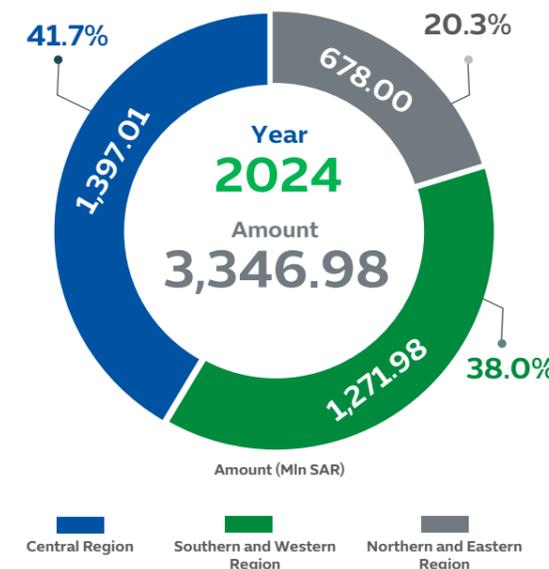
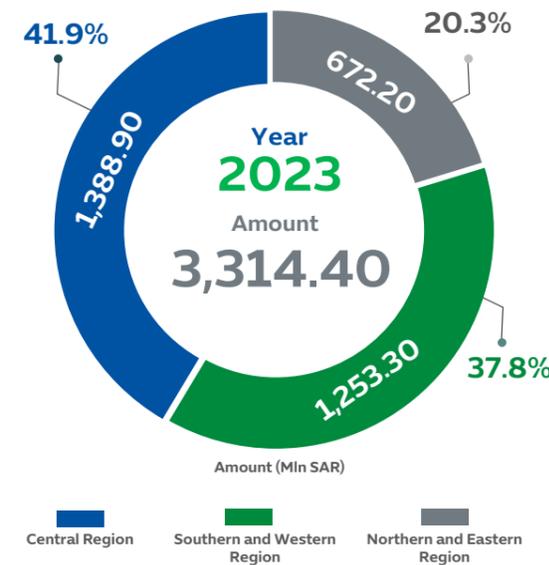
This outstanding performance underscores Almunajem Foods ability to strengthen its footprint in the food sector while reinforcing a sustainable foundation for continued success.

Profitability

Almunajem Foods strong profitability and financial stability over the years have further bolstered investor confidence. The Company achieved gross margins of SAR 566.42 million, while net profits reached SAR 279 million by the end of 2024. Over the past five years, gross profit and net profit have grown at a CAGR of 3.8% and 5.0%, respectively.

A key contributor to this impressive growth has been the exceptional performance of the owned brands segment, which saw its gross profits increase at a CAGR of approximately 17.4%. This underscores the Company's successful strategy of enhancing brand equity and optimizing profitability through a diversified and resilient product portfolio.

Geographic Distribution of Revenue in 2023 and 2024



Development of Revenue Over 5 Years

7.1%

Compound Annual Growth Rate (CAGR)



Financial Performance

Working Capital Management

Almunajem Foods has maintained a robust financial position, demonstrating efficient working capital management. The working capital-to-sales ratio stands at 14.5%, reflecting strong financial discipline. Additionally, the Company continues to optimize its cash conversion cycle (CCC), ensuring operational efficiency and liquidity. Despite higher capital expenditures during the year and increased working capital requirements in preparation for the upcoming Ramadan season, the Company successfully generated free cash flows amounting to SAR 219.5 million. This highlights its strong cash flow management capabilities and financial resilience.

Strategic Initiatives & Future Outlook

In 2024, Almunajem Foods undertook several strategic initiatives aimed at strengthening its market position and enhancing long-term profitability.

Key developments included:

- Expansion of the meat processing facility to meet growing market demand.
- A 40% acquisition of Balady Poultry Company, reinforcing its commitment to strategic partnerships and portfolio diversification.
- Establishment of a fully owned subsidiary Optimal Solutions Company (LoadLy) to enhance supply chain efficiency and support future growth initiatives.

These strategic moves are expected to drive substantial revenue growth, improve profitability margins, and diversify revenue streams, positioning the Company for sustainable long-term success.

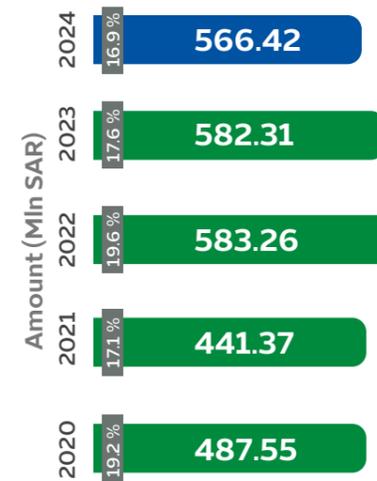
Almunajem Foods performance in 2024 reflects its resilience, strategic foresight, and commitment to growth despite a challenging operating environment. With a strong financial foundation, an expanding portfolio of owned brands, and well-executed strategic initiatives, the Company is well-positioned to deliver sustained value for its shareholders in the years ahead.



Development of Gross Profit and Gross Profit Margin over 5 Years

3.8%

Compound Annual Growth Rate (CAGR)



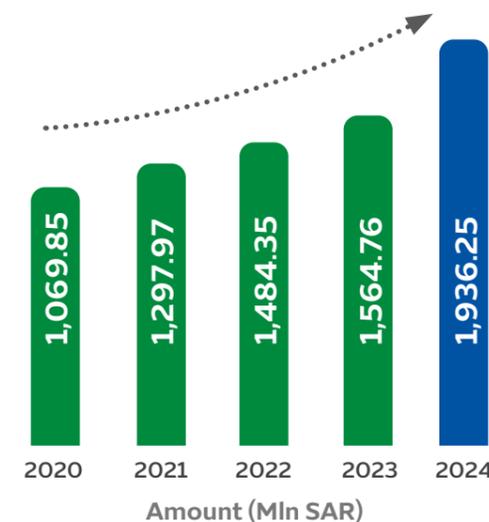
Development of Net Profit and Net Profit Margin over 5 Years

5.0%

Compound Annual Growth Rate (CAGR)



Development of Assets over 5 Years



Free Cash Flow at 2024

219.55

Mln

Operational Processes of 2024

Key Information



Entity Value
5,797.37 (MIn SAR)
(Value at the end of the year 2024)



2,150
Number of Employees



+ 40
Brands



12
Number of Company's Warehouses in the Kingdom



1,000 +
Number of Vehicles



1
Number of Factories



15,000
Production Capacity of Jeddah Meat Factory (Tons)



58,000 (Tons)
Storage Capacity



18
Number of Jeddah Factory Products



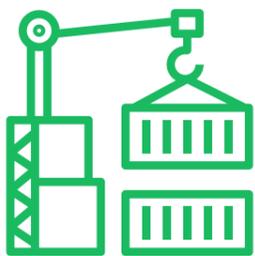
13
Branches cover all administrative regions in the Kingdom.



25 %*
Market Share

*In the products it markets in the retail sector.

Purchases



Global Imports
239,209 (Tons)
2,042 (MIn SAR)

Local Imports
57,370 (Tons)
596 (MIn SAR)

Suppliers



Global Suppliers
81%

Local Suppliers
19%

Customers



Number of Customers
23,302 Customers
22,600 Customers in 2023

Number of Wholesale Stores
922 Stores
1,000 Stores in 2023

Number of Retail Outlets
12,484 Outlets
12,500 Outlets in 2023

Number of Food Service Stores
9,896 Stores
9,100 Stores in 2023



Overview

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1-1

About the Company

“Almunajem Foods” at a glance

Almunajem Foods was established in 1950G and is one of the largest food companies in Saudi Arabia. Almunajem Foods was registered as a Saudi joint-stock company in Riyadh under Commercial Registration (C.R.) No. (1010231822) dated 7th of Rabi' Al-Thani, 1428H (corresponding to 24th April 2007G). The Company's registered address is in Riyadh, P.O. Box 1544, Riyadh 11441, the Kingdom of Saudi Arabia.

The Company's shares were listed on the Saudi Stock Exchange (Tadawul) on the 20th of December 2021 under listing code No. (4162), with an ISIN code (SA15DGU21117). The free float shares available for trading are approximately 18 million shares, representing 30% of the Company's total shares, which amounted to 60 million shares at the end of the current year.

The Company operates across all channels via 13 branches.

Almunajem Foods commenced distributing the Doux and Coopoliva brands in the early 1970s and has expanded over the years to include more than 40 brands owned or distributed thereby under its umbrella. Since its establishment, the Company has succeeded to attract and build 40 brands that are widely known among end consumers, as the Company service more than 800 stock keeping units (SKUs) under five major product categories; of which are Red and White Meat, Frozen Fruits and Vegetables, Dairy, Olives & Olive Oil, and Others. Throughout its journey, the Company has diligently expanded its product portfolio to position itself as a one-stop shop for household food items.

For more than 70 years, the Company has managed to entrench strong bonds with its customers through wide spread distribution networks and various sale channels, including Retail, Wholesale, Food Service Outlets all over the Kingdom, as well as the E-Commerce platforms.

The Company supplies frozen, refrigerated, and dry products through a fleet exceeding 1,000 vehicles and 13 branches across the Kingdom. The Company's branches and fleet are equipped with the latest technologies, including movable storage racks (in most cold store branches), which have maximized storage capacity and reduced product delivery times.

Almunajem Foods has successfully implemented and operates several globally used systems, such as the Oracle system for real-time inventory control and temperature control systems for all its warehouses Company-wide. The Company's fleet is equipped with a Global Positioning System (GPS) and Temperature Control System (TCS) through the Central Monitoring Unit at the Company headquarters and cold store branches to track fleet vehicles' temperature, effectiveness, and driver performance to ensure product quality upon delivery.

From the outset, the Company has had a firm belief in the pivotal role that technology would play in coordination and control operations. As a result, it has successfully implemented and operated several globally recognized systems, such as the Oracle system for real-time inventory control and tracking, as well as other systems for temperature control across all its warehouses company-wide. Additionally, the Company's fleet is equipped with a GPS tracking system and temperature monitoring systems, which are connected to a central monitoring unit at the Company's headquarters and refrigerated branches. This enables real-time tracking of fleet vehicles in terms of temperature, driver performance, and operational efficiency, ensuring the quality of products upon delivery.



Vision, Mission, and Values



Vision

To be the leading company, delivering food products that enrich the lives of millions at all times.



Mission

To deliver quality food products from around the world in a reliable, efficient and customer-centric manner that adds value to all stakeholders.



Values

01

Trust

We Recognize the Importance of Trust in Our Standards, Our People, Our Capabilities, Our Products, and Our Services.

02

Integrity

We Act with Fairness, Honesty, and to the Highest Ethical Standards When Conducting Our Business.

03

Quality

We Import, Produce, Distribute, and market High-Quality Foods to Customers.

04

Passion

We Always Go Above and Beyond to Provide a World-Class Customer Experience.

05

Collaboration

We Work Closely with Our Stakeholders to Succeed Together, with a View to Grow and Foster Partnerships Over the Long-Term.



Products

The Company offers a diverse range of high-quality products and esteemed brands, including poultry, meat, dairy, olives, olive oil, frozen fruits and vegetables, and more. By catering to the preferences of customers and end consumers, the company enhances loyalty and satisfaction.

Main Product Categories with Numbers

Category	No. of Products	No. of SKUs
Red and White Meats	142	370
Frozen Fruits and Vegetables	29	194
Dairy Products	15	128
Olives and Oils	6	58
Other (Rice, Spices, Dried Herbs)	14	76
Total	206	826

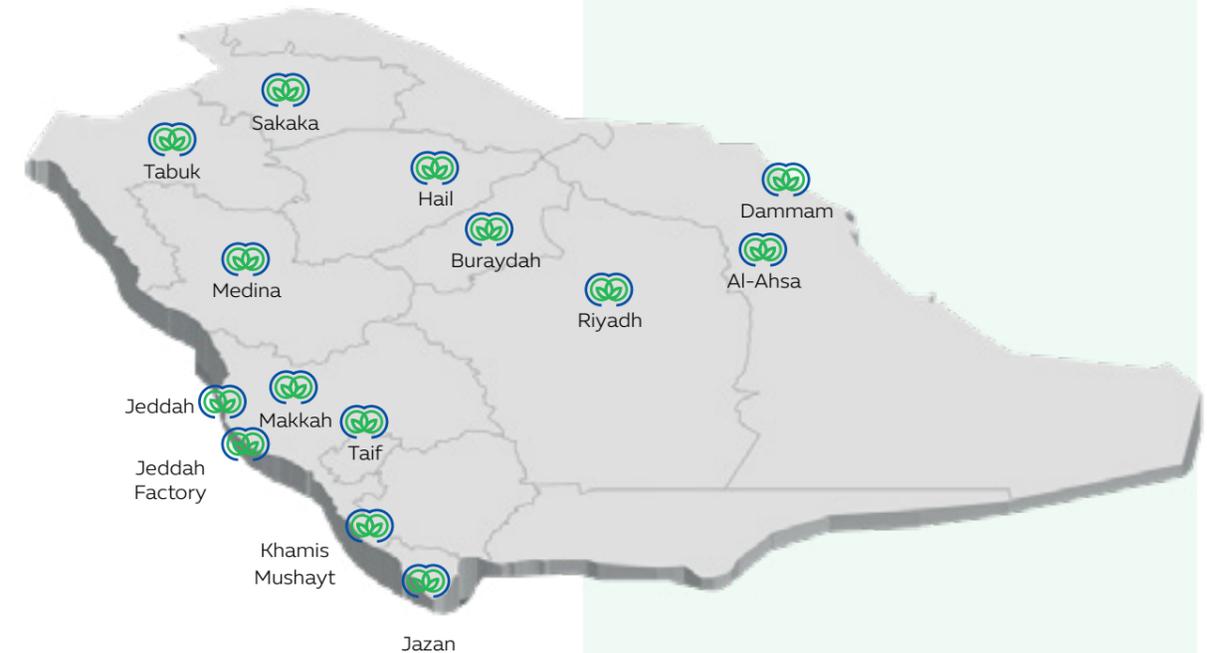


Geographic Presence

Almunajem Foods' diverse geographic presence and strategic expansion into key administrative regions have been instrumental in driving its sales growth. By focusing on meeting the demand for its products across various areas within the Kingdom, the Company has successfully reached a broader and more diverse customer base.

Each geographical area contributes differently to the Company's annual revenues. The Central Region recorded the largest share, contributing approximately 41.7% by the end of 2024G, followed by the Southern and Western Regions with 38%. Almunajem Foods is currently looking to seize new opportunities to increase sales in other densely populated regions across the Kingdom.

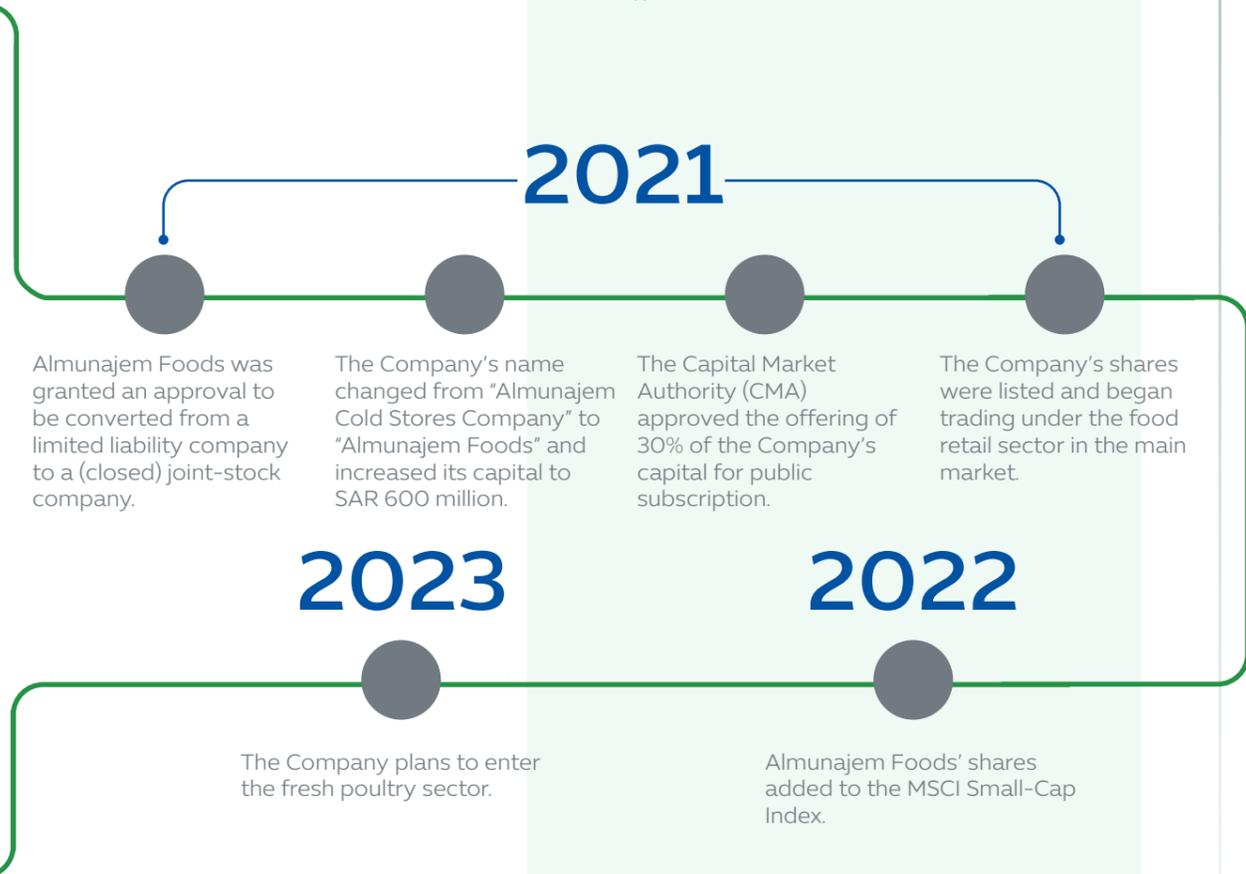
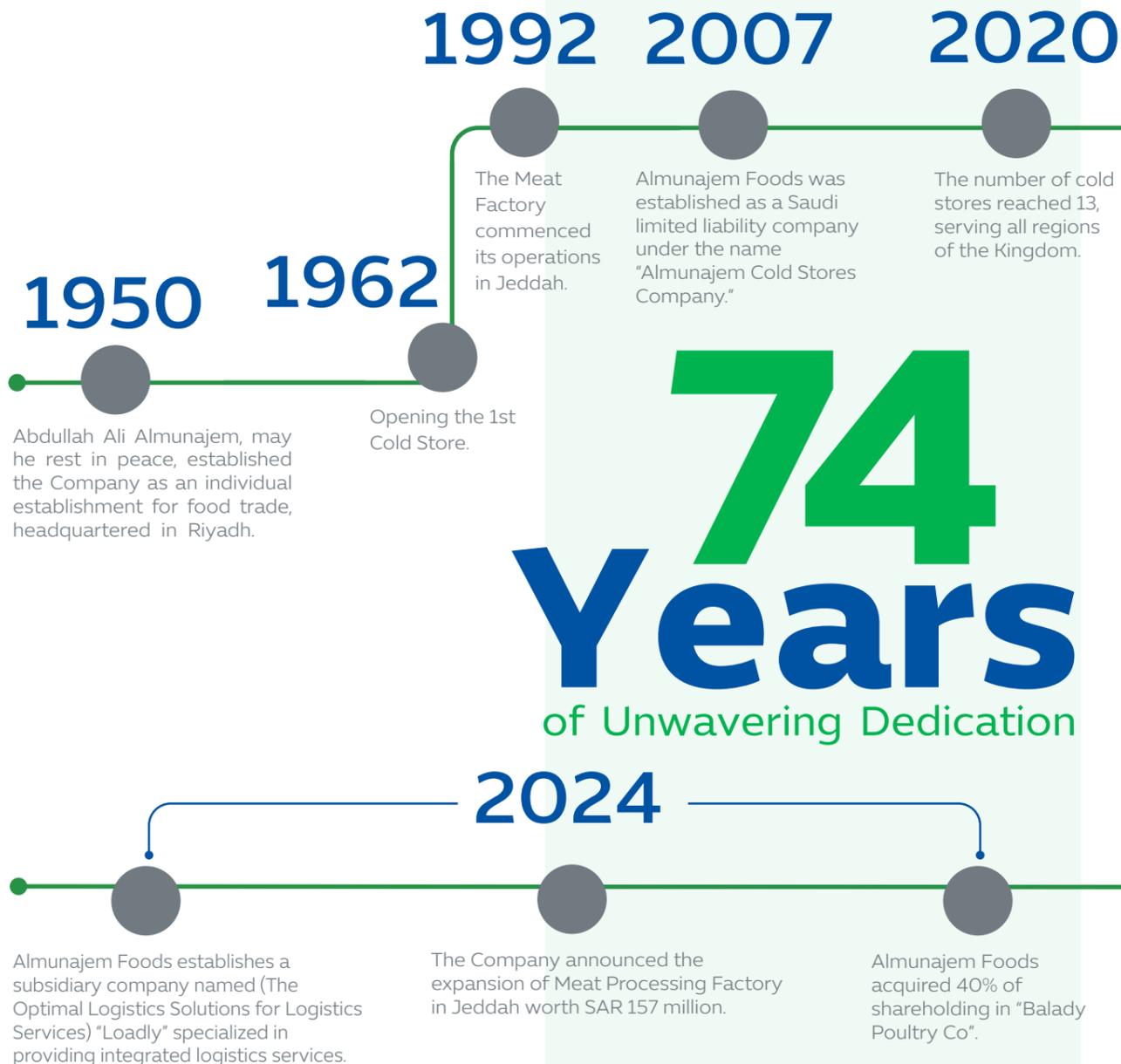
The Company's 13 branches cover different regions of the Kingdom, with one branch each in Riyadh, Jeddah, Buraydah, Dammam, Khamis Mushait, Madina, Tabuk, Hael, Al Hasa, Makkah, Taif, Jizan, and Sakaka. These branches serve multiple sales channels, including wholesalers, hypermarkets, retailers, and the food service sector, as well as various online applications, including the Company's B2B online app.



Company

Journey

Throughout its journey in the local market, Almunajem Foods has accomplished significant growth over its long-standing history, which began in 1950G when the Company was set in motion and began operations as one of the major food distribution and marketing companies in the Kingdom. The Company started by distributing international brands. Later in the early 90s, the Meat Factory was established in Jeddah to complement the range with Further Processed Products. In 2021G, the Company reached a major milestone with its listing on the Saudi Stock Exchange. Lately, in 2024G, Almunajem Foods established its backward-integrated third-party logistics (3PL) subsidiary (LOADLY), a company specializing in providing complete logistics solutions. With this in mind, LOADLY services shall align with Almunajem Foods' strategic vision for growth and income diversification, intending to enable the company to reach local leadership in the distribution, production, and marketing of its strategic products.



Investment Case

Almunajem Foods has successfully established itself as one of the leading companies in the food sector over more than 70 years of achievement. This enduring legacy, spanning decades, reflects the Company's stability, its deep understanding of its operations, and the trust of its esteemed customers. At the same time, the Company continues to grow, innovate, and diversify to create strong, sustainable value for all stakeholders.

Key Drivers of Investment in the Company

<p>Robust Business and Financial Profile</p>	<p>Revenues increased at a CAGR of 7.1% over the past five years (2019G-2024G).</p> <p>The Company's business model remains profitable with a return on equity of 27.6%, net income for this year reached SAR 278.65 million (with a net margin of 8.3%), achieving a CAGR of 5.0% over the past five years.</p> <p>The Company efficiently maintained requirements, as the working capital ratio improved compared to last year, reaching 14.5%.</p>
<p>Dynamic and Defensive Sector</p>	<p>The Company operates in a dynamic and defensive sector, which traditionally shows resilience during economic recessions. The demand for our products continues to grow, supported by population expansion, increasing tourism, and rising per capita GDP in the Kingdom.</p>
<p>Asset Management Efficiency</p>	<p>The Company currently operates an asset-light model, with annual capital expenditures over the past five years ranging from 0.5% to 1.5% of revenue, which helps allocate resources more efficiently and enhances flexibility.</p>
<p>Diversified Operations</p>	<p>The diversified product range spans five major categories such as red & white meat, frozen fruits & vegetables, dairy, olives & oil and others, with over 800 SKUs.</p> <p>Operating across all sales channels ensures the business is well-positioned to capture a diverse customer base and adapt to changing consumer preferences and choices.</p> <p>The robust and state-of-the-art logistics network, comprising 13 branches covering the entire Kingdom, signifies efficient distribution capabilities, reducing lead times and enhancing customer satisfaction.</p>
<p>Alignment with the Kingdom's Vision 2030</p>	<p>The Company's strategy is based on four key pillars: Expanding and diversifying product categories, diversifying sales channels and enhancing presence in multiple food service (HORECA) channels, increasing local content, vertical integration through advanced manufacturing and logistics infrastructure with broader coverage. These pillars support the Kingdom's Vision 2030 goal of achieving self-sufficiency.</p>



1-2

Subsidiaries and Associates

In its efforts to expand operations and diversify activities, Almunajem Foods successfully acquired 1.12 million shares in Balady Poultry Co., listed on the Parallel Market "Nomu" in March 2024G. This represents a 17% stake purchased at SAR 120 per share, amounting to a total acquisition value of SAR 134.03 million. The transaction was entirely self-financed.

In August 2024G, Almunajem Foods further acquired an additional 23% stake in Balady Poultry Co., by owning an additional 1.51 million shares at the same price of SAR 120 per share, for a total value of SAR 181.33 million. This increased Almunajem Foods' ownership to 40%, making it the largest shareholder in Balady Poultry Company. Remove capital. This strategic step is a cornerstone for expanding the Company's activities in the fresh poultry sector and its manufacturing products while aligning with consumer preferences in the Saudi market.

This strategic investment reflects our commitment to expanding our category portfolio, driven by

insights into evolving consumer behavior. The acquisition not only fortifies our market position but also ensures the uninterrupted supply of essential goods to our valued customers. By leveraging Balady Poultry Company's expertise and resources, we aim to foster synergies that enhance operational efficiency and growth potential.

In alignment with its vision and strategic direction, and to further strengthen our operational framework, Almunajem Foods announced the establishment of a limited liability subsidiary in Riyadh at the end of June 2024G. The new subsidiary specializes in providing integrated logistics services with a capital of SAR one million and a 100% ownership stake.

This initiative capitalizes on the logistics expertise we have cultivated over the years, positioning us as a key player in the supply chain and logistics sector. This subsidiary is a testament to our forward-thinking strategy to meet market demands and create new revenue streams while enhancing customer satisfaction.

Company	Capital (SAR)	Country of Incorporation	Country of Operations	Main Activity	Ownership (%)
Optimal Solutions for Logistics Services (Loadly)	1,000,000	Saudi Arabia	Saudi Arabia	Providing integrated logistics services and scalable, efficient solutions tailored to customer requirements.	100%
Balady Poultry Trading Co.	6,570,000	Saudi Arabia	Saudi Arabia	Importing, purchasing, and selling eggs; chicken hatching; purchasing and selling chicks; poultry breeding and feeding; providing veterinary care. Additionally, owning, operating, and managing poultry farms; establishing, installing, and equipping poultry houses; establishing, managing, and operating poultry feed factories; establishing, managing, and operating slaughterhouses for chicken preparation and portioning; and marketing and distributing the company's products through stores or authorized distributors.	40%



1-3

Brands

Almunajem Foods boasts a rich heritage, and a deep legacy acquired across the years both domestically and internationally, a fact which enabled the Company to build distinctive and robust brands - the Company most paramount assets. These brands played a pivotal role in strengthening the Company's position in the Saudi market.

Almunajem Foods has achieved a remarkable milestone by acquiring distinguished brands across the years, a matter which led to expanding its activities and presence across the Kingdom. This accomplishment has not only reinforced the Company's position in the local market

but has also significantly boosted revenues and improved operations efficiency. Thanks to these leading brands, Almunajem Foods delivers high-quality products that meet diverse consumer needs, fostering customer trust and loyalty. These strategic steps have contributed to sustainable growth and ongoing expansion, positioning Almunajem Foods as a leader in the Kingdom's food sector.

دجاج دو

ونعم التربية





Key Brands Distributed by Almunajem Foods



Doux Chicken

1972

A brand marketed and distributed by AMF

Doux, established in 1930 in France, began as a poultry producer and opened its first factory in 1955. Since then, it has become a global leader in poultry exports. Doux offers a variety of poultry products, including whole chickens, chicken cuts, and a range of further processed products (FPP), such as chicken burgers and sausages in various flavors, among others. All products are halal-certified, ensuring they meet Islamic dietary standards.



Coopoliva
(Agro Sevilla)

1978

A brand marketed and distributed by AMF

Agro Sevilla, established in 1977, is the world's largest producer and packager of olives and olive oil and one of the largest Spanish olive oil exporters. Recognizing its strong partnership with Almunajem Foods, Agro Sevilla named one of its olive production facilities after Sheikh Abdullah Almunajem.



The Three Cows

1980

A Brand Marketed and Distributed by AMF

The Three Cows brand, owned by Arla, offers a wide variety of cheese products available throughout the Middle East. The trusted Three Cows cheese range, which includes shredded mozzarella and white cheese, is a key source of rich and delicious flavors that mothers rely on.



President

1991

A brand marketed and distributed by AMF

Established in France in 1968, President is now present in over 150 countries. It offers a wide range of cheeses, butter, and cream products, making it a global favorite for cheese lovers.



Fletcher

1994

A brand marketed and distributed by AMF

Fletcher International is one of Australia's largest exporters of lamb and sheep meat products. Fletcher processes over 90,000 sheep and lambs weekly, amounting to more than 4.5 million annually, underscoring its significant capacity and scale in the industry.



Silver Fern

1994

A brand marketed and distributed by AMF

Silver Fern Farms is a leading New Zealand company specializing in the production and marketing of beef and lamb products. Established in 1948, it operates as a cooperative, representing approximately 20,000 farmers and livestock breeders across New Zealand, including sheep, cattle, and deer farmers.



Anaam Al Saudia

1992

A Brand Owned by AMF

"Anaam Al Saudia" minced meat (lamb and beef) is produced at Almunajem' Meat Factory in Jeddah. Widely known since the early 1990s, demand for this product significantly increases during Ramadan.



Habra

1992

A Brand Owned by AMF

Almunajem Foods produces a variety of processed meat products under different brands including "Habra" at its factory in Jeddah. The Company also packages and imports various beef cuts from international sources under the "Habra" brand, distributing them across sales channels.



Key Brands Distributed by Almunajem Foods



Montana

1998

A Brand Owned by AMF

Montana was launched in the Saudi market in the early 1980s, instantly becoming a leading brand in frozen fruit products. Since then, it has gained consumer preference, symbolizing quality. Currently, Montana products are carefully sourced from various suppliers worldwide.



Life

2018

A Brand Owned by AMF

"Life" is a preferred brand for frozen vegetables and fruits, as well as cooking oils, among wholesalers and restaurants. "Life" products are packaged from various global sources, including Saudi Arabia.



Marietta

2001

A Brand Owned by AMF

Marietta is a privately-owned brand of Almunajem Foods, well known in wholesale, food service, and direct distribution sectors. It offers a wide range of products, including frozen vegetables and fruits, dairy products, dry-stored goods such as rice, cooking oils, sauces, and canned products.



Moralejo

2016

A brand marketed and distributed by AMF

Moralejo Seleccin is a third-generation family business specializing in lamb and sheep meat. Founded 70 years ago, it began with the founder selling lamb via motorcycle and delivering it to various Spanish cities by train. Today, Moralejo employs 180 staff and operates two state-of-the-art factories measuring 5,500 and 9,000 square meters. It adheres to the highest quality standards, including IFS certification, Halal certification, and compliance with U.S. Specifications. Moralejo exports chilled and frozen lamb and sheep meat to over 30 countries worldwide.



Lamb Weston

2001

A brand marketed and distributed by AMF

Lamb Weston is a global leader in supplying frozen potato products, appetizers, and various vegetables. Founded in 1950, Lamb Weston has experienced rapid growth, driven by its commitment to superior performance, innovative technology, and continuous product development.



Asmak

2015

A brand marketed and distributed by AMF

"Asmak" is a leading brand in the supply of fresh and frozen seafood across the Middle East. Founded in 1999 as a publicly traded company wholly owned by International Holding Company, "Asmak" provides comprehensive seafood solutions. Its product range includes fresh and frozen seafood, breaded items, and value-added products, distributed and exported throughout the Middle East, North Africa, and global markets. The company's rapid growth is attributed to its experienced team, robust distribution network, and strong partnerships with suppliers and customers. "Asmak" serves all distribution channels, including retail and food service sectors.



Villa Germania

2012

A brand marketed and distributed by AMF

Villa Germania was established in 1996 in Brazil and is the largest producer and exporter of duck meat in Latin America. Employing 260 people, Villa Germania operates across Brazil and is recognized for its high-quality products. Villa Germania is the number one leading supplier of duck meat in the Middle East and is a key exporter to Asia, particularly Japan.



Dari

2015

A Brand Owned by AMF

The word "Dari" means "My Home" in Arabic. At Almunajem Foods, we are committed to meeting homemakers' preferences for safe, high-quality, and delicious food. Dari products are carefully selected from the finest natural sources and packaged with the latest technologies to preserve their nutritional value.



Key Brands Distributed by Almunajem Foods



Valbreso

2019

A brand marketed and distributed by AMF

Valbreso is a global dairy brand. It features 100% sheep milk sourced from unique Lacunae sheep, which graze on the fertile plateaus surrounding Roquefort-sur-Soulzon. The rich, high-quality milk from these prolific dairy ewes is used to produce Roquefort and Valbreso cheese, renowned for their distinctive flavor and exceptional richness.

Apeti

Apeti

2021

A Brand Marketed and Distributed by AMF

Chilled Brazilian beef is imported under the Apeti brand, owned by JBS, the world's leading producer of beef. The product is distributed by Almunajem Foods across the retail sector (hypermarkets) as well as various hospitality and food service channels (HORECA).



Jack's Creek

2022

A Brand Marketed and Distributed by AMF

Jack's Creek is a premium brand offering high-quality beef from Angus and Wagyu cattle raised in the lush pastures of Australia. This brand has an outstanding reputation and is favored by most "steak" and "burger" restaurants in the Kingdom.



Daawat

2024

A Brand Marketed and Distributed by AMF

LT Foods has been a global leader in rice production and rice-based foods for the past 70 years. "Daawat" is the company's flagship brand, representing the finest and purest rice varieties. In all cases, the company is committed to applying the highest quality standards for diverse communities worldwide. The company has extensive experience in more than 80 countries, including India, the United States, Europe, the Middle East, and the Far East.



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1-4

Success Partners

Almunajem Foods stands at the forefront of innovation in the food industry, leveraging cutting-edge technologies and advanced methodologies guided by a team of specialized experts. The Company is dedicated to delivering products that align with market demands and exceed

Our Suppliers

Almunajem Foods has successfully established ingrained partnerships with key suppliers from various countries across the globe. Our longstanding relationship with Doux, the world's leading brand in the poultry sector, and AgroSevilla, the major olive producer in Spain, dates back decades. We also maintain strong ties with Lamb Weston, a leading global brand for French fries, as well as Lactalis, the

Sales and Distribution Channels at the Company

Direct-to-Retail Distribution

Almunajem Foods boasts extensive capabilities to ensure widespread distribution of its diverse product range through a large sales team that delivers the Company's products across the Kingdom, including small grocery stores with areas as small as 40 square meters.

Food Services

The food services channel primarily distributes products to catering companies, fast food chains, airlines, hotels, fine dining and traditional restaurants, cafs, buffets, and juice shops. Food services customers are significant buyers of commodity goods such as poultry, meat, and frozen fruits and vegetables, which they use to prepare meals sold to their consumers.

Key Retail Accounts

Key accounts customers include supermarkets and hypermarkets, which generally purchase branded products from the Company to sell to consumers.

consumer expectations. To ensure exceptional results, Almunajem Foods collaborates with trusted, high-caliber partners, guaranteeing the production of premium-quality products that consistently satisfy its customers.

world landmark in dairy production, along with many other suppliers with a profound legacy in diverse food categories, including Poultry, Red Meat, Frozen Vegetables, Fruits, and Dairy. Almunajem Foods continues its quest for innovative food choices while staying attuned to the evolving preferences of Saudi consumers.

Wholesale

The wholesale customers are strategic partners who contribute to the broader distribution of the Company's products, effectively enhancing the retail and food services channels in a cost-efficient manner.

Online Sales Platform for Customers (B2B)

There is a notable increase in online sales platform channels, with expectations of a major surge in the coming years.

As Almunajem Foods consistently seeks to adapt to evolving market trends, the Company has established an online platform for customers across various sales sectors. The Company is striving to make groundbreaking developments in this area in the coming years.



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Our Initiatives

Almunajem Foods is committed to launching a range of initiatives aimed at continuously and comprehensively developing its business model. This aligns with the evolution of its strategic vision, reinforcing the Company's efforts to achieve its objectives, expand its operations, and ensure full

alignment with the strategic framework of the Kingdom's Vision 2030. The Vision aims to drive national economic growth by diversifying economic activities, optimizing resource utilization, and ensuring food security.

Almunajem Foods' Initiatives to Align with the Saudi Vision 2030

Promoting Healthy Food

With this initiative, Almunajem Foods aims to raise awareness regarding the importance of healthy food and encourage healthy eating habits.

Environmental Sustainability

Almunajem Foods is committed to implementing environmentally friendly practices across all production stages by investing in sustainable production technologies, primarily solar panels, reducing harmful carbon emissions, promoting recycling, and utilizing renewable energy sources.

Social Responsibility

Almunajem Foods seeks to support the local community through effective social responsibility programs, such as supporting small and medium-sized enterprises (SMEs) in the sector, providing job opportunities for youth, and empowering women.

Product Innovation

Almunajem Foods continuously develops new and innovative products to meet changing consumer needs while maintaining the highest possible quality. Additionally, the Company has been a pioneer in introducing healthy products (Superfoods) to the end consumer to promote a culture of health awareness among the youth in the Kingdom. Today, there is a prevailing trend of continuous launching of Superfoods products a range which consists up of 136 globally recognized products.

Digital Transformation

Almunajem Foods is keen on improving internal operations and enhancing customer communication by adopting digital transformation technologies. This includes developing electronic applications to facilitate ordering and delivery processes, as well as utilizing artificial intelligence to optimize the supply chain and inventory management.

Saudization

Almunajem Foods plays a key role in supporting local talents in line with the Saudi Vision 2030 and implementing Saudization Resolutions issued by the Ministry of Human Resources and Social Development (MHRSD). The Company is committed to meeting and even further exceeding required Saudization rates in the future.





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Highlights of the Year

Almunajem Foods has accomplished significant milestones, solidifying its position as a leading company in the food and beverage industry in Saudi Arabia. These achievements were backed up by technological progress and continuous innovations that elevated production efficiency and product quality. Additionally, the Company expanded its customer base and secured

strong strategic partnerships while attaining notable success in sustaining business practices and adhering to social responsibility.

At the administrative and operational levels, the Company's accomplishments include:

01 Increasing the Company's stake in "Balady Poultry Co" to 40%.

02 Increasing food service channel sales to represent 26.6% of total business volume

03 Increasing the contribution of the Company's owned brands, particularly Dari, from 25% to 29%.

04 Increasing the local component to represent 19% of total revenues, compared to 14% previously.

05 Establishing a limited liability subsidiary based in Riyadh, specializing in providing integrated logistics services.

06 Raising Meat Factory production from 6% to 8% of total sales by the end of the year, targeting high-margin products.

07 Launching new products during the year, such as Fresh Poultry, Rice, and Sea Food.



Strategic Report

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Chairman's Statement

With great pleasure and on behalf of the Board of directors for Almunajem Foods Company, I am glad to present to you the Company's Annual Report for the fiscal year ending on December the 31st of 2024. I sincerely thank you for your honest and significant trust which inspires us to develop and implement our promising strategy and accomplish our ambitious goals.

At Almunajem Foods, we take great pride in upholding our leadership in the local market across a wide array of sectors and categories. This achievement stands as a testament to the unwavering loyalty and ongoing support of our customers, inspiring us to continually strive for excellence and innovation in delivering superior products that meet their needs and exceed their expectations.

"We Focused on Our Core Strengths Despite Geopolitical Challenges and Economic Uncertainty"

The year 2024G held particular significance for the Company, as we steadfastly focused on our core strengths despite geopolitical challenges and escalating global inflation. Through such a focused approach, we successfully upheld our status as a leading player in the Kingdom's food sector. Our innovative and diverse product portfolio, which is distinguished by its outstanding quality and high nutritional value, has been the cornerstone of our leadership. Additionally, our prompt and effective delivery, which is backed up by decades of experience in offering our customers unmatched services, a wide branch network, as well as a committed team throughout the Kingdom, is an example of this commitment.

"Our Strategy Is Intricately Aligned with the Kingdom's Vision, Presenting a Prime Opportunity to Reinforce Our Stand in the Market"

Almunajem Foods Annual Report 2024 reflects our steadfast commitment to excellence in the food industry. The Company's strategy is closely aligned with the Kingdom's Vision 2030, which strives for comprehensive and sustainable development in the various fields. We firmly believe in our proactive role in this Vision by supplying wholesome and high-quality food products that satisfy the aspirations of the community.

The cornerstone for achieving our vision is based on the developmental efforts and major projects implemented by the Kingdom. At Almunajem Foods, we actively participate in these initiatives by providing food products that cater to the diverse needs of the community, in parallel - focusing on enhancing our production and logistics capabilities. The Kingdom is also experiencing a remarkable surge in tourism, driven by the exceptional efforts of the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince, and the prudent government of the Kingdom of Saudi Arabia. This has positively contributed to the rapid advancement of tourism activities over the past decade, with a noticeable year-after-year surge in the number of visitors. We at Almunajem Foods view this as an ample chance to expand our unique range of food products and showcase them at different tourist destinations. This will not only enhance the visitor experience but also emphasize the Kingdom's rich culinary and cultural diversity.

The consumer sector will undoubtedly benefit from the anticipated population growth, which will



promote steady growth in the years to come. At Almunajem Foods, we are dedicated to aligning with this growth by continuously developing innovative products and expanding our distribution network to fulfill the increasing demand for healthy and nutritious food. This is particularly significant as we are approaching major events such as the Kingdom's hosting of the Expo 2030 and the 2034G FIFA World Cup, which offers a unique and valuable opportunity to fortify our position in the market, enhance relationships with local and international partners, and deliver an unparalleled food experience for fans and visitors from around the globe.

In line with our ongoing commitment to support local content, Almunajem Foods is enhancing this by forming strategic partnerships with local partners in production and distribution. We believe that supporting local industries contributes to sustainable growth and provides employment opportunities for citizens, thus fostering progress and growth in the national economy.

"Our Formidable Capabilities Have Played a Key Role in Enhancing Performance and Achieving Outstanding Results"

In 2024G, the Company made significant advancements across various facets of its operations, leading to enhanced financial outcomes. These exceptional results, after the grace of God, are a direct reflection of the unwavering efforts of our dedicated work team, whose commitment has been instrumental in advancing the Company's strategic objectives. We are confident that we will persist with the same determination and resolve to meet the expectations of our shareholders and stakeholders. I would like to extend my sincere gratitude to all those who have contributed to the remarkable progress in the Company's overall performance this year.

"Your Support and Trust are Essential to Advancing Our Journey Toward Ensuring the Stability of National Food Security"

By the grace of God, and through your invaluable support and trust, Almunajem Foods has successfully focused on its core sectors, enhanced operational performance, and maximized production efficiency. These achievements have profoundly contributed to our countless efforts to ensure national food security stability while

providing our customers and partners with a diverse range of innovative products.

As we close the year 2024G, I wish to express my sincere gratitude for the robust and supportive investment environment that has empowered us to achieve numerous remarkable milestones. Furthermore, I would like to convey my profound appreciation to the leadership of the Kingdom of Saudi Arabia for their visionary direction and unwavering support, as well as my heartfelt thanks to the Capital Market Authority (CMA) for their cooperation, assistance, and pivotal role as the regulatory authority overseeing the Kingdom's capital market.

"A Message of Gratitude and Appreciation"

I want to conclude by expressing my profound gratitude and admiration to my distinguished colleagues on the Company's Board of Directors and the Executive Management team for their hard work and continued dedication to furthering the Company's goals and vision. I would also like to express my deep gratitude for the fruitful collaboration between Executive Management and the Board of Directors, which has been instrumental in ensuring the effective implementation of the Company's strategic plans. The Board of Directors will firmly continue to support Executive Management through all available means, in alignment with the governance framework we have adopted, to facilitate the execution of decisions that contribute to accelerating the growth of the Company's operations.

I also would like to take this opportunity to extend my heartfelt thanks to all the employees of the Company for their unwavering dedication and sustained efforts throughout the years. Last but not least, I am profoundly grateful to our valued shareholders for their continued support and trust in Almunajem Foods. We remain confident that, with determination, diligence, and unwavering commitment to our work, we remain confident that, with the grace of God, we will continue to achieve success and overcome future challenges.

Chairman of Board of Directors
Saleh Abdullah Ali Almunajem



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CEO's Statement

Dear Shareholders, God bless you and grant you peace

In 2024G, Almunajem Foods continued its remarkable journey, well determined in its ambitious vision to refine and elevate the efficiency of its operational processes. The Company is still determined and committed to growing its capabilities and solidifying its position as a market leader in the Kingdom of Saudi Arabia.

As part of its continuous commitment to increase investment value and guarantee shareholder satisfaction, the Company made significant progress in adding value and producing alluring returns for its shareholders throughout 2024G. The Company implemented a series of strategic initiatives with the dual goal of aligning returns with shareholder aspirations while simultaneously advancing the Company's strategic objectives.

"We Have Successfully Met Our Annual Targets, and Our Operational Advancements Are Continuously Enhancing Both the Quality and Diversity of Our Production"

The business model of Almunajem Foods is grounded on regular course corrections and ongoing key performance indicators (KPIs) monitoring. These KPIs extend beyond net income to encompass sales (by volume and value), product categories (both existing and new), storage units, owned brands, long-term suppliers, and customers, as well as other vital metrics essential for measuring and evaluating overall performance.

Despite the Red Sea shipping crisis at the start of 2024G, we were able to accomplish most of our

growth-related goals across a number of categories. This challenge impacted sales volumes in certain categories during the first quarter; however, the situation improved across the majority of product categories.

Aligned with the government's trends and initiatives to promote local content, we successfully dedicated efforts to bolstering our operational and production capabilities. As part of this effort, we commenced the construction of a new factory (in addition to the existing factory, which has been in operation since the early 1990s). This step is part of our broader operational strategy to solidify our position in the industrial sector, ensure greater operational capacity, and establish diversified supply alternatives. To further this goal, the Company has partnered with local suppliers in Saudi Arabia across a wide range of food categories—including frozen and chilled poultry, seafood, canned vegetables, and dairy products—while continuing our manufacturing operations in Jeddah. This initiative represents a crucial step toward significantly increasing the contribution of local content to our overall product portfolio.

Moreover, as part of our strategic expansion, Almunajem Foods acquired a 40% stake in "Balady Poultry Co." to expand and enter the fresh poultry sector and offer products that align with consumer preferences. This move supports sustainable growth and strengthens government-led initiatives aimed at achieving self-sufficiency.

On another note, we established a new subsidiary (Loadly) specializing in integrated logistics services, which is expected to lead to a quantum leap in our operational capabilities, diversify revenue streams, and enhance the range of services offered to our



customers. Particularly considering that the food industry is expected to grow significantly in the upcoming years, basically within the scope of international franchising, which will drive demand for the 3PL services.

"Despite Challenges, We Succeeded in Introducing New Food Categories and Achieved Remarkable Figures and Results"

Despite the challenges encountered in 2024G, the Company achieved exceptional performance, marked by outstanding figures and outcomes across production, sales, returns, net income, and free cash flows. In addition to our unwavering dedication to attaining operational efficiency, managing financial aspects, and maintaining return growth, we also continue to increase value for shareholders. In order to create a better future for all, satisfy its commitments to shareholders, and boldly proceed on its march of growth and innovation, Almunajem Foods also places a high priority on ongoing collaboration with all stakeholders. In an increasingly competitive market, Almunajem Foods expanded in 2024G by offering new food categories to meet the needs of its customers. The Company launched a range of seafood products under its owned brand "Dari" including squid, shrimp, fish fillets, and crab. Last but not least, we have also managed to introduce rice with its various types, the frozen Aai Superfoods, in addition to strengthening our position premium - value added beef meat cuts.

"Competition is Intense, but We Offer a Variety of Benefits and a Numerous Solutions for Consumers"

We fully acknowledge the intense competition within the food industry, which is why we have built robust production capabilities and are actively expanding in this sector. As part of this strategy, we are developing a new factory dedicated to producing poultry, red meat, seafood, and cheese, complementing our existing facility. At present, we manage 18 product categories, with plans to further expand this portfolio in the near future. Each category comes with its own unique dynamics and challenges, and we remain committed to continuously refining our operational strategies to adapt and excel in this evolving landscape.

Almunajem Foods stands as a leader in the sale and distribution of food products across diverse sales channels, securing a strong market share across key categories—an accomplishment of considerable significance. In the upcoming years, we intend to fortify our dominant position, especially in the food service channels, which are expanding at the fastest rate in accordance with the Kingdom's Vision 2030.

At Almunajem Foods, we strive to achieve a clear competitive edge compared to others. As part of our current strategy, we aim to increase the percentage of local content in our products. Our ambitious goal for the next five years is to raise the percentage of local content which currently stands at approximately 20%.

In terms of manufacturing capabilities, we believe that diversification enhances these capacities. Previously, our manufacturing capabilities ranged between 1% and 2%. Today, they have reached 9% of our total operations, and we aim to achieve 20% within the next two years. Notably, we possess the necessary flexibility to double or even triple our manufacturing capacities.

The competitive edges we possess at Almunajem Foods extend beyond these facets. In order to fully satisfy consumer demands across a wide range of products, including rice, poultry, red meat, potatoes, fruits, vegetables, seafood, frozen pastries, and ready-made meals, we place a robust emphasis on high-margin products and providing our clients with integrated solutions.

"Our Strong Infrastructure and Expansion Projects Will Soon Yield Results"

We at Almunajem Foods are unwavering in our resolve to advance our infrastructure. We are supported by a strong and resilient foundation today, which allows us to continuously look for growth opportunities. To this end, we initiated a series of facility enhancements years ago and have plans underway to establish new warehouses dedicated to providing comprehensive logistics services for third parties, including supply chain management, storage, and delivery solutions. Following the achievements realized in 2024G, we anticipate reaping the rewards of these concerted efforts in the coming year and subsequent years. The Company's overall performance is expected to be positively and significantly impacted by these initiatives, especially in light of the Kingdom's booming economy.

CEO's Statement

The accelerated reforms spearheaded by the visionary government continue to foster a transformative developmental renaissance, positioning Saudi Arabia among the foremost nations globally.

“Our Goals Align with the Kingdom’s Vision 2030, and We Aim to Deepen Our Contribution”

At Almunajem Foods, we undoubtedly remain unwavering in our commitment to aligning our strategic goals with the objectives of the Kingdom’s Vision 2030. The Kingdom is implementing strategic measures to bolster the local food production sector, achieve food security, attain self-sufficiency, and saudize knowledge and production capabilities. In the years ahead, we will intensify our efforts to deepen our contributions to the Kingdom’s Vision 2030,

which serves as a beacon for the Kingdom’s advancement in economic and social development, sustainability, technological innovation, among other pivotal domains. In conclusion, I extend my heartfelt gratitude and utmost respect to the Company’s Board of Directors for their unwavering support of the Executive Management, as well as to all departments and employees of Almunajem Foods for their relentless dedication and commitment to achieving our goals. Finally, I express sincere appreciation to our valued customers for their enduring trust, which remains the bedrock of our success. With God’s blessing, the Company will continue to channel its energies and implement its strategic directives in the upcoming time frame, fostering a brighter future for our valued shareholders and customers.

CEO

Eng. Thamer Abdul Aziz Abanumay



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2 – 3

The Company Strategy

Almunajem Foods employs a comprehensive strategy to strengthen its presence in the Saudi market, built on four key pillars that ensure flexibility, adaptability, and resilience in an ever evolving and dynamic business landscape. This strategy reflects the Company's commitment to achieving customer satisfaction, driving sustainable growth, and maintaining a strong competitive edge in the market.

Expanding and Diversifying Product Categories

Objectives

The Company continuously strengthens its presence in existing food categories while expanding its portfolio by introducing major new food products to meet diverse consumer needs. It strategically shifts focus toward high-growth, high-margin products while ensuring the ongoing development and enhancement of its current product lineup.

Results

-Special emphasis is placed on healthy products (superfoods). For instance, the Company launched the Acai product, which grows in the Amazon rainforest and is globally recognized as a leading antioxidant food.
-The Company remains committed to frozen fruits and vegetables, consistently increasing its market share year after year.
-In alignment with the Kingdom's Vision 2030, the Company

introduced seafood products to promote increased per capita consumption of these items due to their significant health benefits.
-In 2024G, the Company launched chilled chicken products for the first time in its history and launched a complete range of rice products in partnership with LT Foods Co., a global leader in rice production.

Providing Third-Party Logistics Services (3PL)

Objectives

Capitalizing on the expertise in the logistics operations, Almunajem Foods plans to expand 3rd party logistics services to provide end-to-end logistics support to its clients in the fields of pharmaceutical, food and others.

Results

-Almunajem Foods has incorporated a new wholly owned subsidiary "Optimal Solutions Company" (Loadly) for providing qualitative and innovative logistics services

in various fields in line with the Kingdom's ambition to empower the companies and streamline supply chains.



Enhancing Sales Channels

Objectives

-Continuously enhancing the Company's sales channels, improving customer experience, and expanding food services, including premium restaurants and hotels, while adapting to the ongoing shift in consumer preferences. Additionally, maintaining the Company's leading position in retail sales channels and increasing its market share.
-Prioritizing different online sales channels, which target both the Company's customers and end consumers, anticipating these channels will gain significant market share in the coming years.

Results

-In 2024G, the Company strengthened its leadership in the retail market share of frozen fruits, frozen vegetables, frozen meals, and ready-made meals.
-The Company achieved growth in online sales for

the Business-to-Business (B2B) sector, in addition to boosting and strengthening sales through various e-commerce platforms (B2C).

Increasing Local Content and Enhancing Manufacturing Capabilities

Objectives

The Company remains committed to expanding its manufacturing capabilities and increasing the local content of its products, enhancing both competitive advantage and operational value.

Results

- In 2024G, the Board approved a CAPEX investment of SR 157 million to expand its meat factory, adding approximately 35,000 MT of annual production capacity. This expansion will bring the total capacity to around 50,000 MT, enabling the production of a broader range of poultry, red meat, seafood, and dairy products. The construction is currently underway, with operations expected to commence in Q1 of 2026G. This strategic initiative not only enhances the Company's market position but also supports the Kingdom's local content objectives by fostering domestic production.
- In a landmark development, the Company introduced its "Dari" fresh whole chicken product for the food

service sector, marking a significant milestone in its growth journey. Additionally, the company has begun packaging "Dari" frozen whole chicken within the Kingdom in collaboration with local producers, creating a safeguard against unforeseen external risks. Further reinforcing its commitment to local sourcing, the company has established partnerships with domestic suppliers in the poultry and dairy sectors, ensuring a stable and sustainable supply chain while supporting the growth of local industries.

- Furthermore, the Company has signed contracts with local suppliers in the poultry and dairy sectors, reinforcing supply chain sustainability and promoting local industry growth.



The founding of Almunajem Foods' subsidiary "Optimal Solutions Company" (Loadly) solidifies the Company's position in the logistics sector and makes a significant milestone in the Kingdom. In alignment with the Kingdom's objectives to empower companies and streamline supply chains, Loadly's strategic vision is to revolutionize logistics services by providing creative and seamless customer-centric solutions. It is anticipated that "Loadly" will become one of the most prominent leading logistics companies and a cornerstone in achieving logistical excellence, thereby effectively contributing to enhancing the Kingdom's economic growth in alignment with the Kingdom's Vision 2030.

Loadly is not just a logistics service provider; it is an extension of Almunajem Foods' legacy. Capitalizing on the extensive expertise in logistics operations, Almunajem Foods plans to expand 3rd party logistics services to provide end-to-end logistics support to its customers in the fields of pharmaceutical, food and others. This reaffirms the Company's ambitious goal of becoming one of the leading companies in providing logistical solutions.

Loadly has ambitious expansion plans to lay the groundwork for future growth. The Company's strategic expansion for 2025G–2026G demonstrates its commitment to enhancing the Kingdom's logistics infrastructure, as follows:

1- Riyadh Warehouse – First Branch: A state-of-the-art warehouse located in Agility Logistics Parks with a capacity of 42,000 air-conditioned storage pallets, whereby operations have already been kicked-off.

2- Jeddah Central Branch Warehouse: A state-of-the-art warehouse located in Agility Logistics Parks with a capacity exceeding 60,000 air-conditioned, refrigerated, and frozen storage pallets. Is expected to commence operations by Q1, 2026G.

3- Sulay Warehouses Complex, Riyadh: Designed for seamless storage and stock management with a capacity exceeding 90,000 pallets, accommodating all temperature requirements. It is scheduled for launch by Q3, 2026G.

4- Other Strategic Locations: Additional facilities with a capacity of no less than 20,000 pallets in key areas to strengthen nationwide coverage.

Loadly aims to establish strategic alliances with key players in the Retail, Food & Pharmaceutical sectors. It is anticipated that establishing sales strategies and signing long-term contracts with our customers will favorably impact the Company's expansion and raise revenues in a record amount of time.

Despite the bustling market in the kingdom which is filled with rival logistics service providers, Loadly's strategic direction aims to focus on delivering exceptional quality and comprehensive solutions, including supply, storage, distribution, and value-added services. These will serve as the all-in-one solution for customers seeking reliable logistics support services characterized by effectiveness and innovation.



To Fulfill Loadly's Mission We Adhere to the Following Four Core Pillars

1 Customer-Centric Excellence

We prioritize understanding and addressing the unique needs of our customers, ensuring tailored solutions that foster trust and long-term partnerships.

2 Operational Efficiency

The Company is working on facilitating supply chain operations, including storage and distribution, by leveraging the latest technologies, ensuring reliable, efficient, and cost-effective outcomes.

3 Sustainable Practices

Guided by global environmental priorities, we integrate green solutions across our operations, from energy-efficient warehouses to sustainable transportation initiatives.

4 Innovation

The Company is adopting cutting-edge technologies, such as real-time tracking systems and AI-driven optimization tools, a matter which positions the Company at the forefront of 3PL service providers.



Strategic Achievements

Various departments of Almunajem Foods have successfully achieved remarkable milestones across various fields, aligning with the Company's strategic objectives and ambitions to strengthen its leadership and competitive position in the Saudi market. Below are the key performance indicators (KPIs) reflecting this excellence:

Cost Control: Production costs are continuously reviewed considering local market prices, future forecasts, supply-demand dynamics, and harvest seasons. Good profitability has been achieved across most product categories despite strong competition in the poultry market.

Source Diversification: Supply sources are diversified by relying on multiple suppliers and countries of origin, enhancing flexibility and reducing the likelihood of product shortages. This was accomplished while preserving product quality and ensuring uninterrupted availability throughout the year.

Introducing New Products and Exploring Opportunities: New products have been introduced efficiently and effectively, with a focus on expanding the product range to meet the needs of Saudi consumers. This year witnessed an increase in

product variety, including chilled chicken, a new range of frozen fruits, seafood products, and diverse rice products.

Supplier Relationship Development: Weekly communication with suppliers has been established to update information on product availability, supply-demand levels, and global price trends. This has facilitated the introduction of new items and diversification of raw material sources for manufacturing.

Effective Marketing: The Company successfully launched effective marketing campaigns and expanded its distribution network, leading to increased sales volumes and enhanced awareness of the "Dari" brand across social media platforms. Additionally, new products were developed to meet evolving customer needs, with a focus on leading in premium product offerings. Numerous projects



were executed with high success rates, reflecting excellence in performance and the achievement of strategic objectives.

Inventory Management: Inventory management has been improved by meeting actual product demand instead of relying on traditional projections. This has led to better inventory turnover rates, reduced stockouts, lower storage costs, improved customer service, and minimized wear and tear of products.

Integrated Supply Chain Management: The supply chain has been enhanced by integrating all parties, resulting in reduced delivery times, lower shipping costs, improved customer satisfaction, faster product availability, and reduced overall costs.

Sales Channels Development: Sales and distribution mechanisms have been improved and expanded to ensure products reach the maximum number of customers through diverse and effective methods. This has resulted in the growth of the Food Services Division's sales and an increased market share in the retail sector, with food services channels accounting for 26.6% of total business volume.

Workforce Saudization: The Company has attained a rise in workforce Saudization, reaching 21.3% in 2024G.



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Flexible Business Model

Company Business Model

Almunajem Foods' business model is distinguished

by its flexibility and capacity to generate added value through a consumer-oriented approach. The Company is deeply committed to meeting the community's needs by delivering products precisely when and where they are desired. The three primary pillars for realizing this objective are: Offering a broad and diverse product portfolio, leveraging extensive manufacturing capabilities and maintaining robust and efficient supply chains to secure the raw materials essential for production, and ensuring widespread distribution and sales of the Company's products.

1 Sourcing and Manufacturing



- The Company has extensive experience in securing products from both local and global suppliers. Approximately 240,000 tons of frozen, chilled, and dry food products are imported annually, in addition to around 57,000 tons produced and sourced from the local market.
- The supplier base includes over 70 active suppliers, 81% of which are international, and 19% are local.
- The Company has supply and distribution

- contracts with a range of key suppliers for major brands such as "Agro Sevilla", "Lactalis", and "France Poultry", among others.
- The Company operates a meat processing factory in Jeddah with a total production capacity of 18 products, reaching 15,000 tons across three production lines.
- The Company plans to manufacture value-added meat products at Jeddah Factory by expanding its manufacturing facilities to meet market demand.



2 storage



- The Company owns 12 high-quality warehouses spread across the Kingdom, equipped with an automatic mobile racking system that considerably increases storage capacity while saving time by maintaining direct access to each pallet. The cold stores operate with the support of the Oracle system for inventory management and tracking. The storage capacity

of the stores ranges from 2,000 to 15,000 tons, depending on the branch, with the Company's total storage capacity reaching approximately 58,000 tons. Additionally, the Company provides 3PL services to fully utilize storage space and generate revenue from renting cold stores.

3 Distribution



- Products are distributed through all sales channels, reaching over 12,450 retail outlets, more than 900 wholesale outlets, and over 9,800 food service outlets across all regions of the Kingdom.
- The distribution network is extensive, handling more than 300,000 tons of products annually to consumers through approximately 23,300 retail stores.
- 14 branches as warehouses and sales office, one branch as sales office, and a meat factory in Jeddah. We receive imported products via the three sea ports (Jeddah Islamic Port, King Abdulaziz Port in Rabigh, and King Abdulaziz Port in Dammam, in addition to land ports and airports).
- The fleet includes more than 1,000 vehicles equipped with Global Positioning System (GPS) and temperature tracking systems to deliver products to customer locations.
- The base of key customers includes several supermarket chains in major regions of Saudi Arabia, such as Othaim, Panda, Carrefour, Danube, Lulu Hypermarket, Tamimi, and Bin Dawood, in addition to renowned restaurant chain stores such as Kudu, Albaik, Shawarma House, Burgerizer, among others.

The Company's Strengths and Aspects of Excellence

By the end of 2024G, the Company's market share in the retail sector reached approximately 25% in the categories it markets. This achievement is the result of a well-balanced focus across all sales channels and the enhancement of promotional campaigns.

1
Leading Position in the Local Market

2
Robust Infrastructure and Advanced Logistics Facilities

3
Strategic Geographic Presence

4
Modern Technology and Innovation

One of the most notable strengths of the Company is its robust and extensive infrastructure, which includes high-efficiency buildings, facilities, and factories backed by a dependable electrical network that supports its operational processes. Additionally, the Company benefits from a road network that seamlessly connects all its operational sites with local markets. The Company also operates state-of-the-art warehouses and specialized refrigeration units designed to preserve product quality and freshness. It utilizes advanced transportation and handling systems that streamline loading and unloading operations.

The Company leverages cutting-edge industrial technologies and modern innovations to enhance productivity and improve product quality. By adopting these advanced technologies, the Company achieves optimal production levels while conserving natural resources.

The Company enjoys a distinctive geographic penetration for various regions of the Kingdom. This presence provides a significant competitive edge and enables the Company to distribute its products widely, reaching all community segments and diverse consumer groups.



The Company offers a broad range of food products, from frozen fruits and vegetables to meats, poultry, and dairy products, among other essential consumer goods. This diversity provides the Company with substantial market flexibility, allowing it to adapt to economic and commercial changes.

5
Product Diversity

6
High Product Quality

7
Extensive Distribution Network

8
Commitment to Sustainability

9
Experienced and Competent Management Team

The Company adheres to the highest quality standards by utilizing the best raw materials and ensuring product safety through rigorous testing and analysis. This commitment guarantees the fulfillment of customer needs and complete satisfaction. This is why high product quality is one of Almunajem Foods' core strengths.

The Company boasts an extensive and efficient distribution network that covers the local market across the Kingdom. This network ensures that products reach customers promptly and in optimal condition, enhancing the Company's reputation and increasing its market share.

The Company is strongly committed to sustainability principles and environmental preservation. This commitment is reflected in the adoption of eco-friendly agro-industrial practices aimed at reducing negative impacts on the environment. Additionally, the Company strives to balance economic growth with the conservation of natural resources.

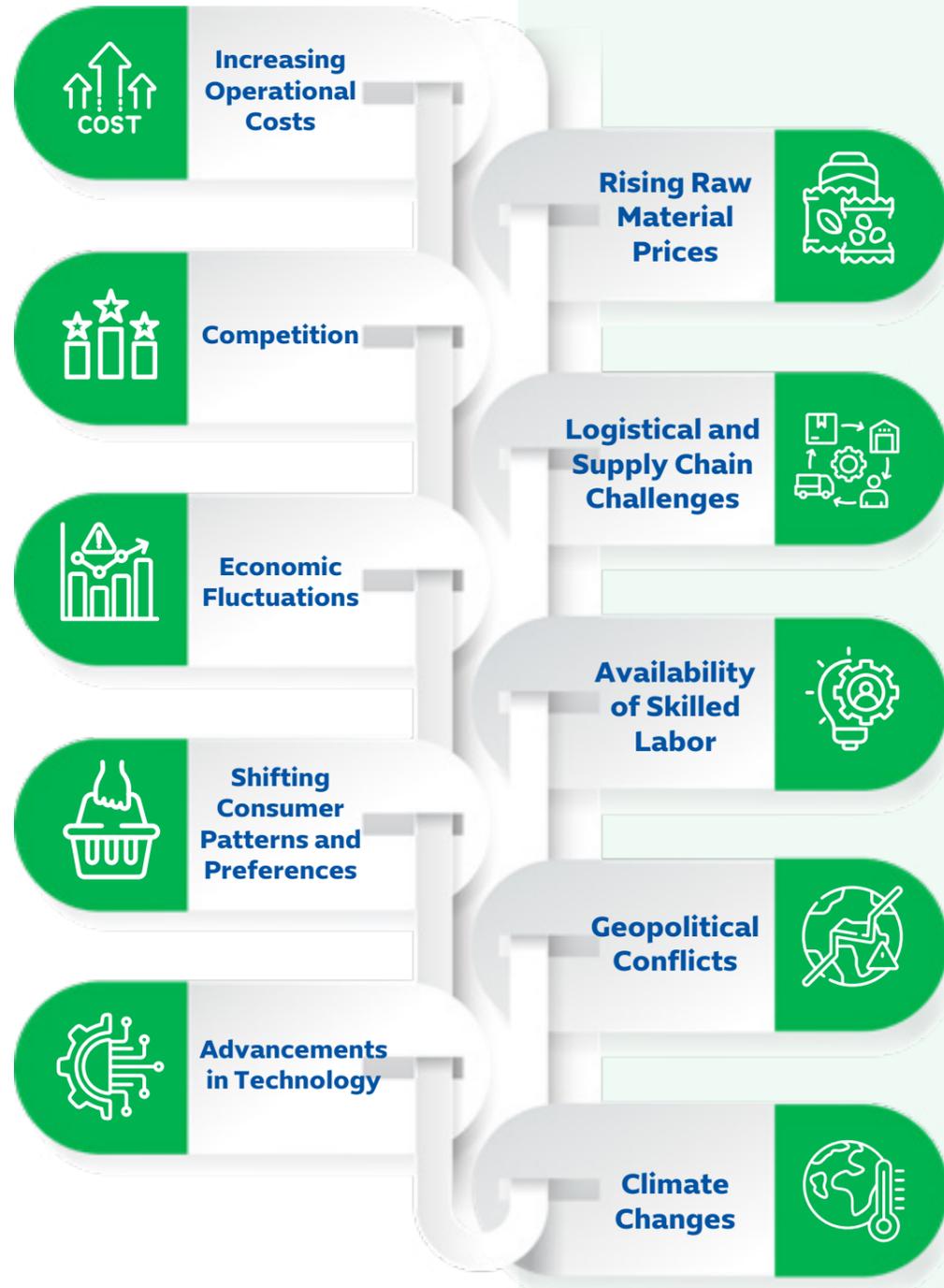
A highly qualified and seasoned management team with a proven track record that has demonstrated success at some of the top businesses in the same field and sector supports the Company. This team is further augmented by a comprehensive governance structure and robust internal policies and control procedures, significantly contributing to the Company's success and the achievement of its strategic goals.

2 – 5

Challenges and Opportunities

Numerous challenges confront Almunajem Foods, including economic and financial fluctuations, geopolitical conflicts, climate factors, and rising raw material costs. To overcome these challenges and proceed in the direction of a promising future, a flexible and creative strategy is required.

Challenges Confronted by the Company



Despite these challenges, the Company has successfully overcome a significant portion of them, turning obstacles into opportunities. This success aligns with its commitment to fulfilling its promises and obligations to consumers and customers while delivering substantial and sustainable value to its shareholders and all stakeholders both within and outside the Kingdom. The Company has focused on the following aspects:



The Company is developing new healthy and organic products that cater to changing consumer preferences, thereby enhancing brand appeal and increasing its market share.

The Company is continually striving to improve customer experience through loyalty programs and exceptional services, resulting in increased demand for its products and repeated purchases.

The Company is establishing strategic partnerships with local and international suppliers to enhance supply chain efficiency and minimize logistical challenges.



The Company is committed to expanding its penetration across different regions within the Kingdom, which boosts revenue and mitigates the impact of intense and hectic local market competition.

The Company is adopting flexible and comprehensive strategies that allow it to adapt swiftly and effectively to economic changes, strengthening its position in the local market.

The Company is consistently enhancing operations and boosting efficiency by utilizing modern technologies and digital innovations, leading to better performance and cost savings.





2 – 6

Future Goals and Aspirations

Almunajem Foods envisions a promising future in the local market of the Kingdom, grounded in a comprehensive strategy aimed at reinforcing its leadership and increasing its market share. The Company has set its sights on ambitious goals that include continuous innovation in its products and services, expanding its geographical penetration, and enhancing the customer experience by offering high-quality products that meet their expectations. Simultaneously, the Company is committed to enhancing its sustainability through the adoption of eco-friendly practices and efficient resource utilization, ensuring sustainable and continuous business growth. With a focus on building strong strategic partnerships and supporting local content, the Company believes it can attract more customers and achieve its future objectives in an ever-dynamic and evolving market. Guided by this integrated vision, the Company continues its journey toward achieving a prestigious position in the Kingdom's food and beverage sector.



Our Aspirations for 2025

2 – 7

Risk Management

At Almunajem Foods, we are committed to raising awareness among all stakeholders about the factors that may pose risks to the Company during the course of its operations. This enables stakeholders to carefully evaluate these risks before making any decisions. Any occurrence of these risks could potentially have negative or material impacts on the Company's performance, financial position, operational results, and future outlook.

Key Risks

Almunajem Foods, like other companies operating in the local market, confronts a range of risks that may directly or indirectly affect its operations, continuity, profitability, and financial position. The Company has risk management policies in place, which are updated as necessary through the internal audit department under the supervision and monitoring of the Audit Committee. Additionally, the Board of Directors continuously monitors risks and analyzes risk factors throughout the different meetings. Below are the types of risks the Company may encounter and a detailed explanation of their potential impact:

(1) Market Risks

Competitive Environment The Company might be significantly impacted by the rising competitiveness in the local market posed by other companies in the sector. However, both the Company and its Executive Management closely monitor and analyze market conditions, prices, and promotions to achieve a competitive edge and to well understand the opportunities and challenges that might come its way, while considering the necessary solutions and scenarios to face such competition, including laying down a strategy for continuously enhancing its brands and the quality of its products, while fully adhering to relevant government laws.

Change in Patterns of Consumption The Company works on updating the production and marketing strategies in line with the changes in the sector inside the Kingdom in order to meet the aspirations of consumers and provide the best possible quality.

Uncontrollable Market Conditions The Company may be affected by the dominant political and economic conditions in the world, which might lead to an increase in inflation rates and costs. To address these challenges, the Company is keen on keeping abreast of macroeconomic and microeconomic variables by studying and analyzing the market and holding a stringent process to evaluate the effect of any such developments on its customers and suppliers. In an attempt to overcome such risks, the Company takes suitable strategic actions, in addition to being flexible in adapting to the continuous changes in the raw materials market and adopting a suitable approach to managing these changes.

Outbreak of Pandemics and Infectious Diseases The preventive measures taken by the Kingdom's government have greatly limited the spread of pandemics and viruses. This is what happened when dealing with the outbreak of Corona (COVID-19). On its part, the Company lays down plans to deal with such risks and limit the consequent damages thereof.

Natural Disasters and Climate Changes The Company lays down emergency plans to combat natural disasters and climate changes which may affect production. It further lays down scenarios to deal with the same and to alleviate the damages resulting from such climate changes.

Cybersecurity The occurrence of any accident related to cybersecurity might lead to unauthorized access or misuse of the Company's information systems and data, which might cause leakage of any confidential or sensitive information, loss of the main data assets, obstructing the business movement and operations and shall harming the Company's reputation. The Company continues to enhance its technical infrastructure and employs effective plans to ensure the continuity of suitable businesses and mechanisms to limit any obstructions in case of any technical breakdowns.



(2) Operational Risks

Rising Operating Costs The Company periodically works on reviewing its costs and ensuring that they are properly managed to attain the optimal possible consequences.

Production Defects The Company is keen on delivering the highest quality by utilizing state-of-the-art machinery and equipment as well as conducting all necessary tests to limit defects of production and keep them at a minimum.

Bad Storage and Mismanagement of Stocks The Company relies on its expertise in the food industry and on their know-how of product demand cycles for its products in order to manage its stocks to combat any risks with regard to bad storage conditions and the mismanagement of stocks.

Technical and Technological Malfunctions The Company adopts developed systems

and depends on the latest technologically advanced devices in order to take the necessary precautions to ensure seamless operations and proactively address potential malfunctions through contingency plans designed to solve problems as soon as they occur.

Occupational Safety Incidents The Company abides by the health and safety regulations applicable in the Kingdom, in addition to the best international practices. Almunajem Foods is keen on employing highly efficient and experienced workers in the field of production to limit mistakes as much as possible. Additionally, the Company provides various manuals, regulations, and training programs to ensure the availability of accurate information and the proper execution of the related tasks.

(3) Administrative and Organizational Risks

Capital Management The Company's primary objective in capital management is to ensure its ability to sustain operations and continue delivering returns to shareholders. Through monitoring returns on net assets and making adjustments in response to economic conditions, the Company manages to maintain or adjust its capital structure accordingly.

Human Resources Management The Company's performance heavily relies on the expertise, skills, and capabilities of its Executives and Senior Officers. It strives to minimize employee turnover to mitigate the impact of losing key personnel. Additionally, Almunajem Foods continuously seeks to acquire qualified and professional employees while fostering the growth and development of its existing staff to prepare them for greater responsibilities and higher positions within the Company.

Regulatory Compliance The Company adheres to the General Food Security Authority (GFSA) and the Saudi Food and Drug Authority (SFDA) requirements, among others. Almunajem Foods adopts clear, practical procedures to manage its regulatory compliance while maintaining strong

relationships with the key regulatory authorities. The Executive Management Team oversees compliance with all applicable standards on a regular basis.

Laws and Regulations The Company complies with the applicable laws and regulations in the Kingdom, as well as any latest legislations and laws that are binding to all companies operating in the Kingdom. Moreover, the Company has a specialized team to consider legislation related to the Company's activities and provides periodic reports on amendments to the latest regulations to mitigate the associated risk of penalties or fines resulting from regulatory violations.

Taxes and Charges Currently, the Company is subject to Zakat and value-added tax while proactively complying with any government decisions related to taxes and charges.

Scope of Licensing The Company organizes its work with government authorities through its dedicated teams to maintain the renewal of licenses and permits required in order to mitigate any risks regarding the suspension or expiry of any of the Company's licenses or permits.

(4) Financial and Economic Risks

Fluctuation in Interest Rates Interest rates involve exposure to risks related to fluctuations in prevailing interest rates that may affect the Company's financial position and cash flows. The Company manages these risks through its risk management policies and believes that its exposure to interest rate risks is not significant.

Credit Risks Credit risks are associated with the failure of a counterparty to fulfill its obligations, which may result in financial losses. The Company actively manages credit exposure and establishes

provisions for doubtful receivables to mitigate these risks.

Liquidity Shortages and Borrowing Expansion Liquidity risks are related to the challenges of securing the necessary funding to meet obligations related to financial instruments. These risks may arise from the inability to quickly sell a financial asset at a value close to its fair market price. To manage such risks, the Company regularly ensures the availability of sufficient liquidity to meet the Company's financial commitments.





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Operational Review

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3 – 1

Market and Sector Overview

Gross Domestic Product (GDP) and Inflation

Due to continuous efforts to diversify the economy and encourage the expansion of non-oil-related activities, the Saudi economy has seen noticeable improvements in recent years. This progress has positively impacted employment levels, leading to a decline in unemployment rates and contributing to the growth of private consumption. Non-oil activities, measured at constant prices, achieved an average growth rate of approximately 5.8% over the past three years. This growth is attributed to the booming and prosperity of promising sectors such as tourism and entertainment, transportation and logistics, and the industrial sector.

The Saudi economy is projected to maintain growth rates in 2025G and over the medium term, driven by private consumption and investment. Sustainable economic growth is the goal of the continuous application of structural reforms, including labor market reforms, business environment improvements, privatization enhancement, and economic diversification. This growth will also be supported by sectoral and geographic strategies in line with the Kingdom's Vision 2030, as well as initiatives empowering women and youth.

By the end of 2024, the real Gross Domestic Product (GDP) had grown at a rate of 1.3% annually. This resulted from the growth of non-oil activities by 4.3%, compared to the previous year, along with the growth of government activities by 2.6%. Meanwhile, oil activities saw a decline of 4.5% Year-on-Year (Y-O-Y), reflecting the success of

economic diversification and reducing reliance on oil, according to the data compiled by the General Authority for Statistics (GASTAT).

Projections for 2025G indicate that the real GDP will grow by 4.6%, driven by the growth of non-oil activities. This growth is ascribed to the private sector's increased contribution, bolstered by initiatives to enable its positive performance, in addition to ongoing efforts to enhance economic diversification.

Regarding inflation, despite the increase in value-added tax (VAT) from 5% to 15% in July 2020G, the Kingdom has effectively managed inflation due to government efforts to restructure the economy. The Saudi Consumer Protection Association (CPA) plays a pivotal role in overseeing the prices of essential goods and services by monitoring price fluctuations, thus protecting consumers from unjustified price increases and exploitation.

It is noteworthy that the inflation rate slowed to 1.7% in 2024G, compared to 2.3% in 2023. Thanks to the ongoing improvements in economic conditions and proactive government policies and measures to control price increases, the Kingdom has maintained relatively acceptable inflation levels when compared to global inflation rates.



Population Indicators

Personal consumption expenditures (PCE) spent on food products are increasing in tandem with the natural and expected population growth in the Kingdom. This necessitates the provision of strategic commodities that are indispensable, such as wheat, corn, grains in all their forms, vegetables, fruits, animal protein sources, and other essential products needed by families and society at large.

Economic improvements are expected to drive rapid population growth, with the number projected to reach 39.2 million by 2030G, reflecting a compound annual growth rate (CAGR) of 2.5% between 2022G and 2030G, pointing out that by the end of the first half (H1) of 2024G, the Kingdom's population had grown to approximately 35.3 million. However, under the Kingdom's Vision 2030, there is an optimistic outlook for the population to increase to 50 million by 2030G, with half consisting of expatriates. This significant rise will lead to substantial growth in consumption and, consequently, an increase in consumer spending on food products.



Local Market

The food industry in Saudi Arabia is ranked as one of the most economically stable sectors, as the Kingdom is considered a hub for the development of food manufacturing and processing, driven by population growth, rising per capita income, and government support. Growing public awareness of health and its significance for all facets of the community is driving the food and beverage market's rise in popularity in the Kingdom. This rising demand encourages food manufacturers to innovate and introduce new products designed to meet these health-conscious preferences.

With an eye toward increasing infrastructure investments and implementing cutting-edge technologies, the Saudi government places a high priority on the food manufacturing sector. The "Saudization of Food Industries" initiative focuses on improving productivity and quality, increasing local production, ensuring food security, creating job opportunities, meeting local demand, and boosting exports to global markets. These efforts align with the Kingdom's Vision 2030, which aims to Saudize 85% of food

industries by fostering a favorable investment environment.

There are numerous promising investment opportunities in the food manufacturing sector in the Kingdom, particularly in logistics infrastructure, transportation, distribution, storage, and refrigeration services. These investments contribute to improving the productivity and quality of food products while lowering operational costs. Furthermore, the Kingdom aims to encourage foreign companies to capitalize on available investment opportunities, thereby supporting the growth of this vital sector.

The food manufacturing sector faces several challenges, including climate change, water scarcity, and rising production and transportation costs. However, the Kingdom can improve its food security and boost the national economy by offering small and medium-sized businesses (SMEs) financial and technical support, looking into new investment opportunities, and making sure that unfair competition is avoided.



3 – 2

Outstanding Operational Performance

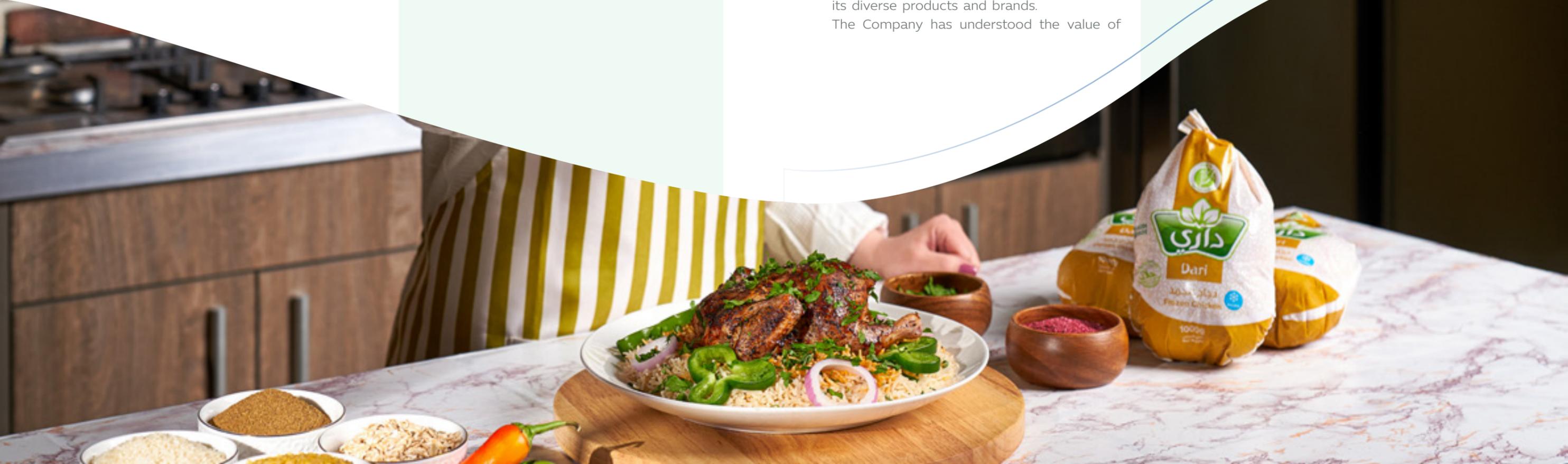
By providing creative solutions and a wide variety of distinctive products, Almunajem plays a vital and important role in maintaining food security and stability in the Kingdom. As a result, an outstanding operational model that offers a vast range of products and services throughout the Kingdom has been established.

Products

The Company offers a diverse selection of more than 800 food products, including frozen, chilled, and dry goods such as poultry, meat, dairy products, olives, and olive oil sourced from leading global brands. Almunajem operates across the Kingdom through extensive storage facilities covering a total area of 200,000 square meters, with a storage capacity of up to 58,000 tons. Additionally, the Company's 13 branches are strategically located across various regions to ensure delivering excellent service. The Company achieves an annual sales volume exceeding 300,000 tons, comprising multiple prestigious global and local brands. The Company's total market share in the retail sector stands at approximately 25%, driven by its diverse products and brands.

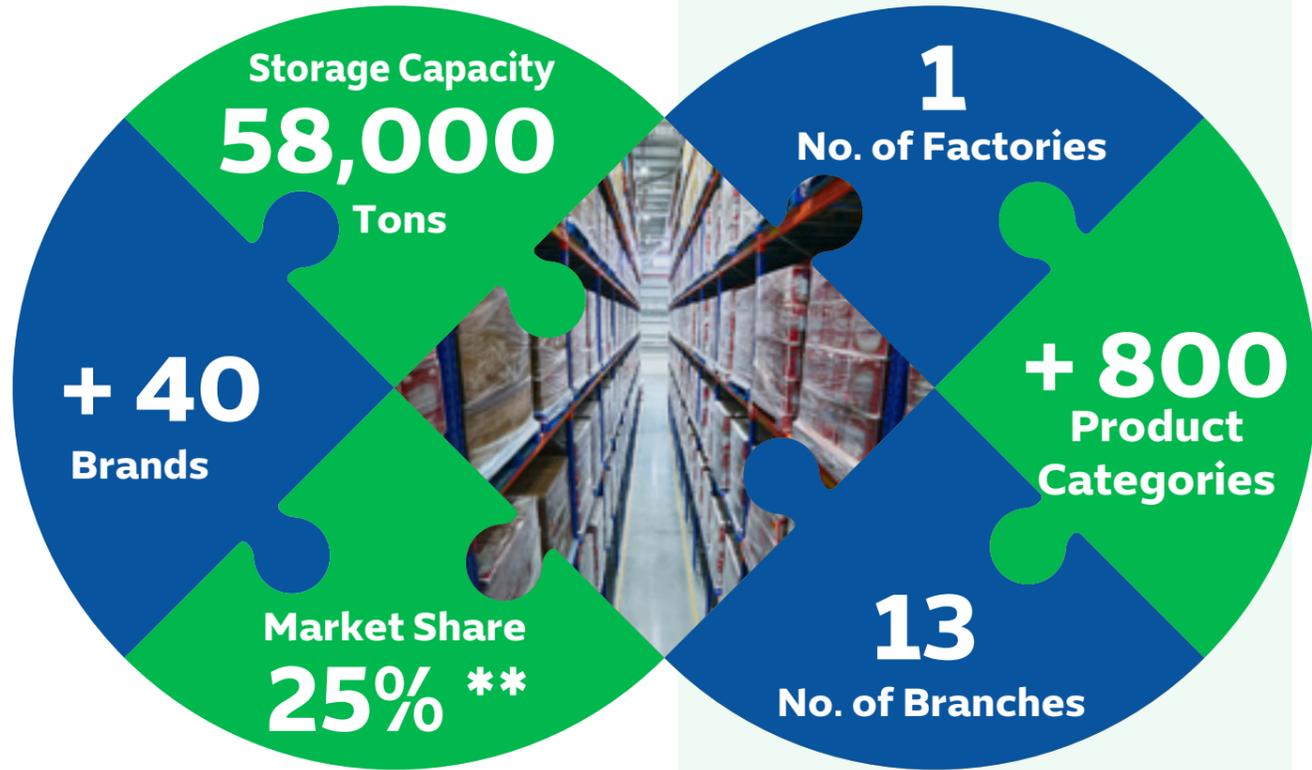
The Company has understood the value of

setting up manufacturing facilities in Saudi Arabia since the early 1990s. Thus, in 1992G, Jeddah Meat Factory was founded. Currently, the Company is developing a new factory to enhance the production of both red and white meat, as well as dairy products. Moreover, the Company recently acquired a 40% partial stake in a local poultry producer. These initiatives are anticipated to raise the local content ratio from 19% in 2024G to 60% by 2029G, in alignment with the Kingdom's Vision 2030.



Almunajem ...

Superior Operational Capabilities



** In the products marketed by the company in the retail sector.

Revenue Analysis

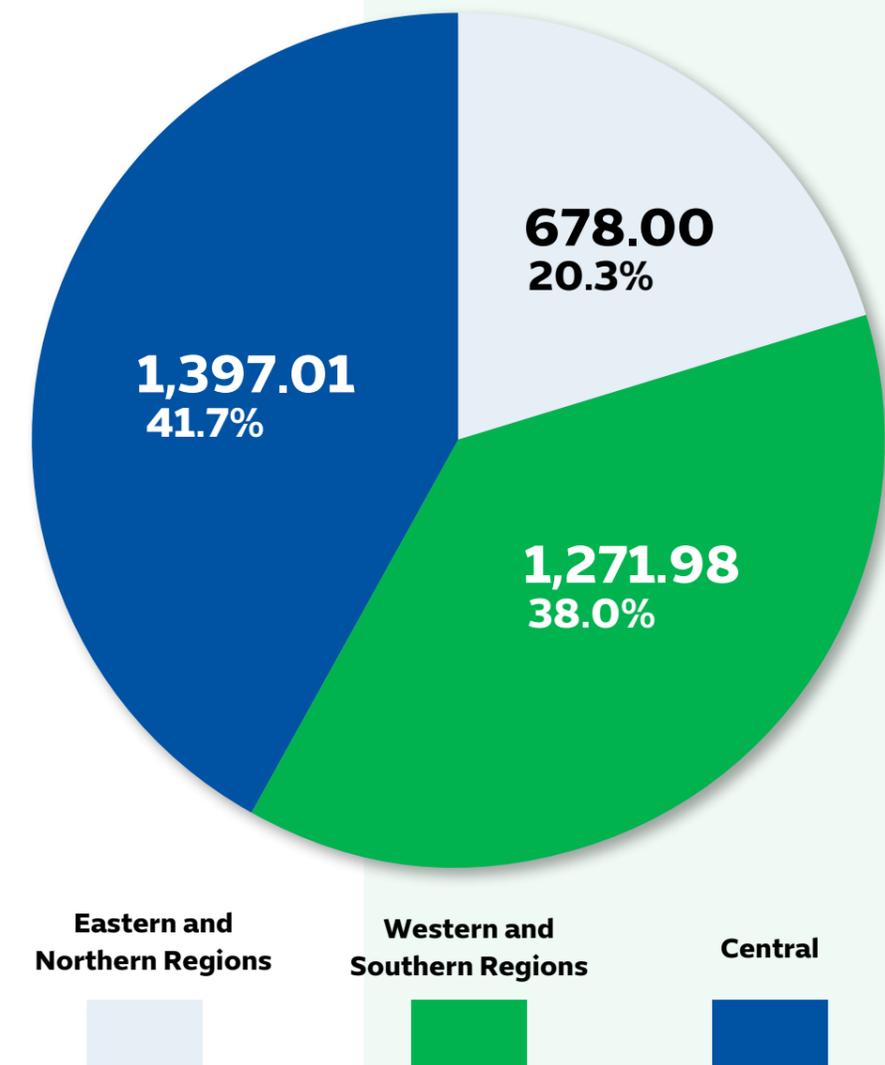
The revenue sources of Almunajem can be classified into several main sales channels, each significantly contributing to the Company's financial performance. The Company's key product categories are the main drivers of the highest revenue generation, which comes from the wholesale and food service sales channels, which account for about 60% of total revenue.

The Company's Revenue Analysis per Sector over 5 Years

(All Amounts in SAR Mln)

Year	2020	2021	2022	2023	2024
Sales of Wholesale and Foodservice	1,483.24	1,589.88	1,748.94	1,978.42	1,945.43
Sales of Various Retail Channels	1,048.11	978.83	1,217.54	1,322.57	1,389.56
Warehouse Rental Revenue	71	8.31	12.04	13.42	12

Revenues per Geographic Region in 2024



Development of the Number of the Company's Customers over 5 Years



Multistage Production Process

The production process at Almunajem involves multiple stages, starting with manufacturing and production, followed by product distribution and marketing, and culminating in delivery to the end consumer. Quality control, supervision, and management play a crucial role at every stage of the Company's production process. From selecting raw materials to producing the final product, stringent oversight ensures potential issues are promptly

identified and addressed. This commitment guarantees the manufacturing of high-quality and valuable products that meet customer expectations and preferences.



Operation and Production

Manufacturing and Production



- Identifying market needs and consumer preferences.
- Designing a product that meets all needs and provides added value to consumers.
- Producing according to specified standards and in quantities that meet expected demand.

Quality Assurance



- Ensuring product quality and safety before market release.
- Implementing and enhancing quality control procedures.
- Assuring quality in line with food safety regulations and the Food and Drug Authority's (SFDA's) requirements and applying updates, when necessary.

Product Distribution to Branches



- Packaging the product in an appealing design for consumers.
- Distributing products based on branch needs, demand volume, and consumer preferences.

Product Delivery to Customers



- Determining the appropriate product pricing based on production costs, customer perceived value (CPV), and competitors' prices.
- Identifying different sales channels, including retail stores, wholesalers, food service customers, and online sales platforms.
- Building strong relationships with existing and new customers.

Marketing Function



- Preparing catalogs and promotional materials to highlight the product's features and benefits for consumers.
- Launching diverse marketing campaigns (via digital platforms and in-store promotions – hypermarkets).
- Monitoring the sales process and analyzing data to evaluate product performance in the market.

After-Sales Services



- Building a positive brand reputation through continuous customer engagement, listening to feedback and suggestions, and striving to enhance products and services.
- Monitoring product quality with customers and resolving any quality-related issues, whether reported by customers or end consumers.

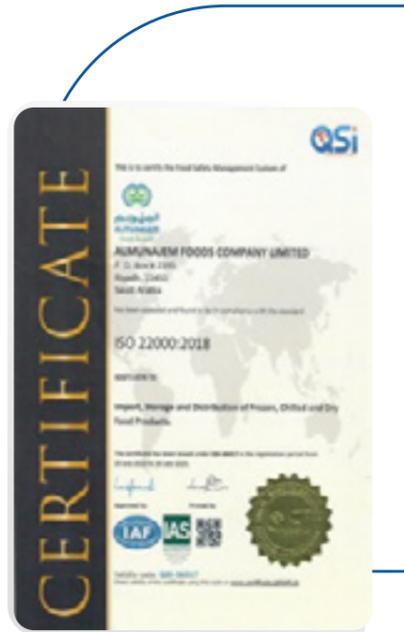
3 – 3

Quality Assurance and Occupational Safety

The Company's daily operations are based on quality, which is maintained at the highest standards throughout the entire manufacturing, production, and product launch process. The Company has not only met regulatory and supervisory standards but has also exceeded them by setting its own benchmarks to ensure consistently high-quality products. Almunajem adopts a comprehensive quality management system based on the International Organization

for Standardization (ISO), ensuring continuous monitoring and quality control throughout all operational stages.

The Company has obtained the (ISO 22000:2018) Food Safety Management System certification for its cold stores and Meat Factory in Jeddah. Additionally, the Halal certification for Jeddah Meat Factory was renewed by the Saudi Halal Center, with the latest renewal issued at the end of 2024G.



Ensuring customers receive high-quality products is a core commitment of the Company. This dedication extends across the entire supply chain, where necessary inspections are conducted to maintain quality standards. With the introduction of new product lines and the launch of the Chilled Poultry Project in 2024G, Almunajem has enhanced its quality assurance processes. This includes deploying sensor technology in the cooling zones of the Company's fleet No. (3). Looking ahead to 2025G, the Company plans to introduce new product categories and develop processed poultry

products at Jeddah Factory, requiring continuous improvements in quality management through meticulously planned programs.

To ensure customer satisfaction, the Company's quality team conducts on-site visits to address any reported issues, identifies root causes, and implements immediate solutions. The team also engages with suppliers to request written corrective action plans to prevent future errors, reinforcing the Company's commitment to quality and continuous improvement.



Stages of Quality Assurance Inspections at the Company



Almunajem is committed to providing the highest levels of health and safety for its employees while ensuring quality and an optimal working environment across all its facilities, in accordance with the international standards accredited by ISO. The Company prioritizes excellence in occupational health and safety by fostering a safety-first culture across all operations. This commitment ensures community well-being and environmental

protection, forming an integral part of its business strategy, plans, and decision-making. To achieve this, the Company has implemented comprehensive systems and procedures to guarantee ethical and responsible management of all areas related to the environment, health, and safety. These measures ensure safe working conditions for employees, visitors, and all relevant authorities.



3 – 4

Human Resources and Employees

The **Almunajem** strategy for enhancing human resource capabilities and empowering local talent is in line with the Ministry of Human Resources and Social Development's (HRSD) Saudization directives and the Kingdom's Vision 2030. The Company aims to empower Saudi

citizens by equipping them with the necessary skills and capabilities to enhance the Kingdom's competitiveness in both the present and future while ensuring that Saudi businesses excel globally.

Human Resources Visions at Almunajem

Business Plan Vision

- Developing a comprehensive HR management plan aligned with Almunajem's strategy and overall direction.

Work Team Leadership and Development Vision

- Prioritizing leadership experience in guiding, directing, and managing employees in HR-related roles.
- Promoting teamwork and facilitating related business operations to achieve required performance and work environment standards.
- Monitoring staffing levels for key HR positions to ensure an adequate number of qualified employees.
- Overseeing the performance levels of HR employees, ensuring they maintain the required efficiency.

Laws and Regulations Vision

- Monitoring and ensuring compliance with existing laws, regulations, policies, and procedures applicable in Saudi Arabia.
- Ensuring adherence to the Labor Law, the Social Insurance Law, and other applicable laws.

Recruitment Policy Vision

- Managing employment support programs in collaboration with the Human Resources Development Fund (HRDF).
- Monitoring and evaluating HR performance metrics across various initiatives.
- Assessing HR reports, decisions, and outcomes in relation to predefined objectives.
- Overseeing the maintenance of HR records and both manual and digital information systems, assisting in statistical data preparation.
- Conducting exit interviews, analyzing data, and providing recommendations to management for areas of improvement.
- Ensuring proper implementation of the performance evaluation process, aligning it with salaries, benefits, career development, and promotions.
- Planning, implementing, and overseeing the transformation of recruitment processes to support the Company's expansion and transition into a competitive market.
- Managing employee training programs, ensuring that all necessary arrangements are made with the appropriate training centers for effective implementation.





Saudization

Almunajem plays a pivotal role in supporting and empowering local talents through its Saudization strategy, which focuses on supporting and empowering Saudi professionals' participation in the food industry. The Company strives to achieve these objectives by implementing a range of initiatives that not only meet but also exceed national Saudization requirements. Additionally, it is committed to hiring and empowering Saudi women, ensuring a safe and supportive work environment across all its sectors.

compared to the previous year, with a Saudization rate of 21.3%.

As of the end of the year, Almunajem had employees from over 20 different countries, demonstrating the company's dedication to integration and cultural and experiential diversity. This diversity fosters innovation and creativity in the workplace, contributes to a deeper understanding of global markets, and supports the development of products and services that meet diverse needs.

By the end of 2024G, the Company employed a total of 2,150 employees, marking a 4.6% increase

Evolution of Employees Number at Almunajem over the Last 5 Years



Training and Development

Almunajem implements a comprehensive strategy for employee development and training, including succession planning. The Company is concerned with preparing its leadership team through

collaborations with top training institutions and specialized global institutes.

Remunerations and Incentives

The Company places great emphasis on retaining and recognizing outstanding national talents by offering financial and non-financial benefits and incentive programs, including comprehensive

bonuses. Additionally, Almunajem adopts various reward and incentive programs for employees that link financial remunerations to both individual and collective performance.



3 – 5

Stakeholders and Relevant Authorities Engagement

In order to meet the expectations and needs of all stakeholders, the Company reaffirms its complete commitment to them by putting strategies in place that encourage transparency and ongoing engagement. Moreover, the Company continues

to enhance relationships with relevant authorities, strengthening its competitive edge and ensuring sustainable growth that benefits all relevant parties.

(1) Shareholders and Investors

- Strengthening the relationship between the Board of Directors and shareholders to address any developments that may affect shareholders' interests.
- The Company held two meetings with its shareholders in 2024G, reinforcing the Company's commitment to transparency and active engagement.
- Enhancing the role of investor relations to maintain continuous communication with shareholders, investors, and regulatory authorities through various channels.
- The Board of Directors approved a cash dividend distribution to the Company's shareholders for the first half (H1) of the 2024G fiscal year at a rate of 12.5% of the nominal share value, amounting to SAR 1.25 per share, with a total distribution of SAR 75 million. Additionally, the Board approved a cash dividend distribution for the second half (H2) of the year at a rate of 20% of the nominal value, amounting to SAR 2 per share, with a total distribution of SAR 120 million.
- Enhancing shareholder engagement through clear and effective communication platforms.

(2) Customers and Suppliers

- The Company establishes strategic partnerships with key customers across all sales channels.
- The Company is committed to complying with laws and contractual relationships with all parties without compromising its legal rights.
- The Company fosters long-term relationships and strong partnerships with suppliers aiming to become their preferred partner.
- Almunajem holds approximately 25% of the products that the company markets in the retail sector and aims to gradually increase this percentage in the coming years.
- The Company consistently updates its website and mobile application, which will positively contribute to developing and enhancing the customer experience in obtaining information, placing purchase orders, and tracking their fulfillment.

(3) Community

- The Company is dedicated to implementing corporate social responsibility (CSR) programs to create a sustainable community.
- The Company is keen on investing in community development and maximizing its participation in the development of the national economy.
- The Company is committed to maintaining ethical practices in sourcing materials and responsible marketing of products.
- Almunajem takes measures to rationalize energy and water consumption while minimizing the environmental impact of its operations, aligning with its sustainability efforts.



(4) Employees

- Hiring female employees across various fields.
- Providing comprehensive support to employees, including financial, moral, and health-related assistance.
- Attracting qualified graduates, skilled technicians, and competent workers, while offering them appropriate training.
- Creating an attractive and professional work environment for all employees, leading to improved workplace morale and increased productivity.

(5) Regulatory Authorities

- The Company is maintaining active engagement with the Capital Market Authority (CMA) and Tadawul.
- The Company is a trusted partner of relevant regulatory authorities, foremost among them the General Food Security Authority (GFSA) and the Saudi Food and Drug Authority (SFDA).
- The Company is ensuring full compliance with all applicable government regulations and submitting detailed reports to competent authorities, as required.
- The Company is continuously collaborating with HRSD through various programs that support the Company's objectives.
- The Company adheres to fair competition practices and fully complies with all relevant laws and regulations issued by the General Authority for Competition (GAC) in the Kingdom.
- The Company adheres to implementing the necessary systems for electronic invoicing in cooperation with the Zakat, Tax, and Customs Authority (ZATCA).
- Updating and reviewing internal policies and procedures to ensure compliance with the latest laws and regulations.



3 – 6

Marketing and Customer Communication

In order to satisfy customers and consumers, Almunajem concentrates its marketing strategy on building and strengthening its brands through ongoing innovation, investigating new prospects, and launching novel and distinctive products. The Company is also committed to communicating effectively with its customers and listening actively to their suggestions to develop high-quality products that meet all their needs.

Almunajem adopts a comprehensive communication model that integrates multiple marketing channels and diverse touchpoints, including digital platforms such as social media and websites, as well as billboards and public advertisements. Additionally, the Company ensures an effective presence in retail stores, events, and shopping malls across the Kingdom.

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Governance and Sustainability

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4-1

Introduction

Almunajem Foods' Board of Directors is committed to establishing an effective governance framework that regulates the Company's administrative and financial operations. The Annual Report presented by the Company serves as a key communication tool with shareholders and stakeholders. By adhering to the highest governance standards, the Company reinforces its values of credibility and transparency in its disclosures. This commitment reflects its compliance with the regulatory requirements set by the Capital Market Authority (CMA) and contributes to presenting a clear and fair image of the Company's financial position and operational results, which is a fundamental factor in ensuring its continued success.

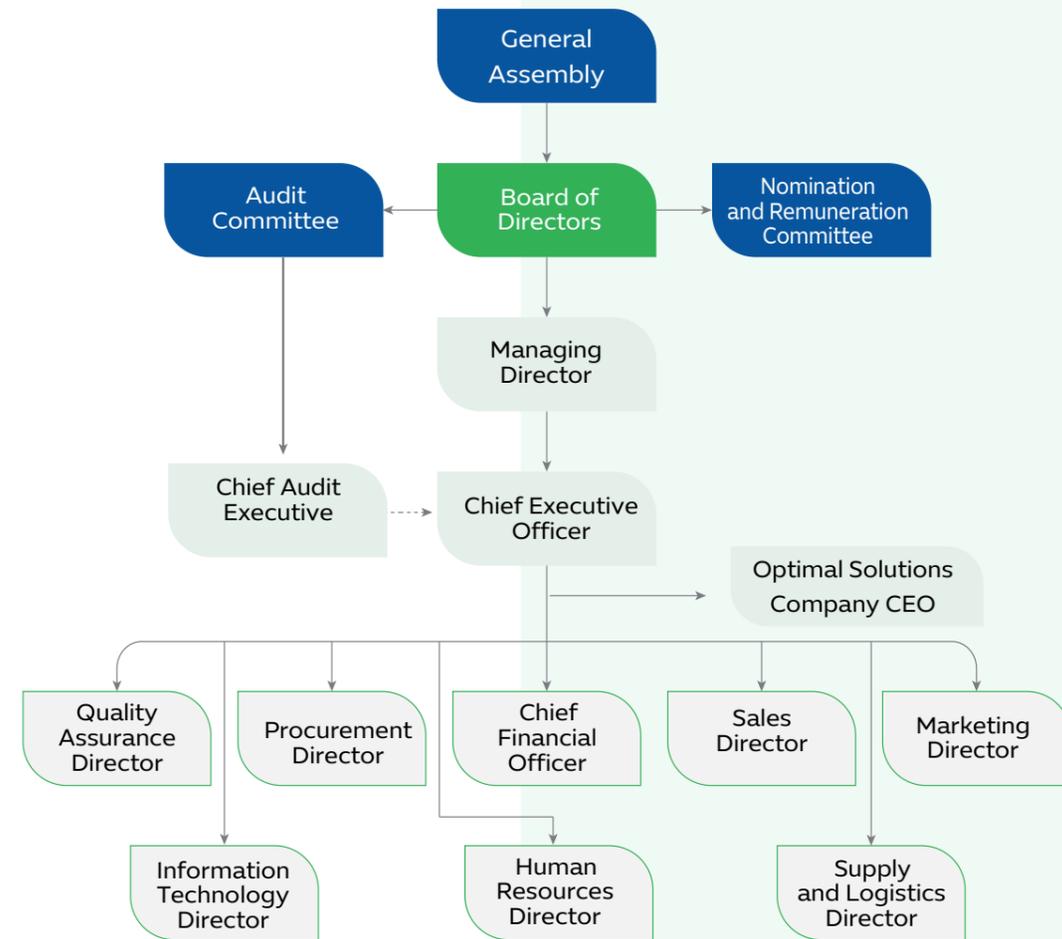
- Almunajem Foods has developed its governance regulations in alignment with the Corporate Governance Regulations issued by the Capital Market Authority (CMA).
- The administrative structure of Almunajem Foods consists of the Board of Directors (Board), two committees established by the Board, and a team of the Company Executives ("Executive Management").
- The Board bears the overall responsibility for establishing, supervising, and reviewing governance principles and policies to ensure full compliance with relevant regulations, thereby enhancing the Company's growth and sustainability.

- To enhance its functions, the Board has established two committees: the Audit Committee and the Nomination and Remuneration Committee. The performance of these two Committees is periodically reviewed by the Board in accordance with regulatory requirements and based on the Board's need for recommendations from these Committees.
- The Company's governance framework is built on continuous engagement with shareholders, ensuring effective communication with the Board to receive their suggestions and recommendations regarding the Company and its performance.



Organizational Structure

The organizational structure of Almunajem Foods comprises the Board of Directors and its associated Committees, which include the Audit Committee and the Nomination and Remuneration Committee. The Board holds the ultimate responsibility for steering and overseeing the Company, in addition to keeping an eye on the Senior Executives' performance.



4 – 3

The Board of Directors

Statement of Board Members

■ The Board of Directors of Almunajem Foods oversees the management of the Company, bearing primary responsibility toward shareholders and striving to serve their interests by directing and monitoring the Company's operations and affairs. The Board is also responsible for defining the Company's overall strategic direction and policy framework.

■ Article (19) of the Bylaws of Almunajem Foods states that the Company shall be managed by a Board consisting of six Members elected by the Ordinary General Assembly for a term not exceeding four years. Board Members may be re-elected for additional tenures, in accordance with the applicable laws and the controls set by relevant authorities.

Board Composition

The Board of Almunajem Foods consists of six Members as follows:

Member Name	Position	Membership Type
Mr. Saleh bin Abdullah bin Ali Almunajem*	Chairman of the Board	Non-Executive
Mr. Suliman bin Abdulrahman Abdullah AlGuwaiz*	Vice Chairman	Independent
Eng. Fahad bin Abdulmohsen AlFadley*	Managing Director	Executive
Eng. Hasan bin Shakib AlJabri	Board Member	Independent
Mr. Abdullah bin Omar Bawazir	Board Member	Non-Executive
Mr. Mohammad Ibrahim AlRowette	Board Member	Non-Executive

- The Board Members were appointed during the General Assembly meeting held on 15th February 2021G.
 - The marked (*) members were appointed to their respective positions under Board Resolution No. (1), dated 22nd February 2021G.





**Mr.
Saleh bin Abdullah bin Ali
Almunajem**

Chairman of the Board



Qualifications

General Secondary Certificate.

Previous Positions

- Branch Manager at Almunajem Foods.
- General Manager of Sales and Procurement at Almunajem Foods.

Experience

- Over 50 years of extensive professional experience in management and trade in general.
- Various executive and leadership positions in different fields.
- Deputy General Manager, Almunajem Foods (formerly Almunajem Cold Stores).

**Mr.
Suliman bin Abdulrahman
Abdullah AlGuwaiz**

Vice Chairman of the Board



Qualifications

Bachelor's Degree, Business Administration – Portland State University, USA.

Previous Positions

- Governor, General Organization for Social Insurance (GOSI).
- Deputy CEO, Riyadh Bank.
- Head of Trade Department, Corporate Sector, Samba Financial Group.

Experience

- Over 35 years of extensive experience in banking operations, finance, credit, and executive management.



Eng. Fahad bin Abdulmohsen AlFadley

Managing Director, Almunajem Foods
Managing Director, Abdullah Ali Almunajem Sons Company



Qualifications

Bachelor's Degree, Chemical Engineering – King Saud University (KSU).

Previous Positions

- CEO, Almunajem Foods.
- General Manager, Business Affairs, Yamamah Cement Company.
- Senior Customer Sales Manager, Planning and Operating Manager, Marketing Researcher, Saudi Basic Industries Corporation (SABIC).
- CEO, Abdullah Ali Almunajem Sons Company.

Experience

- Extensive experience in the field of management during his more than 20-year career, through which he assumed many leadership positions.

Eng. Hasan bin Shakib AlJabri

Board Member



Qualifications

- Bachelor's Degree, Agricultural Engineering – American University of Beirut (1984).
- Executive Management Program – Columbia University, USA (1992).

Previous Positions

- CEO, Executive Committee Member, Saudi Economic and Development Company (SEDCO Holding).
- CEO, Saudi Economic and Development Company (SEDCO Capital).
- Board Member, Head of Investment Banking, Chairman of the Board of Director of Funds, SNB Capital Company.
- Executive Vice President, Dar Al-Maal Al-Islami.
- Head, the Western Region of Corporate Banking, Senior Manager, Credit Services, Saudi National Bank (Previously, SAMBA).

Experience

- Over 35 years of administrative and financial experience, with professional expertise in investment banking services and corporate finance within the Middle East and North Africa (MENA) region.



Mr. Abdullah bin Omar Bawazir

**Board Member, Almunajem Foods
Head, Financial Affairs, Abdullah Ali Almunajem Sons Company**



Qualifications

Bachelor's Degree, Accounting,
King Saud University (KSU).

Previous Positions

- Head, Finance Department, Almunajem Foods.
- Financial Manager, Gulf Catering Food Factory.
- Auditor, Audit Supervisor, Audit Manager, Ernst & Young & Co.

Experience

- Over 30 years of extensive professional experience in finance and auditing.

Mr. Mohammad Ibrahim AlRowette

**Board Member, Almunajem Foods
CEO, Four Steps International**



Qualifications

Bachelor's Degree, Business Administration, University of Southern California (USC).

Previous Positions

- Deputy CEO, Saudi Research and Media Group (SRMG).
- Marketing Manager, L'azurde Group.
- Marketing Manager, Coca-Cola Company.
- Assistance Marketing Manager, Savola Group.

Experience

- Over 30 years of vast knowledge and high-level expertise in marketing and management, with holding numerous leadership roles.



Current and Previous Positions of Board Members in Companies Inside or Outside the Kingdom

The following table lists the companies, both inside and outside the Kingdom, where Almunajem Foods' Board Members hold or have held membership or management positions, along with the legal entity of these companies:

Mr. Saleh bin Abdullah bin Ali Almunajem						
Company Name	Legal Entity	Location		Position	Membership Type	
		Inside KSA	Outside KSA		Current	Previous
Almunajem Foods Company	Listed Joint Stock Company	√		Chairman of the Board	√	
Abdullah Ali Almunajem Sons Company	Closed Joint Stock Company	√		Board Member	√	
Alkafaa Real Estate Company	Closed Joint Stock Company	√		Board Member	√	
Chairman of the Saudi-Spanish Business Council	Government Institution	√		Board Chairman		√
Member of the Saudi-Moroccan Business Council	Government Institution	√		Board Member		√
Member of the Saudi-Indian Business Council	Government Institution	√		Board Member		√

Mr. Suliman bin Abdulrahman Abdullah AlGuwaiz						
Company Name	Legal Entity	Location		Position	Membership Type	
		Inside KSA	Outside KSA		Current	Previous
Almunajem Foods Company	Listed Joint Stock Company	√		Vice Chairman, Chairman of Audit Committee	√	
Saudi Industrial Investment Group	Listed Joint Stock Company	√		Board Member	√	
Etihad Etisalat (Mobily)	Listed Joint Stock Company	√		Vice Chairman		√
Saudi Arab British Bank (SABB)	Listed Joint Stock Company	√		Board Member	√	
BlackRock Saudi Arabia	Closed Joint Stock Company	√		Chairman of the Board	√	
Saudi Agricultural and Livestock Investment Company (SALIC)	Closed Joint Stock Company	√		Board Member	√	
Banque Saudi Fransi	Listed Joint Stock Company	√		Chairman of the Board		√
National Industrialization Company	Listed Joint Stock Company	√		Board Member		√
Liva Insurance Company	Listed Joint Stock Company	√		Chairman of the Board		√
Saudi Arabian Mining Company (Ma'aden)	Listed Joint Stock Company	√		Board Member		√
Future Work Company	Closed Joint Stock Company	√		Vice Chairman		√
AJIL Financial Services Company	Closed Joint Stock Company	√		Vice Chairman		√
Hassana Investment Company (HIC)	Closed Joint Stock Company	√		Chairman of the Board		√
Royal & Sun Alliance Insurance (Middle East)	Closed Joint Stock Company		√	Chairman of the Board		√
Mastercard International (Africa & South Asia)	Listed Joint Stock Company		√	Chairman of the Board		√



Eng. Fahad bin Abdulmohsen AlFadley

Company Name	Legal Entity	Location		Position	Membership Type	
		Inside KSA	Outside KSA		Current	Previous
Almunajem Foods Company	Listed Joint Stock Company	√		Managing Director	√	
Abdullah Ali Almunajem Sons Company	Closed Joint Stock Company	√		Managing Director	√	
Alkafaa Real Estate Company	Closed Joint Stock Company	√		Managing Director	√	
France Poultry Company	Simplified Joint Stock Company (Single Person)		√	Chairman of the Board	√	

Eng. Hasan bin Shakib AlJabri

Company Name	Legal Entity	Location		Position	Membership Type	
		Inside KSA	Outside KSA		Current	Previous
Almunajem Foods Company	Listed Joint Stock Company	√		Board Member, Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee	√	
Jeddah Transport Company (JTC)	Government-affiliated Company	√		Board Member, Member of the Executive Committee, Member of the Investment Committee, Member of the Nomination and Remuneration Committee	√	
Arabian Petroleum Supply Company (APSCO)	Closed Joint Stock Company	√		Board Member	√	
Abunayyan Holding Company	Closed Joint Stock Company	√		Board Member, Chairman of the Investment Committee	√	
Franklin Templeton Company	Closed Joint Stock Company	√		Board Member	√	
Dar Al Tamleek (DAT) Company	Closed Joint Stock Company	√		Chairman of the Board, Chairman of the Executive Committee	√	
King Abdullah Bin Abdulaziz International Foundation for Humanitarian Works	Royal Foundation	√		Board Member, Chairman of the Investment Committee	√	
SEDCO Capital Luxembourg for Financial Investments	Limited Liability Company		√	Chairman of the Board		√
Ahmed Mohamed Saleh Baeshen & Co.	Closed Joint Stock Company	√		Board Member		√
Saudi Economic and Development Company (SEDCO Capital)	Closed Joint Stock Company	√		Board Member		√
Saudi Airlines Catering Company (SACC)	Closed Joint Stock Company	√		Board Member		√
SNB Capital Company	Closed Joint Stock Company	√		Board Member		√
Elaf Travel & Tourism Group	Limited Liability Company	√		Board Member		√
Yusr International School	Limited Liability Company	√		Board Member		√

Mr. Abdullah bin Omar Bawazir

Company Name	Legal Entity	Location		Position	Membership Type	
		Inside KSA	Outside KSA		Current	Previous
Almunajem Foods Company	Listed Joint Stock Company	√		Board Member, Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee	√	
.Balady Poultry Co	Listed Joint Stock Company	√		Board Member	√	
France Poultry Company	Simplified Joint Stock Company ((Single Person		√	Board Member	√	

Mr. Mohammad Ibrahim AlRowette

Company Name	Legal Entity	Location		Position	Membership Type	
		Inside KSA	Outside KSA		Current	Previous
Almunajem Foods Company	Listed Joint Stock Company	√		Board Member	√	
Dr. Mohammed Al-Faqih & Partners Company	Closed Joint Stock Company	√		Board Member	√	
Dr. Mohammad Alfagih Hospital	Closed Joint Stock Company	√		Board Member	√	
Riyadh Chamber of Commerce & Industry (RCCI)	Government Institution	√		Vice Chairman of the Marketing Committee		√
Marketing Consulting Association	Non-Profit Organization	√		Board Member		√
Manafa Co.	Closed Joint Stock Company	√		Advisory Board Member		√



Board Committees

Almunajem Foods has established an appropriate number of committees based on its needs and circumstances, enabling the Board to effectively carry out its responsibilities. The Board Committees are formed in accordance with general procedures set by the Board, which include defining the Committee's functions, term of operation, granted authorities, and the mechanisms for the Board's oversight of its activities. The Committee is required to transparently report to the Board regarding its activities, findings, and decisions. The Board must also regularly monitor the Committees to ensure they fulfill their assigned responsibilities.

Below is a summary of the structure and responsibilities of each Committee of the Company's Board:

[A] Audit Committee

The Audit Committee is formed based on the following criteria:

- 1- The number of Members must not be less than three and not exceed five, and they may be shareholders or non-shareholders, provided that each Member possesses relevant expertise and qualifications related to the Committee's functions and responsibilities.
- 2 - At least one Member must be an Independent Member, and the Committee must not include any Executive Members of the Board.
- 3 - At least one Member must be a specialist in financial and accounting affairs.
- 4 - It is not permitted for anyone who works or has worked during the past two years in the Executive or Financial Management of the Company or for the Company's Auditor to be a Member of the Audit Committee.

A Committee Member is considered a specialist in financial and accounting affairs if the Member holds a bachelor's degree in accounting or an equivalent field and has at least seven years of professional experience in accounting and auditing. This requirement is reduced to five years if the Member holds a fellowship from the Saudi Organization for Chartered and Professional Accountants (SOCPA) or an equivalent professional qualification recognized by SOCPA.

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity and veracity of its reports, financial statements, and internal control systems. The Committee's key functions include:

Financial Reporting Level:

- 1 -Reviewing the Company's interim and annual financial statements before presenting them to the Board of Directors and providing opinions and recommendations to ensure fairness, accuracy, and transparency.
- 2 - Providing a technical opinion - upon request from the Board - on whether the Board's report and financial statements are balanced, understandable, and include all necessary information for shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- 3 - Examining any significant or unusual issues included in the financial reports.
- 4 - Investigating any concerns raised by the Chief Financial Officer (CFO), his delegates, the Compliance Officer, or the External Auditor.

- 5 - Verifying the accounting estimates for material matters included in the financial reports.
- 6 - Reviewing the Company's accounting policies and providing recommendations to the Board regarding them.

Internal Audit Level:

- 7 - Reviewing the Company's internal control, financial control, and risk management systems.
- 8 - Examining internal audit reports and following up on the implementation of corrective actions for observations included in the reports.
- 9 - Supervising and overseeing the performance of the Internal Auditor and the Internal Audit Department, if applicable, to ensure the availability of necessary resources and the effectiveness of their operations.
- 10 - In the absence of an Internal Auditor, the Committee shall submit its recommendation to the Board regarding the necessity of appointing one.
- 11 - Recommending to the Board the appointment of the Head of the Internal Audit Unit or Department, or the Internal Auditor, and proposing their remuneration.

External Auditor Level:

- 12 - Recommending to the Board the nomination, dismissal, determination of fees, and evaluation of the performance of External Auditors after verifying their independence and reviewing the scope of their work and contractual terms.
- 13 - Ensuring the independence, objectivity, and fairness of the External Auditors, as well as the effectiveness of the audit activities, while considering relevant rules and standards.
- 14 - Reviewing the External Auditors' plan and activities, verifying that they do not engage in technical or administrative tasks beyond the scope of the audit, and providing consultations accordingly.
- 15 - Responding to inquiries from the Company's External Auditor.
- 16 - Examining the External Auditor's report and observations on the financial statements.
- 17 - Reviewing the results of regulatory reports and ensuring that the Company has taken the necessary actions regarding them.

Compliance Level:

- 18 - Ensuring the Company's compliance with relevant laws, regulations, policies, and instructions.
- 19 - Reviewing proposed contracts and transactions with related parties and providing consultations to the Board.
- 20 - Preparing a report expressing their opinion on the adequacy of the Company's internal control system and other activities it has undertaken within its scope of responsibility.
- 21 - Escalating any issues that require action to the Board and providing recommendations on the necessary measures to be taken.



[B] Nomination and Remuneration Committee

Committee Formation:

The Nomination and Remuneration Committee is one of the Committees established by the Board of Directors. The Committee consists of at least three Members, with the following considerations:

1. The Committee Chairman must be an Independent Member.
2. The Board Chairman shall not serve as the Committee Chairman.
3. Committee Members must have appropriate academic qualifications, practical training, and familiarity with administrative aspects and the nature of the Company's activities.

The Nomination and Remuneration Committee is formed by a resolution of the Company's Board of Directors. Additionally, the General Assembly of the Company, based on the Board's recommendation, issues the Committee's charter, including its controls, procedures, responsibilities, selection criteria for its Members, term of membership, and remuneration, in accordance with relevant laws and policies.

Committee Responsibilities:

The primary responsibility of the Nomination and Remuneration Committee is to identify qualified candidates for the Board and ensure that they meet the required membership criteria. The Committee also assists the Board in establishing an effective governance framework and developing the necessary policies and procedures. The Committee's scope of work includes all activities that enable it to fulfill its responsibilities, including:

1. Preparing a clear policy for the remuneration of Board Members, Subcommittees, and Executive Management, and submitting it to the Board for review before its approval by the General Assembly. This policy must incorporate performance-based criteria and ensure disclosure and implementation.
2. Clarifying the relationship between granted remuneration and the Company's remuneration policy, highlighting any significant deviation.
3. Conducting periodic reviews of the remuneration policy and assessing its effectiveness in achieving its intended objectives.
4. Recommending to the Board the remuneration of Board Members, Subcommittee Members, and Senior Executives of the Company, in accordance with the approved policy.
5. Proposing clear policies and criteria for membership in the Board and Executive Management and recommending the nomination and re-nomination of qualified candidates to the Board.
6. Conducting an annual review of Board membership requirements, including competencies, experience, and availability for Board activities.
7. Periodically evaluating the performance of the Board and its Subcommittees, identifying strengths and weaknesses, and recommending appropriate solutions in alignment with the Company's interests. External evaluations may be conducted, if deemed necessary.
8. Establishing procedures for filling vacancies in the Board or Senior Executive positions, including the nomination process for the CEO and Board Members, and submitting nominations for the Committee Members for Board or General Assembly approval.

9. Reviewing policies and procedures requiring the Board approval before their implementation through the General Assembly.
10. Monitoring the independence of Board Independent Members and annually reviewing any conflicts of interest.
11. Identifying strengths and weaknesses in the Board and recommending necessary modifications in the Company's best interest.
12. Nominating candidates for the positions of CEO and Managing Director and submitting nominations for Committee Members for approval by the Board and General Assembly.
13. Reviewing policies and procedures requiring the Board approval before their implementation through the General Assembly.
14. Reviewing preparatory materials and training programs for newly appointed Board Members.
15. Reviewing policies related to the remuneration of Managers and Senior Executives and developing a framework for clear remuneration policies for these positions.
16. Reviewing and proposing succession planning for key executive positions.
17. Reviewing the overall structure of the Company's remuneration and benefits, including job grades, salary structures, benefits, and performance-based incentives.
18. Reviewing the overall structure of the Company's remuneration and benefits, including job grades, salary structures, benefits, and performance-based incentives.
19. Approving changes to the CEO's remuneration and recommending changes to the remuneration of the Managing Director, Board Members, and various Board Committee Members.
20. Approving extraordinary remuneration (recruitment and performance-based rewards) for the CEO and senior positions.

Board and Committees Meetings

The following tables outline the number of meetings held by the Board of Directors and its Subcommittees, as well as the participation of Members in the Board and Committee meetings for the fiscal year (FY) ending 31st December 2024G.

The Board of Directors held 4 Meetings in 2024G, as detailed in the Table below:

Member Name	Position	Board of Directors Meeting Attendance Record					Attendance Percentage
		First Meeting	Second Meeting	Third Meeting	Fourth Meeting		
		14/03/2024	30/06/2024	15/09/2024	15/12/2024		
Mr. Saleh bin Abdullah bin Ali Almunajem	Chairman	Attended	Attended	Absent	Attended	75%	
Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz	Vice Chairman	Attended	Attended	Attended	Attended	100%	
Eng. Fahad bin Abdulmohsen AlFadley	Managing Director	Attended	Attended	Attended	Attended	100%	
Eng. Hasan bin Shakib AlJabri	Board Member	Attended	Attended	Attended	Attended	100%	
Mr. Abdullah bin Omar Bawazir	Board Member	Attended	Attended	Attended	Attended	100%	
Mr. Mohammad Ibrahim AlRowette	Board Member	Attended	Attended	Attended	Attended	100%	

The Audit Committee held 4 Meetings in 2024G, as detailed in the Table below:

Member Name	Position	Membership Classification	Board of Directors Meeting Attendance Record				Attendance Percentage
			First Meeting	Second Meeting	Third Meeting	Fourth Meeting	
			10/03/2024	12/05/2024	06/08/2024	04/11/2024	
Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz	Chairman	Independent	Attended	Attended	Attended	Attended	100%
Eng. Hasan bin Shakib AlJabri	Board Member	Independent	Attended	Attended	Attended	Attended	100%
Mr. Abdullah bin Omar Bawazir	Board Member	Non-Executive	Attended	Attended	Attended	Attended	100%



The Nomination and Remuneration Committee held 2 Meetings in 2024G, as detailed in the Table below:

Name	Position	Membership Classification	Nomination and Remuneration Committee Meeting Attendance Record		
			First Meeting	Second Meeting	Attendance Percentage
			12 / 2 / 2024	7 / 11 / 2024	
Eng. Hasan bin Shakib AlJabri	Chairman	Independent	Attended	Attended	% 100
Mr. Abdullah bin Omar Bawazir	Board Member	Non-Executive	Attended	Attended	% 100
Mr. Mohammad Ibrahim AlRowette	Board Member	Non-Executive	Attended	Attended	% 100

Interests of Board Members, Their Wives, and Minor Children in the Company's Shares

The table below outlines the interests of Board Members, their wives, and their minor children in the Company's shares, along with any changes in these interests or rights during 2024G:

Member Name	Description	Share Ownership		
		Opening Balance (January 2024)	Closing Balance (December 2024)	Change Percentage
Mr. Saleh bin Abdullah bin Ali Almunajem	Indirect Ownership	5,880,000	5,880,000	-
Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz	-	-	-	-
Eng. Fahad bin Abdulmohsen AlFadley	-	-	-	-
Eng. Hasan bin Shakib AlJabri	-	-	-	-
Mr. Abdullah bin Omar Bawazir	-	-	-	-
Mr. Mohammad Ibrahim AlRowette	-	-	-	-

Compensation and Remuneration

According to the Company's Bylaws, the Nomination and Remuneration Committee submits recommendations to the Board regarding the remuneration of Board Members. The remuneration may take the form of a fixed amount, an attendance allowance, in-kind benefits, or a percentage of net profits, and it is permissible to combine two or more of these elements.

Board Member remuneration in the Company consists of a fixed amount, attendance allowances for meetings, expense allowances, or in-kind benefits, with the possibility of combining two of these elements. This remuneration must not exceed the limits specified by the Companies Law and its Regulations, as well as the Company's Remuneration Policy for Board Members, its Committees, and Senior Executives, including any approved amendments according to the Companies Law.

It is worth noting that, in accordance with the Company's Bylaws, Board Members are not entitled to vote on their remuneration or compensation. Senior Executives' compensation is determined based on employment contracts, as per the Remuneration Policy approved by the Nomination and Remuneration Committee. Board Members and Senior Executives are also not authorized to borrow from the Company or vote on any contract or arrangement in which they have a significant interest.

(A) Board Members' Remuneration for 2024* (All Amounts in SAR)

Name	Position	Fixed Remuneration						Variable Remuneration						End-of-Service Gratuity	Total	Expense Allowance
		Fixed Amount	Board Meeting Attendance Allowance	Total Board Meeting Attendance Allowance	In-Kind Benefits	Technical, Administrative and Advisory Remuneration	Remuneration for Chairman, Managing Director or Secretary of the Board (if a Board Member)	Total	Profit Percentage	Periodic Remuneration	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares (Value)			
Non-Executive Members																
Mr. Saleh bin Abdullah bin Ali Almunajem	Chairman	250,000	3,000	9,000			259,000							-	259,000	
Mr. Abdullah bin Omar Bawazir	Board Member	250,000	3,000	12,000			262,000							-	262,000	
Mr. Mohammad Ibrahim AlRowette	Board Member	250,000	3,000	12,000			262,000							-	262,000	
Total							783,000							-	783,000	
Independent Members																
Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz	Vice Chairman	250,000	3,000	12,000			262,000							-	262,000	
Eng. Hasan bin Shakib AlJabri	Board Member	250,000	3,000	12,000			262,000							-	262,000	
Total							524,000							-	524,000	
Executive Members																
Eng. Fahad bin Abdulmohsen AlFadley	Managing Director	250,000	3,000	12,000			262,000							-	262,000	
Total							262,000							-	262,000	
Grand Total							1,569,000							-	1,569,000	

* The annual remuneration for Board Membership in 2024G will be disbursed upon approval by the Company's General Assembly.



(B) Committees Members' Remuneration for 2024*

Name	Position	Annual Remuneration (SAR)
Audit Committee Members		
Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz	Committee Chairman	62,000
Eng. Hasan bin Shakib AlJabri	Board Member	62,000
Mr. Abdullah bin Omar Bawazir	Board Member	62,000
Total (SAR)		186,000
Nomination and Remuneration Committee Members		
Eng. Hasan bin Shakib AlJabri	Committee Chairman	56,000
Mr. Abdullah bin Omar Bawazir	Board Member	56,000
Mr. Mohammad Ibrahim AlRowette	Board Member	56,000
Total (SAR)		168,000
Grand Total (SAR)		354,000

- the amounts above include allowances.

- It is worth noting that there have been no waivers of compensation by any Board Member, Committee Chairperson, or Committee Member.

(C) Remuneration for the Top 5 Senior Executives for the Year 2024

Basic Salaries	Allowances	Total Salaries and Allowances	Variable Remuneration	Commitments of Determined Allowances	Total
5,212,554	1,238,775	6,451,329	2,952,100	678,699	10,082,128

The above table comprises the remuneration paid by the Company for the top 5 senior executives in 2024 including the CEO and CFO.

Allowances include accommodation and transportation allowances.

4 – 4

Company Senior Management

The Senior Management of Almunajem Foods consists of highly qualified Members, both Saudi and non-Saudi, who possess extensive international and local experience in the import, trade, marketing, and export of frozen fruits and vegetables, chilled and frozen meats, and various types of food products. The CEO holds the primary responsibility for managing the Company's affairs and overseeing its performance in alignment with the objectives and directives of the Board and shareholders. The Senior Management team of the Company consists of ten Members, and an overview of each Member is provided below:



Eng. Thamer bin Abdulaziz Abanumay
Chief Executive Officer,
Almunajem Foods.
Board Member, Balady Poultry Co.

Previous Positions

- 2017G: Executive Director, Almarai Company.
- Multiple Leadership Positions SABIC, AlRajhi Industrial Group. Board Member, Saudi Petrochemical Company (SADAF).
- 2012G-2015G: Marketing Committee Member, Board of Directors.

Experience

- +25 Years, Various Fields and Sectors.
- Extensive Experiences in Trade, Marketing, Sales, and Global Business Management.

Qualifications

Bachelor's Degree, Mechanical Engineering, College of Engineering, King Saud University (KSU), 1996G.



Mr. Muhammad Salman Mehmood
Chief Financial Officer



Qualifications

Bachelor's Degree, Accounting.

Certified Member, Association of Chartered Certified Accountants (ACCA), UK.

Previous Positions

- Financial Controller, International Trading Company, Part of the Olayan Group, for Two and Half Years.
- External Editor, Deloitte & Touche, Saudi Arabia, Pakistan, and Qatar for over 10 Years.

Experience

- February 2023G: Chief Financial Officer, Almunajem Foods.
- Extensive Experience in Accounting Management and Auditing.

Mr. Mohammed Ali Almunajem

Executive VP, Support Services



Qualifications

High School Diploma, Al Yamamah High School, Riyadh, 1984G.

Previous Positions

- Since 1986G: Administrative and Human Resources Manager, Branch Manager, Other Positions in Various Business Units, Almunajem Foods.

Experience

- Vast Experience in Human Resources Management.
- March 2010G: Director, Support Services, Almunajem Foods.



**Mr.
Mustapha Mohsen Fawaz**

Director, Sales



Qualifications

Bachelor's Degree, Business Administration, American University of Beirut, 1994G.

Previous Positions

- Various Positions, Different Companies, Food Sector.
- Managing Director, Poseidon SARL, Lebanon.
- Sales Director, Alex GB, Egypt.

Experience

- +20 Years, Food Sales, Different Sectors.
- Since 2009G: Joined Almunajem Foods.

**Mr.
Ali Fayez Khreis**

Director, supply chain



Qualifications

Bachelor's Degree, Telecommunication Engineering, Lebanese International University, Lebanon, 2008G.

Previous Positions

- 2009G: Joined Almunajem Foods.
- November 2011G: Director of Supply Chain and Logistics, Almunajem Foods.

Experience

- Vast Experience in Warehouse Operations Management and Building Management Systems.
- 2009G: Joined Almunajem Foods.



**Mr.
Majed Mohammed Al Bakheet**

Director, Human Resources,



Qualifications

Executive MBA, Leadership and International Management, Al Yamamah University, Riyadh, 2016G.

Bachelor's Degree, Business Administration, Imam Mohammad Ibn Saud Islamic University (IMSIU), Riyadh, 2012G.

Previous Positions

- Various Positions, Different Companies.

Experience

- +10 Years, Human Resources.
- Since March 2015G: Multiple Roles and Responsibilities, Almunajem Foods.

**Mr.
Rabih Bouzeineddine**

Chief Information technology



Qualifications

Bachelor's Degree, Computer Science, Eastern New Mexico University, USA, 1983G.

Previous Positions

- Consultant, Executive Management, Elissar Technologies, Canada.
- Information Systems Manager, North America, MeadWestvaco (now WestRock).
- Team Leader, Computing Services, General Electric Appliances.
- Assistant Professor, Computer Science, University of New Hampshire, USA.

Experience

- +30 Years.
- Since 2007G: Joined Almunajem Foods.



Mr. Mazen Abdel Wahid

Director of Internal Audit,
Almunajem Foods.



Qualifications

Bachelor's Degree, Commerce –
Accounting, Beirut Arab University,
Lebanon, 1996G.

Certified Public Accountant (CPA),
USA, 2004G.

Certified Fraud Examiner (CFE), USA,
2013G.

Certified Internal Controls Auditor
(CICA), USA, 2013G.

Previous Positions

- Various Positions, Ernst & Young (EY).
- Senior Manager, the Advisory Services Division, Ernst & Young (EY).
- External Auditor, RSM Richter, Canada.
- Multiple Roles, Corporate Credit Facilities and other Banking Divisions, Bank of Beirut Riyadh, Lebanon.

Experience

- +27 Years, Internal and External Auditing, Consulting, Banking, and Accounting across Canada, Lebanon, and Saudi Arabia.
- February 2016G: Established and led the Internal Audit Department, and worked as a Secretary, Audit Committee, Almunajem Foods.

Mr. Ali El Zein

Chief Executive Officer, Loadly
(Optimal Solutions Company for
Logistics Services).



Qualifications

MBA.

Bachelor's Degree, Business
Administration, Accounting.

Leadership Development Program,
Agility, Switzerland, 2015G.

Previous Positions

- Managing Director, DSV Solutions (Saudi Arabia).
- CEO, Agility Logistics (Saudi Arabia).
- Director - Sales and Marketing, Agility Logistics (Saudi Arabia).
- Manager – Commercial and Operations, Finatrade Group (Ghana, Africa).

Experience

- **24+ years of experience, including 20+ years in multinational companies, with a primary focus on global trade, logistics, and supply chain.
- **Joined AlMunajem Company in late 2023.



**Mr.
Mohamed Attia Abdelhadi**

Director, Quality assurance,
Almunajem Foods.



Qualifications

Bachelor's Degree, Agricultural
Sciences, Ain Shams University,
Cairo, Egypt, 1998G.

Previous Positions

- Several Positions, Different Companies.

Experience

- June 2011G: Director, Quality Management,
Almunajem Foods.

**Mr.
Mazen Abdulghani El Danab**

Director, Procurement and
Marketing, Almunajem Foods.



Qualifications

Master's Degree, Business
Administration, Lebanese American
University, Lebanon, 1996G.

Bachelor's Degree, Business
Accounting, Lebanese American
University, Lebanon, 1992G.

Previous Positions

- Manager, Direct Distribution Sales, Manager,
Wholesale and Food Services Sales, and
other Positions, Almunajem Foods.
- July 2014G: Director, Procurement
Department, Almunajem Foods.

Experience

- Food Sales, Procurement, and Marketing
- 1998G: Joined Almunajem Foods.

Interest of Senior Executives, Their Wives, and Minor Children in Company Shares

The table below outlines the interests of Board Members, their wives, and their minor children in the Company's shares, along with any changes in these interests or rights during 2024G:

Name	Description	Shareholding		
		Opening Balance (January 2024)	Closing Balance (December 2024)	Change Percentage
Mr. Mohammed Ali Almunajem	Indirect Ownership	870,000	870,000	-

4 – 5

General Assemblies of Shareholders

In accordance with Article (29) of the Company's Bylaws, the General Assembly is held at least once annually within the six months following the end of the Company's fiscal year. Additionally, an Ordinary General Assembly may be called to convene, whenever necessary.

Extraordinary General Assembly

The Company's Extraordinary General Assembly was held on 26th May 2024G, with an attendance rate of 73.48%. The following Board Members were present:

Name	Position	Attendance Record
Mr. Saleh bin Abdullah bin Ali Almunajem	Chairman of the Board	✓
Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz	Vice Chairman	✓
Eng. Fahad bin Abdulmohsen AlFadley	Managing Director	✓
Eng. Hasan bin Shakib AlJabri	Board Member	✓
Mr. Abdullah bin Omar Bawazir	Board Member	✓
Mr. Mohammad Ibrahim AlRowette	Board Member	✓
Total Attendance		6



The results of the Extraordinary General Assembly voting led to shareholder approval of all proposed items, including the following key resolutions:

1. Approval of disbursing one million five hundred thousand Saudi riyals (SAR 1,500,000) as remuneration for the Board of Directors for FY ending on 31st December 2023G.
2. Authorization of the Board to distribute interim dividends on a semi-annual or quarterly basis for FY 2024G.
3. Approval of amending the Company's Bylaws to align with the new Companies Law, including restructuring and renumbering its articles as per the proposed amendments.
4. Approval of amending Article (3) of the Bylaws related to the Company's objectives.
5. Approval of amending Article (21) of the Bylaws concerning the Powers of the Chairman, Vice Chairman, Managing Director, and Board Secretary.
6. Approval of modifying the Audit Committee Charter.
7. Approval of modifying the Nomination and Remuneration Committee Charter.
8. Approval of modifying the Remuneration Policy for Members of Board and Committees.
9. Approval of modifying the Board of Directors' Manual.
10. Approval of the transactions and contracts between the Company and several other companies.

Ordinary General Assembly

The Company's Ordinary General Assembly was held on 29th December 2024G, with an attendance rate of 78.26%. The following Board Members were present:

Name	Position	Attendance Record
Mr. Saleh bin Abdullah bin Ali Almunajem	Chairman of the Board	✓
Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz	Vice Chairman	✓
Eng. Fahad bin Abdulmohsen AlFadley	Managing Director	✓
Eng. Hasan bin Shakib AlJabri	Board Member	✓
Mr. Abdullah bin Omar Bawazir	Board Member	✓
Mr. Mohammad Ibrahim AlRowette	Board Member	✓
Total Attendance		6

The results of the Ordinary General Assembly voting led to shareholder approval of the election of Board Members for the next tenure, which begins on 15th February 2025G, and lasts for four years to 14th February 2029G. The elected Members are:

- Mr. Saleh bin Abdullah bin Ali Almunajem
- Eng. Thamer bin Abdulaziz Abanumay
- Mr. Nader bin Ibrahim Alwohaibi
- Mr. Abdullah bin Omar Bawazir
- Mr. Suliman bin Abdulrahman Abdullah Al-Guwaiz
- Eng. Hasan bin Shakib AlJabri

4 – 6

Board Performance Evaluation

To monitor and enhance the performance of the Board, ensure compliance with regulatory requirements, implement best practices in corporate governance, and strengthen the Board's effectiveness, Almunajem Foods Board has established an appropriate policy for evaluating the performance of its Members and Members of its Committees. The objective is to ensure that the Members of the Board and its Committees continue to meet the standards and conditions specified in the defined membership procedures for the Board, as well as continue to comply with the requirements of the laws, regulations, and instructions issued by the Ministry of Commerce and CMA. This policy serves

as one of the key guiding articles that the Company aims to implement in the upcoming period. However, the Board has not set performance indicators or conducted an individual assessment for this year.

For the year 2024G, Almunajem Foods has limited its Board evaluation to an internal assessment conducted by the Nomination and Remuneration Committee. The Committee evaluated the performance of the Board and its Members using approved assessment models. The Company is also considering the possibility of outsourcing this assessment to a specialized external entity in the future.

4 – 7

Company Bylaws

The Bylaws of Almunajem Foods serve as the document that defines the legal regulations and guiding principles governing the Company's activities and core objectives. The Bylaws include a set of key provisions that outline the Company's identity, operations, organizational structure, and the procedures and policies that regulate it, in alignment

with the provisions of the Companies Law and the Corporate Governance Regulations in the Kingdom.

The Bylaws of Almunajem Foods consist of a set of provisions that establish the regulatory framework governing relationships and transactions both within and outside the Company.

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Company Governance

General Governance Framework

Almunajem Foods aims to ensure the implementation of the best corporate governance practices. The Company has established effective and reliable policies and procedures to protect the rights of shareholders and all stakeholders. To achieve this goal, the Company has adopted a corporate governance manual and policy that outlines the standards, framework, and regulatory guidelines for the Company's management to ensure compliance with the best practices. This manual governs business conduct procedures, monitors the compliance of the Board and officials with these practices, and defines mechanisms for maintaining these practices in a manner that serves and supports the Company's interests.

Almunajem Foods recognizes that the successful implementation of good governance practices extends beyond mere compliance with legal requirements. It involves establishing a framework that fosters a culture of integrity, accountability, and effective business policies. Therefore, the governance manual is periodically reviewed by the Board as needed to ensure its alignment with the applicable regulations in the Kingdom, including the rules issued by CMA, the Listing and Registration Rules, the Corporate Governance Regulations, the Companies Law, and the instructions issued by the Ministry of Commerce and Investment. This process aims to enhance the Company's governance practices.



Corporate Governance Manual

The Corporate Governance Manual, approved by the Board and the General Assembly, covers the following broad areas:

1. Policies and Procedures for Board Membership.
2. Conflict of Interest Policy.
3. Insider Trading Policy.
4. Board Committee Principles and Policies.
5. General Assembly Policies.
6. Dividend Distribution Policy.
7. Shareholder Communication Policies.
8. Disclosure and Transparency Policies.
9. Audit Committee Functions.
10. Nomination and Remuneration Committee Functions.
11. Policies for Internal and External Auditing, Monitoring, Evaluation, and Internal Controls.

Core Governance Principles

Almunajem Foods is committed to the highest levels of legal disclosure, clear and fair disclosure, and the disclosure of material developments. In this regard, the Company's governance system is based on the following principles:

1 Leadership

In line with sound leadership principles, the Company is led by an effective Board, which is collectively responsible for its sustainability, ensuring its long-term success and growth.

There is a clear distribution of responsibilities among Board Members between Company leadership and Executive Management, ensuring no individual has unrestricted decision-making authority, as all decisions are governed by structured frameworks.

The Chairman of the Board is responsible for leading the Board and ensuring its effectiveness in all matters related to its role. To reinforce the collaborative role of Board Members, Non-Executive Members must engage constructively in discussions and contribute to the development of strategy-supporting proposals.

2 Effectiveness

Members of the Board and its Committees must maintain an appropriate balance of skills, expertise, independence, and knowledge of the Company to effectively fulfill their duties and responsibilities.

3 Accountability

The Board provides a balanced and realistic assessment of the Company's position and future prospects and is held accountable for it.

The Board is responsible for implementing sound risk management and internal control systems and is accountable for their effectiveness.

The Board establishes the necessary formal arrangements for reporting, risk management, internal control, internal auditing, and maintaining an appropriate relationship with the External Auditor, ensuring full accountability.

4 Remuneration

Remuneration levels are adequately designed to attract, retain, and motivate qualified professionals to achieve the required quality in successfully managing the Company while avoiding excessive payments beyond what is necessary for this purpose. Additionally, remuneration shall not exceed the limits permitted by applicable laws and circulars.

The remuneration of the Managing Director and Executive Management must be linked to both collective and individual performance levels within the Company.

No Director is allowed to determine his personal remuneration.

5 Shareholder Engagement

The Board is responsible for building a constructive dialogue with shareholders based on a mutual understanding of objectives through the General Assembly. In this regard, the Board collectively ensures the existence of an effective and acceptable communication channel with shareholders.

The Board must actively engage with shareholders' views through all practical and efficient means.

Procedures for Communicating Shareholder Proposals and Feedback on the Company and its Performance to the Board Members

Almunajem Foods places great importance on maintaining continuous communication with shareholders, recognizing their rights and interests. The Company has a dedicated Investor Relations (IR) Department under the Finance Department that monitors and receives all shareholder inquiries, feedback, and proposals. These are either handled immediately or reported directly to the Executive Management and the Board for review. To facilitate this communication, the Company provides multiple channels as follows:

- Website: www.almunajemfoods.com – IR page
- Phone: +96611475555
- Email: IR@almunajemfoods.com
- Email: Info@almunajemfoods.com

All investors can access financial reports, corporate governance policies, periodic announcements, and relevant information through IR section on the Company's website. Additionally, quarterly and annual meetings were held in 2024G with investors and financial analysts to discuss the Company's financial results.

Key Governance Practices in the Company

1. Enhancing transparency by publishing periodic reports on the Company's financial and non-financial performance.
2. Updating and reviewing internal policies and procedures to ensure alignment with the latest laws and regulations.
3. Strengthening internal control through the establishment of specialized committees, including:

Audit Committee: Ensures the implementation of fair and transparent policies, thereby enhancing accountability and transparency. The Audit Committee oversees an independent and thorough audit of financial statements, boosting shareholder and

investor confidence. The Committee also conducts a comprehensive review to ensure compliance with local and international laws, policies, and accounting standards, ensuring responsible and transparent Company management.

Nomination and Remuneration Committee:

A fundamental governance component that contributes to selecting competent leaders within the Company. The Nomination and Remuneration Committee ensures transparency and fairness in determining remuneration based on performance and efficiency while ensuring compliance with laws and regulations.

4. Compliance with local governance regulations.
5. Enhancing shareholder engagement through clear and effective communication platforms.



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Provisions and Compliance

Almunajem Foods Management has established the required rules for leading and steering the Company. These rules include mechanisms to regulate the relationships between the Board, Executive Directors, shareholders, and entities dealing with the Company. These rules include specific procedures aiming to facilitate the decision-making process while enhancing transparency and credibility with the aim of protecting the rights of shareholders and entities dealing with the Company and contributing to fairness, competitiveness, and transparency in the market and business environment. The Company is committed to applying CMA's Corporate

Governance Regulation (CGR) provisions. CGR requires the disclosure of both applicable and non-applicable provisions, along with including explanations for any case of non-application in the Board's report. The Company's Governance and Compliance Department, in collaboration with the Executive Management and Executive Committees, continuously reviews and updates governance policies and practices to enhance integrity and transparency. The Company also adheres to all mandatory provisions contained in CGR with the exception of the guidance articles listed below:

No. of Article/ Paragraph	Title	Text of Article/Paragraph	Degree of Application	Causes of Non-Application
37 (Guiding Article)	Training	The Company shall pay adequate attention to training and qualifying Board Members, Committee Members, and the Executive Management, and shall develop the necessary programs for the same.	Not Applied	The Company has its own training and qualification plan in different departments.
67,68 and 69 (Guiding Article)	Composition of the risk management committee Competencies of the risk Management committee Meetings of the risk management committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". The Chairman and majority of its Members shall be Non-Executive Directors. The Members of that Committee shall possess an adequate level of knowledge in risk management and finance.	Not Applied	The Board provides a real-time monitoring of risks during all Board meetings.
82 (Guiding Article)	Employee Incentives	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees.	Not Applied	The Company has its own employee incentive plan; the implementation mechanism falls within the specification of the Nomination and Remuneration Committee, which is a subcommittee of the Board.
84 (Guiding Article)	Social Responsibility	The Ordinary General Assembly, based on the Board of Directors' recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Not Applied	The Company engages in certain social initiatives; however, these are conducted without specific programs or measurable indicators.
85 (Guiding Article)	Social Initiatives	The Board shall establish programs and determine necessary methods for proposing social initiatives.		
92 (Guiding Article)	Formation of the Corporate Governance Committee	If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such a Committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	Not Applied	The Company does not currently see the necessity to form a Governance Committee and will comply with this provision, when needed.

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Transactions with Related Parties

Almunajem Foods engages in transactions with related parties during its normal course of business. These transactions are conducted under the same terms applied to dealings with other parties. Below are the transactions or contracts in which the Company is a party to, or where a Member of the Company's Board, Senior Executives, or any related person has an interest, or any transaction between the Company and other related parties.

During FY 2024G, certain contracts, in which the

Company was a party and where some Board Members had interests, survived. Some of these contracts were agreed upon in previous years and are extensions of ongoing relationships that began before 2024G.

The following table shows a detailed description of the contracts concluded with the Related Parties in 2024G, and the interests of the Company's Board Members and Senior Executives in these contracts:

Related Party	Nature of Interest	Contracting Party	Type of Relation with the Company	Contracting Nature	Duration	Nature of Contract (Deal/Contract/Purchase Order)	Transaction Conditions	Amount (SAR)
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	France Poultry Co.	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Purchases	There Are No Preferential Conditions	573,239,857
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Shawaya House Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Sales	There Are No Preferential Conditions	13,679,429
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Shawaya House	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Purchases, Meals for Employees, Shared Service Expenses	There Are No Preferential Conditions	201,089
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Gulf Catering Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Sales	There Are No Preferential Conditions	7,581,420
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Gulf Catering Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Purchases, Meals for Employees, Shared Service Expenses	There Are No Preferential Conditions	1,606,070
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Nutrition and Diet Center (NDC) Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Sales	There Are No Preferential Conditions	6,335,654
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Nutrition and Diet Center (NDC) Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Purchases	There Are No Preferential Conditions	5,186,001
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Nutrition and Diet Center (NDC) Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Shared Service Expenses	There Are No Preferential Conditions	960,602
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Nutrition and Diet Center (NDC) Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Fixed Asset Purchases	There Are No Preferential Conditions	25,765



Related Party	Nature of Interest	Contracting Party	Type of Relation with the Company	Contracting Nature	Duration	Nature of Contract (Deal/Contract/Purchase Order)	Transaction Conditions	Amount (SAR)
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Azzad Saudi Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Sales	There Are No Preferential Conditions	348,815
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Azzad Saudi Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Purchases, Meals for Employees, Shared Service Expenses	There Are No Preferential Conditions	194,729
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Thati Limited Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Food Sales	There Are No Preferential Conditions	33,950
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Thati Limited Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Shared Expenses	There Are No Preferential Conditions	21,536
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Bureida Trading and Refrigeration Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Purchase of Equipment and Cooling and Freezing Boxes	There Are No Preferential Conditions	15,657,905
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Bureida Trading and Refrigeration Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	Shared Service Expenses and Maintenance of Cooling Equipment and Boxes	There Are No Preferential Conditions	223,375
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Al-Kafa'a Real Estate Company	Sister Company – A Subsidiary to the Parent Company	Contract	Annual	The Company Rented Work Sites and Accommodation	There Are No Preferential Conditions	1,253,950
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Abdullah Ali Almunajem Sons Company	Parent Company and a Board Member	Contract	Annual	The Company Rented Work Sites, Accommodation, and Shared Services	There Are No Preferential Conditions	3,115,186
· Mr. Saleh bin Abdullah bin Ali Almunajem · Eng. Fahad bin Abdulmohsen AlFadley · Mr. Abdullah bin Omar Bawazir	Indirect	Abdulaziz Abdullah Almunajem	A Shareholder in the Parent Company	Contract	Annual	The Company Rented Accommodation for One of the Employees	There Are No Preferential Conditions	23,300
· Mr. Mohammad Ibrahim AlRowette	Direct	Four Steps Marketing Foundation	A Company Owned by One of the Board Members	Contract	Annual	Agreement for Providing Marketing Consultancy to the Company	There Are No Preferential Conditions	129,000
· Mr. Saleh bin Abdullah Almunajem	Indirect	Almunajem Entertainment Company Ltd	A Company Owned by the Son of the Chairman	Contract	Annual	Food Sales	There Are No Preferential Conditions	280,090
Mr. Abdullah bin Omar Bawazir	Indirect	Balady Poultry Co	Almunajem Foods Owns of the /E- Company	Contract	Annual	Food Purchases	There Are No Preferential Conditions	15,505,362

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Statutory Payments

The Company pays statutory fees and charges due to the Saudi government authorities as per the applicable laws and regulations. The following table shows details of payments related to fees and costs during 2024G in brief:

Legal Authority	2024 (All Amounts in SAR)		Brief Description	Reasons
	Paid	Due Amount until the End of Year		
General Organization for Social Insurance (GOSI)	6,292,973	541,810	Amounts paid or charged as social insurance expenses, in accordance with the Saudi Labor Law	Government Requirements
The General Authority of Customs	211,891,289	7,194,904	Amounts paid or deducted as customs duties on imports and ports	Government Requirements
General Authority of Zakat and Tax (ZATCA)	411,673,646	38,561,308	Amounts paid as Zakat, withholding tax, income tax, and value-added tax expenses, in accordance with various laws	Government Requirements
Other Legal Authorities	15,993,168	-	Amounts paid or charged in accordance with other applicable laws	Government requirements

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Loans

The following table includes a detailed list of the total value of the Company's loans to banks to the end of 2024G:

Detailed Statement of the Value of the Company's Loans to Banks to the End of 2024

(All Amounts in SAR)

Lending Institution Name	Original Loan Amount	Issuance Date	Maturity Date	Loan Balance as of the End of the Year
Saudi Awwal Bank (SAB)	92,000,000	26/12/2024	02/01/2025	92,000,000



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Our Shareholders

Based on the Board's keenness to raise the standards of disclosure and transparency, Almunajem Foods strives to provide comprehensive, accurate, and clear information that enables shareholders to fully exercise their rights. The Company is committed to providing this information in a timely manner and updating it regularly. In this regard, the Company has developed communication channels with shareholders through various media and official means.

Investor Relations (IR)

Distinguished Figures in 2024



Profit Briefings Held During the Year



Investor Meetings Held During the Year



Total Number of Analysts Providing Coverage for the Company at the End of the Year

· City	Riyadh
· Country	Kingdom of Saudi Arabia
· Type of Ownership	Public Joint Stock Company
· Year of Establishment	1950
· Listing Date	20/12/2021
· Company's Short Name on Tadawul	Almunajem
· Company's Code on Tadawul	4162
· ISIN Code	SA15DGU21117
· Capital Market	Saudi Tadawul – Main Market – TASI
· Scope of Work	Importing, Marketing, and Distributing Frozen, Chilled, and Dry Food Products
· Sector	Retail and Distribution of Consumer Goods
· Number of Issued Shares	60 Mln Shares
· Paid-up Capital	SAR 600 Mln
· Par Value/Share	SAR 10
· Percentage of Free Float	30%
· Foreign Ownership by the End of 2024	4.87%
· Share Closing Price by the End of 2024	SAR 95.80
· Market Cap by the End of 2024	About SAR 5.75 billion

Substantial Shareholders and Foreign Ownership

The following tables illustrate the ownership structure of Almunajem Foods and the ownership of foreign investors in the Company as of the end of 2024G.

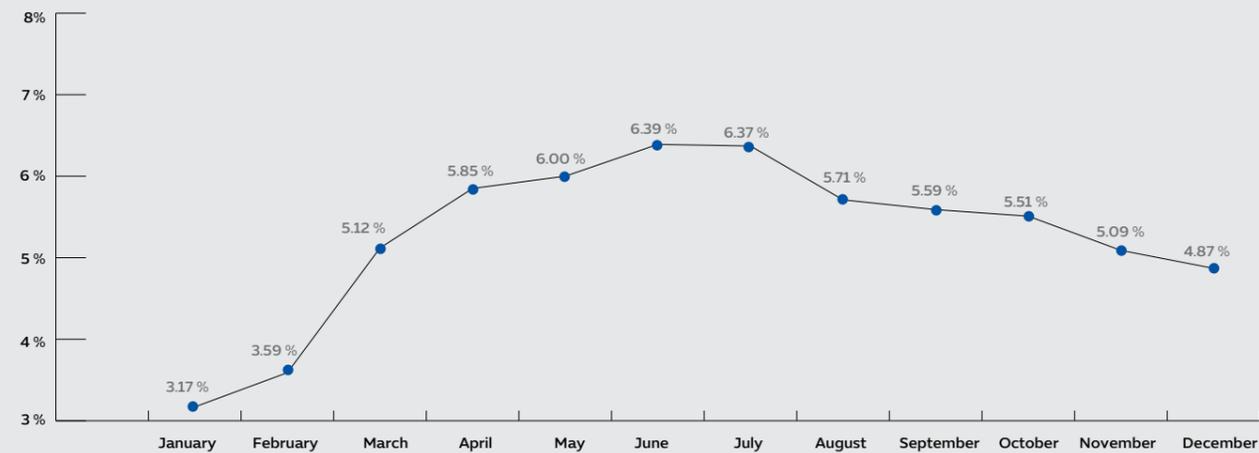
Structure of Substantial Shareholders and Change in their Ownership Percentage

Name	2024		2023	
	No. of Owned Shares	Ownership Percentage	No. of Owned Shares	Ownership Percentage
Abdullah Ali Almunajem Sons Company (Closed Joint Stock Company)	41,580,000	69.3%	41,580,000	69.3%

Ownership of Foreign Investors in the Company as of 31st December 2024

Company	Ownership Maximum Limit	Actual Ownership Percentage
Almunajem Foods	49%	4.87%

Development of Foreign Ownership Percentage in Almunajem Foods for 2024

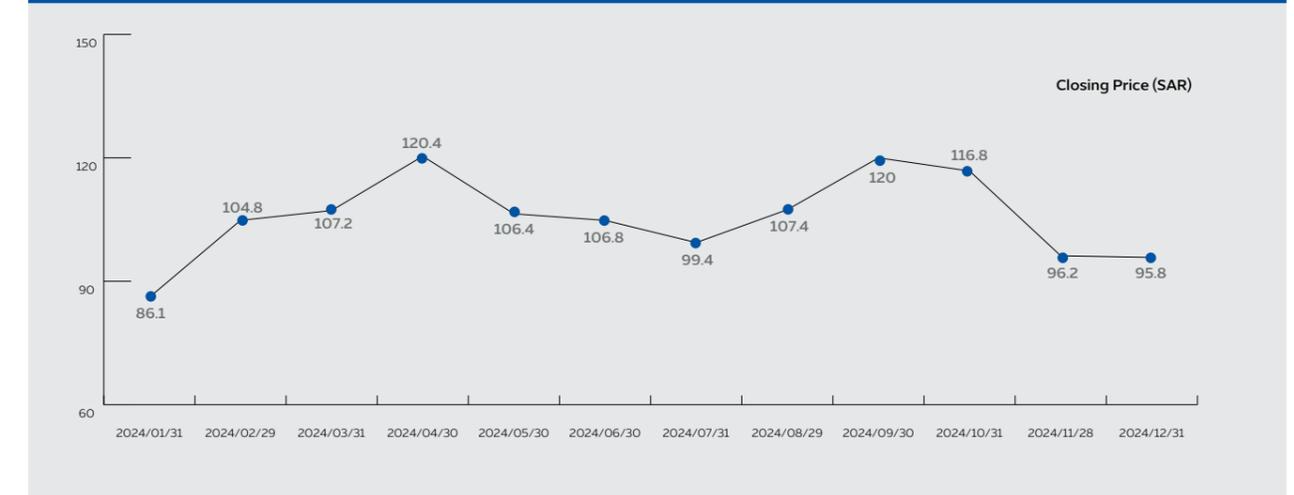


Performance of Shares and Trading Movement



Almunajem Foods share ended 2024G trading at SAR 95.8, gaining SAR 22.1, with a market growth rate of about 30%, compared to the share closing at the end of the previous year at SAR 73.7.

Monthly Performance Development of the Company's Share in 2024





Almunajem Foods share achieved the highest level of trading during the current year on 01/02/2024G, as the value of trading reached about SAR 370.98 million, through the execution of 15,700 transactions with a trading volume of about 4.24 million shares.

Month	Trading Volume (Share)	Trading Value (SAR)	No. of Transactions
January	26,183,255	2,027,682,317.50	90,925
February	23,767,388	2,259,607,361.90	110,590
March	13,355,803	1,407,720,166.20	63,472
April	8,772,693	989,725,473.00	39,932
May	7,071,922	821,190,785.00	42,671
June	3,459,888	364,752,016.20	27,076
July	5,902,663	608,547,461.20	45,895
August	4,962,989	497,434,052.60	38,678
September	8,148,300	973,580,371.00	61,711
October	2,700,537	310,490,257.00	25,268
November	4,370,595	449,557,834.90	34,372
December	3,980,723	379,402,443.80	36,636
Total	112,676,756	11,089,690,540.30	617,226

Company's Shareholders Register Application in 2024

In 2024G, the Company has applied for the shareholders' register from the Securities Depository Center (Edaa) on the following dates and for the following reasons:

S	Date of Application	Reasons for Application
1	13/05/2024	Other
2	26/05/2024	The General Assembly
3	03/10/2024	Other
4	04/11/2024	Company Procedures
5	29/12/2024	The General Assembly

Disclosure and Transparency

Almunajem Foods is committed to disclosing all material decisions and critical information to investors through "Tadawul" and its Investor Relations (IR) website in adherence to the principles of transparency and fairness. The Company strictly complies with all policies and procedures related to the disclosure of financial statements and performance reports in accordance with applicable legal requirements, regulatory frameworks, and directives issued by relevant authorities.

In 2024G, the Company focused on enhancing transparency by implementing several key measures, most notably organizing regular quarterly meetings with investors and financial analysts to discuss financial results, company performance, and major strategic and operational developments. Additionally, investor and analyst inquiries were addressed, and the Company's future strategies were clearly and directly communicated with the Management Team.

The Company remains committed to upholding principles that safeguard shareholder rights

and ensure fairness by providing information in a timely manner and through recognized channels. Almunajem Foods shares details of its performance, activities, and operations throughout the year via its Annual Report and the annual General Assembly meeting, enabling shareholders and investors to stay fully informed of any significant developments that may impact its financial position and business operations without compromising its competitive edge.

The Company also ensures the regular distribution of dividends to shareholders and continuously reminds them to update their personal information and link their bank accounts to their portfolios to avoid any delays in dividend payments.

Throughout 2024G, the Company announced several financial events and strategic activities. All disclosures were published on the official website of the Saudi Stock Exchange (Tadawul) and on IR page of the Company's official website. In total, the Company issued 23 investor announcements during the year, as follows:



Almunajem Foods Disclosures in 2024

S	Announcement Date	Announcement Title
1	25/1/2024	· Announcement of the interim (estimated) financial results for the period ending on 31st December 2023 (12 months)
2	28/2/2024	· Announcement regarding the latest developments concerning the (non-binding) memorandum of understanding (MoU) sign-off with Balady Poultry Trading Co.
3	6/3/2024	· Announcement of a share purchase agreement sign-off with existing shareholders of Balady Poultry Trading Co.
4	20/3/2024	· Announcement of the annual financial results for the period ending on 31st December 2023 (12 months)
5	28/4/2024	· Announcement regarding the establishment of a food factory in Jeddah
6	30/4/2024	· Announcement of a share purchase agreement sign-off with substantial shareholders in Balady Poultry Trading Co.
7	5/5/2024	· Invitation from the Board to shareholders to attend the Extraordinary General Assembly meeting (first meeting) via modern technology methods
8	12/5/2024	· Announcement of the interim financial results for the period ending on 31st March 2024 (three months)
9	15/5/2024	· Announcement of a MoU sign-off with the National Industrial Development Center (NIDC)
10	27/5/2024	· Announcement of the results of the Extraordinary General Assembly meeting (first meeting)
11	27/5/2024	· Supplementary announcement regarding the results of the Extraordinary General Assembly
12	28/5/2024	· Announcement of the Board's decision to distribute cash dividends to shareholders for H1 of FY 2024
13	1/7/2024	· Announcement of the Board's approval to establish a limited liability subsidiary
14	25/7/2024	· Announcement of the interim (estimated) financial results for the period ending on 30th June 2024 (six months)
15	11/8/2024	· Announcement of the preliminary financial results for the period ending on 30th June 2024 (six months)
16	20/8/2024	· Announcement regarding the latest updates related to the share purchase agreement sign-off with substantial shareholders in Balady Poultry Trading Co., with the issuance of no objection from the General Authority for Competition (GAC)
17	22/8/2024	· Announcement of the latest updates related to the share purchase agreement sign-off with substantial shareholders in Balady Poultry Co.
18	28/8/2024	· Supplementary announcement regarding the latest updates related to the share purchase agreement sign-off with substantial shareholders in Balady Poultry Co.
19	30/9/2024	· Announcement of the opening of nominations for the Board of Directors for the upcoming tenure
20	6/11/2024	· Announcement of the interim financial results for the period ending on 30th September 2024 (nine months)
21	1/12/2024	· Announcement of the Board's decision to distribute cash dividends to shareholders for H2 of FY 2024
22	8/12/2024	· Invitation from the Board to shareholders to attend the Ordinary General Assembly meeting (first meeting) via modern technology means
23	30/12/2024	· Announcement of the results of the Ordinary General Assembly meeting (first meeting)

Conference Calls Scheduled by the Company Throughout the Year to Discuss Financial Statements

S	Date	Event
1	27/03/2024	· Conference call to discuss the financial results for FY 2023
2	27/05/2024	· Conference call to discuss the financial results for Q1 of FY 2024
3	21/08/2024	· Conference call to discuss the financial results for Q2 of FY 2024
4	18/11/2024	· Conference call to discuss the financial results for Q3 of FY 2024

Dividends Distribution

The Board shall recommend declaring and paying any dividends before approval by the shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, inter alia, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, restrictions to which the dividend distribution process is subject under financing and debt agreements, Zakat, and other legal and regulatory considerations.

According to the Company's Bylaws, the annual net profits are distributed as follows:

- The Ordinary General Assembly may, upon the Board's approval, retain a percentage of the net profits to form a public reserve to be allocated for special purposes.
- The General Assembly may resolve to retain other reserves to the extent that doing so serves the interest of the Company or ensures the distribution of a stable dividend as possible to shareholders. The said Assembly may also deduct from the net profits amounts for the establishment of social institutions for the Company's employees or to support existing institutions.
- The Ordinary General Assembly may resolve to distribute the remainder of the above to the shareholders of the Company.
- The Company may distribute interim profits to its shareholders on a semi-annual or quarterly basis after meeting the requirements issued by CMA. The Company may authorize the Board to execute such distributions in accordance with the controls issued by CMA.
- The General Assembly may allocate any amount from the Company's funds available for cash distributions as a general reserve or to achieve social purposes for the Company's employees or its Subsidiaries or for other purposes related to the Company, as deemed beneficial by the Board.

Entitlement to Dividends:

Shareholders shall be entitled to dividends pursuant to the General Assembly resolution adopted in that regard and indicating the maturity and distribution dates. The entitlement to dividends is for the shareholders registered in the shareholders' records at the end of the specified maturity day.

Company's Distribution of Dividends in 2024

Description	Period		Total
	H1	H2	
Percentage of Capital Dividends	12.5%	20%	32.5%
Dividend Per Share (SAR)	1.25	2	3.25
Total Distributed Dividends (SAR)	75,000,000	120,000,000	195,000,000

Dividends Distributed to the Company's Shareholders over the Past 4 Years

Year	Distribution Rate	Dividend per Share (SAR)	Total Distribution (SAR)
2024	32.5%	3.25	195,000,000
2023	32.5%	3.25	195,000,000
2022	22.5%	2.25	135,000,000
2021	20%	2	120,000,000

Unclaimed Dividends:

In its commitment to safeguarding shareholder rights and adhering to the integrity principle, Almunajem Foods has provided a feature for shareholders to inquire about unclaimed dividends. The Company is dedicated to disbursing these amounts to their rightful owners. Shareholders can send their name and identification number via the email: IR@almunajemfoods.com or use the contact form available on IR page on the Company's official website.

Shareholders' Suggestions and Feedback regarding the Company and its Performance

The following measures are taken by Almunajem Foods' Board to inform its Members – especially Non-Executives – of the shareholders' suggestions and feedback regarding the Company and its performance:

1. Board Members and Committees' Chairmen attend the General Assembly meetings to keep abreast of the shareholders' feedback and suggestions.
2. Quarterly and annual meetings were held with investors and financial analysts to discuss the Company's financial results.
3. The Company's IR informed the Board Members of the shareholders' feedback and suggestions throughout the year.

For more information, kindly visit Almunajem Foods IR website via the following link:

<https://almunajemfoods.com/ar/investor-relations/>

For more inquiries and questions, kindly email directly on:

IR@alunajemfoods.com - Info@almunajemfoods.com



In order to promote the best practices of corporate governance for the Board and the Company, Almunajem Foods has completed an assessment and review of the governance practices of the Board. The review covered the following dimensions:

1. Board leadership and governance.
2. Regular communication with investors and analysts.
3. The Company's financial strength, especially in terms of the growth of profits.
4. Communication and flow of information between the Board and shareholders.
5. The Company is committed to working in accordance with laws and regulations to protect its shareholders.
6. Disclosure of substantial developments regarding the Company's performance, activities, and operations, including financial statements and performance reports.
7. The timely provision of suitable information for all shareholders through the Company's communication channels.

4 – 14

Sustainability and Social Responsibility

Almunajem Foods is committed to incorporating sustainability principles into every aspect of its operations. This dedication not only improves the Company's reputation but also strengthens its relationships with consumers and the community in general. The Company believes that compliance with sustainability is essential for building confidence with customers and partners. The Company further strives to achieve a balance between economic growth and social and environmental responsibility.

The Company applies this sustainable model in all its various activities, products, and services. By communicating with producers to adopt sustainable agricultural practices and modern technologies in production and distribution, the Company aims to reduce its environmental impact, enhance resource efficiency, and utilize solar energy as one of the renewable energy sources. The Company's commitment to sustainability reflects its vision of achieving long-term success based on its values and responsibility toward the community.

Towards A Sustainable Community

1 Community

- Meeting the needs of the community is at the top of the sustainability pyramid.
- Providing various programs of responsibility towards the community.
- A sustainable community is less vulnerable to risks.
- Continuous development of sustainability benefits the community.
- Increasing the Saudization rates of jobs in the Company serves the Saudi community.
- In order to achieve customer satisfaction, the Company has established a comprehensive process to follow up on end clients/consumer feedback and address any complaints immediately, along with a specialized customer service team, a quality team, and suppliers, with the involvement of the Senior Management.

2 Environment

- Installing environmentally friendly renewable energy technologies in the operational processes.
- Currently, owning 3,528 solar panels with a production capacity of up to 1.35 megawatts per hour at its branch in Riyadh. This initiative has yielded tangible results in promoting the use of renewable energy and has effectively contributed to reducing carbon emissions by 1,300 tons annually.
- Planning to expand the installation of renewable energy technologies across the branches in various parts of the Kingdom due to the positive results achieved in meeting sustainability goals and supporting environmentally friendly energy.

3 Public Health

- Providing healthy and nutritious products.
- Protecting the environment from pollution.
- Packaging in a healthy and safe manner.
- Developing a diverse and excellent range of high-quality nutritious food products, such as antioxidant-rich berries and acai, as well as a comprehensive selection of vegetables, recognizing that this is a continuous effort to discover new varieties and offer innovations in this field.

4 Employees

- Improving the living conditions of employees and their families and providing appropriate healthcare for them.
- Protecting workers' rights by ensuring a safe and healthy working environment that aligns with occupational safety standards, guaranteeing that workers receive their financial and job-related rights in accordance with labor laws in the Kingdom, and implementing policies of non-discrimination and equal employment opportunities.
- Developing workers' skills by offering specialized training programs to enhance employee efficiency in various fields, encouraging innovation, and fostering leadership skills among employees to boost their professional competence.

5 Economy

- Contributing to the development of the national economy by adopting strategies focused on operational efficiency, supporting local content, and developing national talent.
- Investing in sustainable projects, such as the use of renewable energy, which helps reduce operational costs, enhances production efficiency, achieves sustainability, and reduces the carbon footprint. This positively reflects and contributes to achieving the Kingdom's Vision 2030 to strengthen the sustainable economy.
- Contributing to the development of the sector in the Kingdom is one of the Company's priorities.
- Achieving financial sustainability is a key goal of the Company.



The Company's Sustainability Strategy for 2025

As part of Almunajem Foods' strategy for 2025G, the Company adopts an ambitious plan to enhance the sustainability in the Company through the following:



The Company also intends to take further actions in the coming year to strengthen its sustainability strategy as follows:





4 – 15

Internal Audit and Control at the Company

Internal Control

Effective controls and risk management are fundamental to achieving the objectives of the Company. The Management is responsible for establishing a comprehensive and effective internal and financial control system. This system is based on the control over the Management's vision and judgment regarding the establishment of a control system that aligns with the relative significance of financial risks and other risks associated with the Company's activities. Therefore, the internal and financial control system is designed to provide reasonable assurance in order to avoid material

errors and minimize associated risks and losses. Based on the Committee's work in 2024G and the corrective actions taken by the Company's Management to enhance the internal control, financial, and risk management system, the Audit Committee did not identify any substantial deficit regarding risk management or the effectiveness of the internal control and financial oversight system that requires disclosure. The Committee believes that the Company has an effective internal and financial control system that is reasonably designed and implemented to mitigate risks.

Internal Audit Department Scope of Work

Review and Discussion	Supervision and Monitoring	Examination and Evaluation	Verification and Assurance	Providing Recommendations
Reviewing the reports submitted by the Internal Auditor and discussing any remarks.	Monitoring the internal audit operations in the Company and overseeing the implementation of tasks effectively.	Examining and evaluating the adequacy and effectiveness of control systems.	Ensuring the presence of an effective internal control system in the Company and confirming the implementation of the corrective actions for any violations.	Providing the necessary recommendations to the Board to activate and improve the internal control procedures within the Company.

Auditing Processes

The auditing reports did not reveal any substantial weakness in the Company's internal control system regarding the financial statements. In fact, most feedback mainly focused on enhancing performance, boosting the work of various departments and sections, and raising the efficiency thereof, completing the authentication process for the sake of strengthening the control system and

optimally using available resources. There were no recommendations from the Audit Committee that conflicted with the Board's decisions, nor were there any recommendations that the Board refused to adopt regarding the appointment, dismissal, remuneration, or performance evaluation of the External or Internal Auditors.

Internal Auditor's Report

Almunajem Foods' Internal Audit Department carried out a number of internal auditing processes during 2024G, in accordance with the risk-based internal audit plan approved by the Audit Committee,

with a special focus on the high-risk activities and processes in order to achieve the Company's objectives and protect its assets.

In this respect, a number of internal auditing processes have been carried out to determine the adequacy and efficiency of the internal control system. The results were then reported to the relevant departments in order to handle the same and lay down the necessary corrective measures, to follow up with the implementation thereof and, in turn, regularly report the results to the Audit Committee.

Furthermore, the Internal Auditor's report and the Audit Committee report did not indicate any substantial deficit regarding the Company's performance and operations for 2024G. Likewise, the Auditor's report did not include any reservations regarding the financial statements for the same year.

Audit Committee Opinion

The Audit Committee reviews the operations of the Company independently, ensuring the accuracy and transparency of reports, financial statements, internal control system, and accounting policies, and supervises internal audit operations and activities of the Internal Auditors, according to the Company's Bylaws and the relevant government laws.

In the presence of the Committee Members, the Company Management, and the Auditors, KPMG, the financial statements for the year ending 31st December 2024, along with the Auditor's report, were discussed, reviewed, and submitted to the Board to recommend to the General Assembly for approval, after obtaining the necessary confirmation from the Management and the Auditors regarding the adequacy and integrity of the accounting policies followed and the disclosures contained therein.

The Committee also discussed with the Company Management the financial performance of the Company for the first, second, and third quarters of 2024G and obtained sufficient understanding regarding the changes in the financial results from the Company Management. Additionally, the Committee discussed and reviewed the financial statements for the first, second, and third quarters of 2024G with the Auditor, reviewed the

inspection reports submitted by the Auditor, and recommended their approval after obtaining the necessary confirmation from the Management and the Auditor regarding the adequacy and integrity of the accounting policies followed and the disclosures in the financial statements.

The Committee also reviewed the internal audit reports issued during 2024G and worked with the Internal Audit Department to follow up on the implementation of their recommendations regarding corrective actions. The Committee also reviewed the results of the internal audit plan during 2024G and the percentage of work completed according to the approved plan.

Based on the results of the internal audit tasks carried out by the relevant department and after discussions with the External Auditor and the Executive Management regarding the annual and interim financial statements of Almunajem Foods for 2024G, the Audit Committee found no material weaknesses in the internal control environment. However, it is not possible to fully confirm the effectiveness of any internal control system with complete reliability.

The Company currently has an Internal Auditor in place. There have been no recommendations from the Board to replace the Internal Auditor or to appoint a new Internal Auditor. Furthermore, the Audit Committee has not made any recommendations regarding the appointment of a new internal auditor.

Corporate Governance Regulations

Generally speaking, Almunajem Foods complies with the provisions of the Corporate Governance Regulations issued by CMA and the key governance principles for the companies operating in the Kingdom. The Company is keen to abide by all governance regulations, keep up with the latest developments thereof, and continuously update related policies and measures in the event of any regulatory updates that require the same.

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Board Declarations

Almunajem Foods' Board hereby declares that:

- The accounting records have been duly updated and prepared.
- The internal control system has been duly made and adequately implemented.
- The Board has no doubts about the Company's ability to continue its activity.
- The consolidated financial statements for the fiscal year ending on December 31, 2024G have been prepared in accordance with full IFRS-KSA and with other standards and pronouncements that are endorsed by SOCPA.
- No substantial events have occurred that affect the safety of the Company's financial position following the end of the fiscal year 2024G that need to be disclosed, other than the already available information declared earlier.
- The Company Board did not receive any request from the financial auditors calling upon the General Assembly to convene in 2024G.
- The Company Board did not receive a request from shareholders holding 5% or more of the Company capital claiming upon the General Assembly to convene in 2024G.
- The Company did not report any normal or legal person who holds 5% or more of the Company's issued shares in 2024G.
- No measures have been taken obstructing the rights of shareholders to vote.
- There are no treasury shares held by the Company or any details about the uses of such shares.
- The subsidiaries hold no equity shares or debt instruments.
- There are no convertible debt instruments into shares, and there are no option rights, subscription right memos, or similar rights issued or granted by the Company in 2024G.
- There are no recoveries, purchases, or cancellations by the Company during 2024G for any of the recoverable debt instruments.
- No arrangements or agreements have been concluded, according to which any of the Company's Board Members or Senior Executives have assigned any salaries, remunerations, or rewards in 2024G.
- No arrangements or agreements have been concluded, according to which any of the Company's shareholders have assigned any of the rights in dividends.



- The Company is not a party to any agreement in which any of the Board Members, CEO, CFO, or any related person has or had a substantial interest, save for what has been already disclosed in the General Assembly meeting.
- The Company did not offer any cash loans whatsoever to any of its Board Members and did not serve as a guarantor for any loan to any third party.
- No option rights or subscription rights are held by any of the Board Members, Senior Executives, their spouses, or minor children.
- There are no investments or reserves established for the benefit of the Company's employees.
- There are no penalties, disciplinary actions, precautionary measures, or restrictions imposed on the Company in 2024.
- The Company's Independent Auditor has expressed his opinion without reservations on the consolidated financial statements of 2024G.
- No recommendations have been issued by the Audit Committee that conflict with the Board resolutions or which the Board did not accept regarding the Company's auditor appointment, dismissal, remuneration, performance appraisal, or the appointment of the Internal Auditor.
- None of the Board Members is/was exercising any business activities that are competitive to the Company business or any of the branches thereof.

Financial Performance

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5-1

Development of the Financial Statements over 5 Years

Almunajem Foods has experienced consistent revenue growth over the past five years, with sales increasing from SAR 2,538.45 million in 2020 to SAR 3,346.98 million in 2024. Over the past five years, Company gross profit and net profit have grown with a CAGR of 4% and 5% respectively. The company's asset base has expanded significantly from SAR 1,069.85 million in 2020 to SAR 1,936.25 million in 2024. This growth is driven by both current and non-current assets.

The shareholders equity have steadily grown to reach SAR 1,009.98 million, reflecting retained earnings growth and a stronger equity base.

Summary of the Company's Financial Statements Development over the Past 5 Years

(All Amounts in SAR Mln)

Statement/Fiscal Year	2020	2021	2022	2023	2024
Business Results					
Sales	2,538.45	2,577.02	2,978.52	3,314.40	3,346.98
Cost of Sales	- 2,050.91	- 2,135.65	- 2,395.26	- 2,732.10	- 2,780.56
Gross Profit	487.55	441.37	583.26	582.31	566.42
Operating Profit	230.88	184.52	311.15	301.64	277.99
Net Profit	229.68	166.09	290.20	282.21	278.65
Earnings Per Share (SAR)	4.28	3.10	4.84	4.70	4.64
Financial Position Statement					
Current Assets	737.60	959.89	1,163.89	1,255.53	1,216.93
Current Liabilities	347.79	404.95	494.82	546.87	779.70
Non-Current Assets	332.25	338.08	320.46	309.23	719.32
Non-Current Liabilities	81.61	88.29	89.01	90.36	146.57
Total Assets	1,069.85	1,297.97	1,484.35	1,564.76	1,936.25
Total Liabilities	429.40	493.23	583.84	637.23	926.27
Shareholders' Equity	640.45	804.74	900.51	927.53	1,009.98
Total Liabilities & Equity	1,069.85	1,297.97	1,484.35	1,564.76	1,936.25
Cash & Cash Equivalents	19.91	85.53	111.03	248.93	42.63
Total Loans	128	-	-	-	92
Cash Flow Statement					
Net Cash from Operating Activities	205.87	230.88	241.03	422.76	261.01
Net Cash Used in Investing Activities	- 2.23	- 28.90	- 11.93	- 21.42	- 354.24
Net Cash Used in Financing Activities	- 203.82	- 136.36	- 203.59	- 263.44	- 113.07



5-2

Key Financial Ratios and Indicators

The table below presents the development of financial ratios related to the performance and financial position of Almunajem Foods over the past five years, reflecting key trends in its business growth and financial and operational efficiency:

Key Financial Ratios over 5 Years

Statement/Fiscal Year	2020	2021	2022	2023	2024
Liquidity Ratios					
Working Capital (SAR Mln)	497.9	469.41	558.04	459.73	486.6
Current Ratio (%)	212.08	237.04	235.21	229.58	156.08
Cash Ratio (%)	5.72	21.12	22.44	45.52	5.47
Equity Ratio (%)	59.86	62.00	60.67	59.28	52.16
Debt Ratios					
Total Debt Ratio (%)	40.14	38.00	39.33	40.72	47.84
Total Assets to Equity (Times)	1.67	1.61	1.65	1.69	1.92
Total Liabilities to Equity Ratio (%)	67.05	61.29	64.83	68.70	91.71
Loans to Total Assets Ratio (%)	11.96	-	-	-	4.75
Profitability Ratios					
Gross Profit Margin (%)	19.21	17.13	19.58	17.57	16.92
Net Profit Margin (%)	9.05	6.45	9.74	8.51	8.33
Return on Assets (%)	21.47	12.80	19.55	18.04	14.39
Return on Equity (%)	35.86	20.64	32.23	30.43	27.59

5-3

Financial Results Analysis in Brief

Income Statement

Almunajem Foods recorded a 1% growth in revenue by the end of the current year, reaching SAR 3,346.98 million, compared to SAR 3,314.40 million in the previous year. This growth is attributed to a 5.1% increase in sales revenue from retail goods distribution.

However, net profit declined by 1.3%, reaching SAR 278.65 million, compared to SAR 282.21 million in the previous year. This decline is due to drop in gross profits mainly related to lower sales volumes and decline in gross margins of Poultry category.

Year-on-Year Changes in Key Income Statement Items

(All Amounts in SAR Mln)

Key Income Statement Items	2024	2023	Change (%)
Revenue	3,346.98	3,314.40	1
Cost of Revenue	- 2,780.56	- 2,732.10	- 1.8
Gross Profit	566.42	582.31	- 2.7
Operating Profit	277.99	301.64	-7.8
Net Profit	278.65	282.21	- 1.3
Earnings Per Share (SAR)	4.64	4.70	- 1.3



Financial Position Statement

The Company's total assets grew by 23.7% at the end of the current year, reaching SAR 1,936.25 million, compared to SAR 1,564.76 million in the previous year. This increase is mainly due to a 132.6% rise in represented by investment in associate made during the year.

Total liabilities increased by 45.4%, reaching SAR 926.27 million, compared to SAR 637.23 million in the previous year. This rise is attributed to a 42.6% increase in current liabilities due to recording short-term loans of SAR 92 million, in addition to a 62.2% year-on-year rise in non-current liabilities.

Shareholders' equity grew by 8.9%, reaching SAR 1,009.98 million, compared to SAR 927.53 million in the previous year, driven by a 35.5% increase in retained earnings, which amounted to SAR 319.53 million at the end of the current year.

Year-on-Year Changes in Key Financial Position Statement Items

(All Amounts in SAR Mln)

Key Financial Position Statement Items	2024	2023	Change (%)
Current Assets	1,216.93	1,255.53	-3.1%
Non-Current Assets	719.32	309.23	132.6
Total Assets	1,936.25	1,564.76	23.7
Current Liabilities	779.70	546.87	42.6
Non-Current Liabilities	146.57	90.36	62.2
Total Liabilities	926.27	637.23	45.4
Shareholders' Equity	1,009.98	927.53	8.9
Total Liabilities & Shareholders' Equity	1,936.25	1,564.76	23.7

5-4

Auditor's Report and Financial Statements for FY Ended 31st December 2024

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

THE CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024



ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

THE CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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KPMG Professional Services Company

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Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إي جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Almunajem Foods Company

(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Almunajem Foods Company ("the Company"), and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated 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 Saudi Organization for Certified Public 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 consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

شركة كي بي إي جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مغلقة مسجلة في المملكة العربية السعودية، رأس مالها (110,000,000) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إي جي المستقلة التابعة لكي بي إي جي العالمية المحدودة، شركة النظيرية خاصة محدودة بال ضمان.



Independent Auditor's Report

To the Shareholders of Almunajem Foods Company (Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Revenue recognition

Refer to Note (4.3) for the accounting policy of revenue from contracts with customers, and as Note (15) related to disclosure of revenue contracts with customers.

Key audit matter	How the matter was addressed in our audit
The Group's revenues for the year ended 31 December 2024 amounted to SAR 3,347 million.	We have performed the following, among other audit procedures:
Revenue is recognized in accordance with International Financial Reporting Standard 15 (IFRS 15 – Revenue from Contracts with Customers).	- Assessed the Group's revenue accounting policies for compliance with the requirements of IFRS 15.
Revenue is one of the key critical financial metrics for assessing the Group's overall performance and there is a presumed inherent risk that revenues may be overstated at more than its actual value to improve the profitability of the entity. Additionally, given the size and the volume of transactions of revenues, and in certain cases, the involvement of judgement and estimates made by management, revenue was considered as a key audit matter.	- Obtained an understanding of the revenue cycle and evaluated the design and implementation and tested the operating effectiveness of relevant key controls, including anti-fraud controls.
	- Inspected the key contractual arrangements with key customers and assessed the impact of those arrangement on revenue recognition.
	- Selected a sample of sales transactions throughout the year and inspected the supporting documents to assess whether they were recognized at the correct amounts and were included in the appropriate period.
	- Inspected a sample of sales transactions recorded before and after the year-end to assess whether revenue was recorded in the appropriate accounting period.
	- Assessed the adequacy of the relevant disclosures in accordance with the requirements of IFRS 15 included in the consolidated financial statements.



Independent Auditor's Report

To the Shareholders of Almunajem Foods Company (Saudi Joint Stock Company) (continued)

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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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, the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of Consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report

To the Shareholders of Almunajem Foods Company (Saudi Joint Stock Company) (continued)

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

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosure, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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 **Almunajem Foods Company ("the Company") and its Subsidiary ("the Group")**.

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 consolidated 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



Fahad Mubark Aldossari
License No. 469

Riyadh on 20 Ramadan 1446H
Corresponding to: 20 March 2025G

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Notes	2024 SAR	2023 SAR
ASSETS			
Non-current assets			
Property, plant and equipment	8	287,224,511	285,479,005
Right-of-use assets	7	95,343,348	42,293,834
Intangible assets	9	1,692,191	1,515,299
Investment in associate	10	335,008,358	-
Total non-current assets		719,318,458	369,228,289
Current assets			
Inventories	16	710,136,194	569,156,460
Trade receivables	17	296,950,158	251,096,879
Due from related parties	14-a	9,773,927	20,536,453
Prepayments and other assets	13	157,437,829	175,901,145
Cash and cash equivalent	11	42,628,379	245,927,926
Total current assets		1,216,926,487	1,255,539,063
Total assets		1,936,244,945	1,624,767,352
EQUITY AND LIABILITIES			
Equity			
Share capital	17-a	600,000,000	600,000,000
Statutory reserve	17-b	96,838,580	96,838,580
Actuarial valuation reserve		(6,375,512)	15,268,149
Retained earnings		319,531,748	715,578,319
Total equity		1,009,974,816	927,529,251
Non-current liabilities			
Lease liabilities	7	86,978,929	77,034,636
Employees' benefit obligations	18	59,587,226	53,342,606
Total non-current liabilities		146,566,155	130,377,242
Current liabilities			
Short term loans	20	92,000,000	-
Trade payables, accruals and other liabilities	14	636,268,297	494,674,866
Due to related parties	14-b	124,029	477,767
Zakat payable	21	12,603,489	19,541,041
VAT payable		26,549,908	21,595,712
Lease liabilities	7	12,218,261	4,591,383
Total current liabilities		779,703,974	540,870,769
Total liabilities		926,270,129	671,228,101
Total equity and liabilities		1,936,244,945	1,624,767,352



 Mohamed Saliman Mahmoud
 CFO



 Tamer Abdulaziz Abenaway
 CEO



 Saleh Abdullah Almunajem
 Chairman

The attached notes 1 to 25 form part of these financial statements.

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ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 SAR	2023 SAR
Revenue			
Revenue	15	3,346,984,084	3,314,405,379
Cost of revenue	16	(2,780,559,632)	(2,732,066,401)
Gross profit		566,424,452	582,306,918
Other income			
Other income	24	14,385,332	8,405,155
Selling and distribution expenses			
Selling and distribution expenses	27	(270,820,676)	(269,624,267)
General and administrative expenses			
General and administrative expenses	25	(30,601,587)	(26,761,785)
Impairment loss on financial assets			
Impairment loss on financial assets	22	(1,401,864)	41,500,278
Operating profit		277,985,657	401,699,759
Finance income			
Finance income	26	3,280,711	6,984,591
Finance cost			
Finance cost	25	(12,991,757)	46,958,632
Finance costs, net		(9,711,046)	10,944,111
Share in results of associate			
Share in results of associate	10	22,157,010	-
Profit before zakat		290,431,621	401,629,714
Zakat			
Zakat	21	(11,778,692)	(19,416,474)
Net profit for the year		278,652,929	387,213,242
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of employees' benefit obligations			
Remeasurement of employees' benefit obligations	18	(1,283,613)	4,952,144
Investment in associate - share of OCI			
Investment in associate - share of OCI	10	76,249	-
Total other comprehensive loss		(1,207,364)	4,952,144
Total comprehensive income for the year		277,445,565	282,017,528
Earnings per share			
Basic and diluted earnings per share from net profit			
Basic and diluted earnings per share from net profit	27	4.64	4.70



 Mohamed Saliman Mahmoud
 CFO



 Tamer Abdulaziz Abenaway
 CEO



 Saleh Abdullah Almunajem
 Chairman

The attached notes 1 to 25 form part of these financial statements.

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**ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024 SAR	2023 SAR
OPERATING ACTIVITIES		
Profit before zakat	299,431,621	301,629,734
Adjustments:		
Depreciation of right-of-use assets	10,028,718	8,057,424
Depreciation of property, plant and equipment	28,760,808	27,532,757
Amortization of intangible assets	544,391	767,189
Increase of lease liabilities	2,326,978	3,000,797
Interest on employees' benefit obligations	2,371,895	2,456,714
Interest charged on short-term loans	8,293,186	1,532,029
Allowance for expected credit losses	1,401,864	1,180,778
Inventory purchase	314,788	746,416
Share in result of associate	(22,157,010)	-
Gain on disposal of property, plant and equipment	(9,826,465)	(9,255,740)
Provision for employees' benefit obligations	5,275,368	4,650,747
	317,765,920	343,501,637
Change in working capital:		
Trade receivables	(47,348,143)	43,964,481
Prepayments and other assets	18,463,516	(29,775,622)
Inventory	(141,294,622)	91,719,739
Trade payables, accounts and other liabilities	141,533,431	51,787,155
VAT payable net	2,964,196	(902,074)
Due to related parties	(353,739)	(488,208)
Due from related parties	762,826	43,568,490
	292,498,186	246,822,919
Finance costs paid	(10,085,689)	(4,169,497)
Employees' benefit obligations paid	(2,686,044)	(2,229,241)
Zakat paid	(18,716,274)	(19,116,219)
Net cash generated from operating activities	261,010,179	221,287,702
INVESTING ACTIVITIES		
Payments for purchase of property, plant and equipment	(50,979,220)	(24,016,991)
Proceeds from disposal of property, plant and equipment	10,239,346	3,777,181
Payments for purchase of intangible assets	(721,183)	(757,194)
Payments for investment in associate	(316,125,799)	-
Dividend received from associate	3,350,700	-
Net cash used in investing activities	(354,236,156)	(21,007,004)
FINANCING ACTIVITIES		
Payments of lease liabilities	(10,073,570)	(9,443,263)
Proceeds from short-term loans	791,000,000	51,000,000
Repayment of short-term loans	(699,000,000)	(9,000,000)
Dividend paid	(195,000,000)	(255,700,000)
Net cash used in financing activities	(113,073,570)	(161,443,263)
Net change in cash and cash equivalent	406,299,547	137,895,522
Cash and cash equivalent at the beginning of the year	248,927,926	111,032,404
Cash and cash equivalent at the end of the year	655,227,473	248,927,926
Non-Cash transactions:		
Conspiration for acquisition of land and a building	-	8,271,056
Right of use assets	63,128,286	8,277,029
Lease liability	63,128,286	8,277,029
Mohamed Salim Mahmoud CFO	Thamer Abdullah Almunajem CFO	Saleh Abdullah Almunajem Chairman

**ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Share capital SAR	Statutory reserve SAR	Retained earnings SAR	Total SAR
As at January 1, 2023	600,000,000	68,597,256	236,840,961	905,438,217
Profit for the year	-	-	282,213,342	282,213,342
Other comprehensive loss	-	-	(195,714)	(195,714)
Total comprehensive income	-	-	282,017,628	282,017,628
Dividends (note 28)	-	-	(255,000,000)	(255,000,000)
Transfer to statutory reserve	-	38,221,594	(38,221,594)	-
As at December 31, 2023	600,000,000	96,818,850	235,855,819	932,674,669
Profit for the year	-	-	278,652,929	278,652,929
Other comprehensive loss	-	-	(1,207,364)	(1,207,364)
Total comprehensive income	-	-	277,445,565	277,445,565
Dividends (note 28)	-	-	(195,000,000)	(195,000,000)
As at December 31, 2024	600,000,000	96,818,850	234,658,319	931,477,169

The attached notes to the consolidated financial statements

Mohamed Salim Mahmoud
CFO

Saleh Abdullah Almunajem
Chairman

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ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. ORGANISATION AND ACTIVITIES

Almunajem Foods Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia (KSA) under commercial registration numbered 1010231822, dated 7 Rabie Al Thani 1428H (corresponding to 24 April 2007). The registered address of the Company is located at Riyadh, P O Box 1544, Riyadh 11441, KSA.

The Company is a subsidiary of Abdullah Al Ali Almunajem Sons Group (the "Ultimate Parent") which is a Closed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010000565 dated 11 Dhu Al-Qidah 1376H (corresponding to 10 June 1957). The registered address of the Company is located at Riyadh, P O Box 2395, Riyadh 11451, KSA.

On 20 December 2021, 30% of the Company's shares were listed in Saudi Stock Exchange market (Tadawul). Currently, 69.3% of the Company is owned by Abdullah Al Ali Almunajem Sons Group and 0.7% by AlKafaa Real Estate Company.

During the year ended 31 December 2024, the Company has amended its bylaws to align with the new Regulations for Companies issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") which came into force on 26/6/1444 H (corresponding to 19 January 2023).

The Company is engaged in wholesale and retail trading in fruits, vegetables, cold and frozen poultry and meat, bottled, food stuff, through its following branches

<i>Commercial registration</i>	<i>Branch location</i>
1131026002	Burieda
2050059043	Dammam
4030176226	Jeddah
5855030212	Khamis Mushait
4650046753	Madina
3550027505	Tabouk
3350031238	Hail
2250045420	Al-Ahsa
4031067309	Makkah
4032032800	Taif
5900017953	Jizan
1010401313	Riyadh
1010465454	Riyadh
4030291805	Jeddah
1010653210	Riyadh
3400119907	Sakaka

For the year ended December 31, 2024, these consolidated financial statements include the Company and its subsidiary, "the Group".

Subsidiary	Year of incorporation	Ownership 2024	Principal activity	Country of incorporation
The Optimal Solutions Company for Logistics Services	2024	100%	Activities of third-party logistics	Kingdom of Saudi Arabia

Optimal Solutions Company for logistics services is a limited liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 1009107581 dated on 29 September 2024 (Corresponding/ to 26 Rabi' al-Awwal 1446 H), with a share capital of SAR 1,000,000.



ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia "KSA" and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (herein after referred to as "IFRS as endorsed in KSA").

2.2 Judgments and Estimates

The preparation of consolidated financial statements in conformity with the IFRS as endorsed in KSA requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Refer to (Note 4).

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for the employees' benefit obligations, which has been measured in accordance with the projected unit credit method.

2.4 Basis of consolidation

The subsidiary is controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement in the investee;
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Loss of control

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses and cash flows relating to transactions arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.5 Going concern

The consolidated financial statements have been prepared on the going concern basis.

3. PRESENTATION AND FUNCTIONAL CURRENCY

The consolidated financial statements are presented in Saudi Riyals (SAR) which is the functional currency of the Company and its subsidiary.

4. MATERIAL ACCOUNTING POLICIES

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

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when:

- it expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle.
- it holds the asset primarily for the purpose of trading.
- it expects to realise the asset within twelve months after the reporting date; or
- the asset is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it expects to settle the liability in the entity's normal operating cycle.
- it holds the liability primarily for the purpose of trading.
- the liability is due to be settled within twelve months after the reporting date
- it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.; or

The Group classifies all other liabilities as non-current.

4.2 Operating Profit

Operating profit is the result generated from the continuing principal revenue- activities of the Group as well as other income and expenses to operating activities. Operating profit excludes net finance costs, and zakat.

4.3 Revenue from contracts with customers

The Group is in the business of wholesale and retail trading of fruits, vegetables, cold and frozen poultry and meat, bottled, food stuff.

Non-retail sales are related to sales to wholesale suppliers who typically buy in bulk and on the contrary, retail sales are related to sales to end customers.

The Group is also engaged in providing storage services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has assessed that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue is income arising from the sale of goods in the ordinary course of the Group's activities, net of discounts and volume rebates and value added taxes. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Storage services

The entity is engaged in storage revenue, where customers rent a space in the warehouses of the company to store their own goods for a short period of time. These spaces are not specific spaces or locations inside the warehouses of the company and are usually for a period less than twelve months. Revenue from storage is recognized over time.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of products provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.



ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Revenue from contracts with customers (continued)

Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of revenue) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Group applies the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price). All volume rebates are treated as discounts and the customers pay the net amount after discount.

The disclosures of estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in (note 5).

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section financial instruments.

Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some, or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

4.4 Segmental reporting

An operating segment is a component: i) engaged in business activities from which it may earn revenue and incur expenses including revenue and expenses that relate to transactions with any of the Group's other components; ii) the results of its operations are continuously analyzed by chief operating decision maker in order to make decisions related to resource allocation and performance assessment; and iii) for which financial information is discretely available. Segment results that are reported to the chief operating decision maker and include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

ALMUNAJEM FOODS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Property, plant, and equipment

Property, plant, and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group 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 property, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

Freehold lands is stated at cost, and capital work-in-progress is stated at cost net of accumulated impairment, if any and represents all costs relating directly or indirectly to the acquisition or construction of assets where acquisition or construction is in progress and will be transferred to relevant category of property, plant and equipment once completed.

The cost less estimated residual value of remaining property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, effective from the date when it was available for use, as follows:

<u>Category of property, plant, and equipment</u>	<u>Useful lives</u>
Buildings	33.3 years or lease term, whichever is less
Plant and equipment	5 to 10 years
Furniture and fixtures	4 to 10 years
Computers	5 years
Motor vehicles	5 to 8 years

An item of property, plant, and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) 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 consolidated statement of profit or loss and other comprehensive income, in other income, 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, as appropriate.

4.6 Leases

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:



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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.6 Leases (continued)

<u>Category of lease</u>	<u>Lease term</u>
Land	20 years
Buildings	3 to 10 years
Motor vehicles	3 to 5 years

At the commencement date of the lease, the Group recognises 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) that depend on a rate.

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 remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Most of the storage contracts are short term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

The Group applies an annual rate of amortization of 5 years to its computers' software and accounted for on a straight-line basis.

An intangible asset is derecognized on disposal (i.e., at the date the recipient obtains control), or when no future economic benefits are expected from use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in other income.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Consolidated Financial Statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

When the Group's share of losses of an associate exceeds the Group's interest in that an associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of associate's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the Consolidated Statement of Profit or Loss in the period in which the investment is acquired

4.10 Financial instruments

i) Financial Instruments

The Group has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

The financial asset and liability are recognized when the Group becomes a party to the contractual obligations of the instrument, and this generally occurs on the trade date. The Group derecognizes the financial assets when the contractual cash flows of those assets expire or when the Group transfers the right to obtain contractual cash flows from the financial asset in a transaction in which all the risks and rewards of ownership of the financial assets are substantially transferred. Any interest arising from the transferred financial assets that the Group creates or retains is recognized as a separate asset or liability.

Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in the consolidated statement of profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in the consolidated statement of other comprehensive income is not recognized in the profit or loss on de-recognition.

The financial liability is derecognized from the statement of consolidated financial position when the Group pays the obligation arising, the contract is canceled or expired.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (continued)

Classification of financial instruments

The Group classifies its financial assets in the following measurement categories:

- 1) Assets to be measured at amortized cost; or
- 2) Fair value through profit or loss (FVTPL).
- 3) Fair value through other comprehensive income (FVOCI).

4.10 Financial instruments

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Group changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- is held within a business model whose objective is to hold assets to collect contractual cash flows;
- and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial measurement of investments in financial instruments that the Group does not hold for the trading purposes, the Group may elect to present any subsequent changes in the fair value of those investments in the statement of other comprehensive income. This election is made on an investment-by-investment basis.

Any other financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Accounts Receivable

Account receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and arise primarily by providing goods and services to customers (such as trade receivables). It also includes other types of contractual financial assets that are initially recognized at fair value plus direct costs associated with obtaining it, and they are subsequently recognized at amortized cost using the effective interest method less provision for impairment.

The trade receivables, recorded in a separate account after deducting the provision, are recognized in the consolidated statement of profit or loss and when their collectability is confirmed, their gross carrying amount is written off against their associated provision.

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of consolidated financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (continued)

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Trade payables and accruals

Trade payables and other payables are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. The Group derecognizes a financial liability (or part of the financial liability) from its consolidated statement of financial position when, and only when its contractual obligations are discharged or cancelled, or expired.

4.11 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, and deposits with original maturities of three months or less, if any.

4.12 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, including other costs incurred in bringing them to their existing location and condition. Net realisable 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.

Goods in transit

Goods-in-transit are goods for resale or finished goods or raw materials that have been shipped by a supplier but have not yet been received by the buyer. The Group recognizes goods-in-transit when it has control over the goods. Goods-in-transit are recorded at landed cost included freight and insurance, if any.

4.13 Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (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.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

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



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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.13 Impairment of non-financial assets (continued)

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 Group estimates the assets 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 consolidated 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.

4.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the consolidated statement of profit or loss and other comprehensive income.

4.15 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the consolidated financial statements under accounts payable and accruals. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

4.16 Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is recognised in the consolidated statement of profit or loss and other comprehensive income. Zakat liability is estimated in the consolidated financial statements which is finally calculated at year end. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalized.

4.17 Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

4.18 Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

4.19 Dividends distribution

The Company establishes the obligations related to paying the cash dividends to the Company's shareholders when approving the distribution and interim dividends are distributed in accordance with the authorization from the Shareholders' General Assembly to the Board of Directors. According to the Companies Law, dividends are approved upon approval by the shareholders. The corresponding amount is directly recognized in the consolidated statement of change in equity.

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4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.20 Employees' defined benefit obligations

Defined employees' benefits plans

According to the Saudi Labor Law in the Kingdom of Saudi Arabia, the Group is required to pay end-of-service benefits (a defined benefit plan), which are calculated based on the half of the last month's salary of each year of the first five years of service, including the fractions of the year plus the full last month's salary for each year of the next or remaining service includes fractions of the year. End-of-service benefit plan is unfunded.

Valuation technique and key assumptions for the actuarial study

Under requirements of IAS 19 "Employees' benefits", end-of-service benefits obligations are calculated using the actuarial valuation and using the projected unit credit method at the end of each fiscal year. Gains or losses arising from the actuarial revaluation are recorded in the consolidated statement of comprehensive income for the period in which the revaluation occurred. The recognized remeasurement in OCI is immediately included under the retained earnings and is not included under profit or loss. Past service cost is calculated in profit or loss during the plan amendment period. The interest is calculated using the discount rate at the beginning of the period, on the employees' defined benefits obligations.

The current service cost of the defined benefit plan is recognized in the consolidated statement of profit or loss under employee's benefits expense, to reflect the increase in the liability resulting from employee services for the current year and cases of change, curtail or settlement of benefits. The cost of services for previous years is included immediately in the consolidated statement of profit or loss.

Actuarial gains and losses resulting from adjustments and changes in actuarial assumptions are charged and included in the equity in the consolidated statement of other comprehensive income in the period in which they arise. Defined benefit costs are classified as follows:

- Service cost (including current service costs and past service costs, in addition to gains and losses resulting from employees' promotions and reimbursements).
- Interest cost, and
- Re-measurement.

Short-term employees' benefits

The liability is recognized and measured for benefits related to wages, salaries, annual leave and sick leave xxin the period in which the service is provided on the undiscounted amounts of the benefits expected to be paid in exchange for those services.

4.21 Foreign currency transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated statement of financial position date. Differences arising on settlement or translation of monetary items are recognised in cost of sales. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

4.22 General and administrative and selling, disruption expenses

General and administrative and selling, disruption expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between general and administrative and selling, disruption expenses and cost of revenues, when required, are made on a consistent basis.



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5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

a) Judgements

i- Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of two buildings. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of land and buildings with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

ii- Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

b) Assumptions and estimation uncertainties.

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 difference in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (continued)

i- Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

ii- 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 for disposing off the asset. The value in use calculation is based on a 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 Group is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("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.

iii- Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgment in estimating the expected cash outflows for severance payments and site closures or other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

iv- Economic useful lives of property and equipment and intangible assets

The useful lives of property, plant and equipment and intangible assets are estimated based on its economic and intangible assets and on the collective assessment of industry practice and experience with similar assets. The estimated useful lives of the property, plant and equipment and intangible assets are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in any of the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

v- Revenue recognition - Estimating variable consideration for returns and volume rebates.

The Group estimates variable considerations to be included in the transaction price for the sale of the products with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.



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5. ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (CONTINUED)

v- Revenue recognition - Estimating variable consideration for returns and volume rebates (continued).

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future.

Defined benefit plans

The cost of the defined benefit plan and the present value of the obligation is determined 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, and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AAA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for Saudi Arabia. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and increases are based on expected future inflation rates for Saudi Arabia.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE AND OTHER AMENDMENTS

There are no new standards issued, however, there are a number of amendments to current standards that are effective from January 1, 2024. These amendments do not have a significant impact on these consolidated financial statements.

Effective for annual periods beginning on or after	New standards and amendments
January 1, 2024	Non-Current Liabilities with Covenant - Amendments to IAS 1 and Classification of Liabilities as Current or Non-current - Amendments IAS1. Lease Liability in a Sale and Leaseback-Amendments to IFRS 16. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

Standards issued but not yet effective:

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

Effective for annual periods beginning on or after	New standards and amendments
January 1, 2025	Lack of Exchangeability – Amendments to IAS 21.
January 1, 2026	Classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7 Annual improvements to IFRS accounting Standards - Volume 11
January 1, 2027	IFRS 18 presentation and disclosure in financial statements IFRS 19 Subsidiaries without Public Accountability Disclosures
Available for optional adoption/ effective date deferred indefinitely	Sale or contribution of assets between the investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28).

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7. LEASES

The Group has lease contracts for buildings, land and motor vehicles used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	<i>Buildings</i>	<i>Land</i>	<i>Motor vehicles</i>	<i>Total</i>
As at 1 January 2023:	7,801,872	26,540,235	12,287,883	46,629,990
Adjustments *	(293,875)	(3,192,328)	(59,191)	(3,545,394)
Additions	3,877,965	-	4,394,064	8,272,029
Depreciation expense	(2,021,360)	(1,376,785)	(5,664,650)	(9,062,795)
At 31 December 2023	9,364,602	21,971,122	10,958,106	42,293,830
Additions	52,119,623	4,366,056	6,642,607	63,128,286
Depreciation expense	(2,665,574)	(1,430,093)	(5,933,051)	(10,028,718)
Balance at 31 Dec 2024	58,818,651	24,907,085	11,667,662	95,393,398

Set out below are the carrying amounts of lease liabilities recognized and the movements during the year:

	2024	2023
As at 1 January	45,606,019	48,954,192
Adjustments *	-	(3,179,891)
Additions	63,128,286	8,272,029
Interest (note 25)	2,326,978	1,639,422
Payments	(11,864,073)	(10,079,733)
As at 31 December	99,197,210	45,606,019
Current	12,218,281	8,591,383
Non-Current	86,978,929	37,014,636
	99,197,210	45,606,019

* This adjustment is related to the year ended December 31, 2023, where the effect of adjustments was allocated in the consolidated statement of profit or loss and other comprehensive income between the depreciation charge of the right-of-use assets and the interest on lease liabilities with the amount of SAR 1.01 million and SAR 1.37 million, respectively. The classification of lease repayment is divided into principal repayment of lease liability of SAR 10,073,570 (2023: SAR 8,442,263) as cash flow from financing activities and finance cost paid of SAR 1,790,503 (2023: SAR 1,637,470) as cash flow from operating activities.

Land leased includes a lease from the shareholder. Refer to (note 14) for further details on related parties' transactions and balances.

The following are the amounts recognized in the consolidated statement of profit or loss:

	2024	2023
Depreciation allocated to selling and distribution expenses (note 22)	8,339,799	7,278,966
Depreciation allocated to general & administrative expenses (note 23)	1,202,548	745,497
Depreciation allocated to cost of revenue	486,371	32,960
Interest expense on lease liabilities (note 25)	2,326,978	3,010,297
Short-term leases (note 22)	3,116,011	3,229,706
Total amount recognized in profit or loss	15,471,707	14,297,426
Total cash outflow	14,980,084	13,309,439
Repayment of lease liability	11,864,073	10,079,733
Short-term leases (note 22)	3,116,011	3,229,706


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8. PROPERTY, PLANT AND EQUIPMENT

Cost:	Freehold		Plant and equipment	Furniture and fixtures	Computers	Motor vehicles	Capital work in progress*	Total
	Land	Buildings						
At January 1, 2023	72,462,268	186,661,726	137,090,566	24,511,703	14,778,535	103,800,755	1,386,994	540,692,547
Additions	-	1,692,409	9,824,160	2,154,341	887,386	8,892,808	585,805	24,036,909
Transfers	-	239,566	966,008	67,670	113,750	-	(1,386,994)	-
Write-off	-	-	(2,153,727)	(4,193,645)	(424,769)	(1,212,300)	-	(7,984,441)
Disposals	(1,075,450)	(4,533,461)	(50,200)	(76,587)	(13,694)	(9,336,778)	-	(15,286,170)
At December 31, 2023	71,386,818	184,060,240	145,676,807	22,463,482	15,341,208	101,944,485	585,805	541,458,845
Additions	-	-	14,997,783	3,107,004	1,101,064	25,576,250	6,197,119	50,979,220
Transfers	-	-	585,805	-	-	-	(585,805)	-
Disposals	-	(10,628)	-	(141,693)	(887,721)	(19,985,663)	-	(22,736,578)
At December 31, 2024	71,386,818	184,049,612	159,549,522	25,428,793	15,554,551	107,535,072	6,197,119	569,701,487
Accumulated Depreciation:								
At January 1, 2023	-	57,326,161	104,691,005	15,772,231	12,133,112	78,462,673	-	268,385,182
Charge for the year	-	5,516,904	9,359,266	1,805,181	935,587	9,915,799	-	27,532,737
Write-off	-	-	(2,151,756)	(4,149,293)	(424,452)	(1,212,200)	-	(7,937,701)
Disposals	-	(2,877,194)	(14,532)	(71,641)	(12,036)	(8,965,030)	-	(11,940,433)
At December 31, 2023	-	59,965,871	111,883,983	13,356,478	12,632,211	78,201,242	-	276,039,785
Charge for the year	-	5,519,111	8,464,858	1,962,986	1,015,802	11,798,131	-	28,760,888
Disposals	-	(1,700)	(1,706,610)	(135,653)	(864,116)	(19,615,618)	-	(22,323,697)
At December 31, 2024	-	65,483,282	118,642,231	15,183,811	12,783,897	70,383,755	-	282,476,976
Net book value:								
At December 31, 2024	71,386,818	118,566,330	40,907,291	10,244,982	2,770,654	37,151,317	6,197,119	287,224,511
At December 31, 2023	71,386,818	124,094,369	33,792,824	9,107,004	2,708,997	23,743,243	585,805	265,419,060

* The capital work in progress balance as of December 31, 2024, includes SAR 3.9 million related to construction works for new meat factory located in Jeddah.

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8. PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

- a) During the year ended December 31, 2023, land and building in Jeddah were disposed as a result of expropriation, with a net book value of SAR 2.7 million as at December 31, 2023. Refer (Note 24).
- b) Building with net book value amounting to SAR 22.6 million (December 31, 2023: SAR 23.8 million) are constructed on land leased from a related party under long-term lease for a period of 20 years starting from January 1, 2020.
- c) Building with a net book value amounting to SAR 13.5 million (December 31, 2023: SAR 14.03 million) is constructed on land leased from Saudi Industrial Property Authority (Modon) for a period of 20 years and the Group exercised an extension option for similar period starting from March 26, 2018 (corresponding to 9 Rajab 1439 H). The Group has the option of renewing the lease agreement on the expiry of the initial lease term based on the new terms and conditions to be agreed on that time.

Depreciation charge for the year is allocated as follows:

	2024	2023
Cost of revenue	3,985,413	3,611,790
Selling and distribution expenses (note 22)	24,362,912	23,539,496
General and administrative expenses (note 23)	412,563	381,451
	<u>28,760,888</u>	<u>27,532,737</u>

9. INTANGIBLE ASSETS
Cost:

	Computer software
At January 1, 2023	24,312,983
Additions	757,194
At December 31, 2023	25,070,177
Additions	721,183
At December 31, 2024	25,791,360
Accumulated amortization:	
At January 1, 2023	22,791,398
Charge for the year	763,380
At December 31, 2023	23,554,778
Charge for the year	544,391
At 31 December 2024	24,099,169
Net book value:	
At December 31, 2024	1,692,191
At December 31, 2023	1,515,399

Amortization charge for the year is allocated as follows:

	2024	2023
General and administrative expenses (note 23)	537,796	639,756
Selling and distribution expenses (note 22)	6,595	123,624
	<u>544,391</u>	<u>763,380</u>


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10. INVESTMENT IN ASSOCIATE

The Company has signed binding share purchase agreement on 25/8/1445H (corresponding to March 6, 2024G) to acquire shares in Balady Poultry Trading Company, the investee, in accordance with which the Company purchased 1,116,900 shares (representing 17% of investee's shares) from existing shareholders of Balady Poultry Trading Company through a private transactions, at a purchase price of SAR 120 per share with total amount of SAR 134.1 million including transaction costs of SAR 397.90 thousand, the Transaction was self-financed by the Company.

Subsequent to the above agreement, on 20 Shawwal 1445 H (corresponding to April 29, 2024G) the Company signed another binding share purchase agreement with the major shareholders of Balady Poultry Trading Company, under which the Company purchased an additional 1,511,100 shares, which represents an additional 23% of the investee's shares at a purchase price of SAR 120 per share for a total of SAR 181.33 million including transaction costs of SAR 367.9 thousands. The transaction was partially self-financed, and the remaining was from external sources. The transaction was approved by the relevant authorities and completed on 18 Safar 1446 H (Corresponding to 22 August 2024), and the Company's ownership increased from 17% to 40% of the total shares of Balady Poultry Trading Company.

The movement in investment in associate is as follows:

	2024
At the beginning of the year	-
Purchases during the year	316,125,799
Share of results *	22,157,010
Share of OCI	76,249
Dividends declared during the year	(3,350,700)
At the end of the year	<u>335,008,358</u>

* The share in results of associate were calculated from the date of acquisition up to December 31, 2024.

The following table summarizes the financial information of Balady Poultry Trading Company.

<u>As of December 31, 2024</u>	
Percentage of ownership	40%
Non-current assets	247,631,664
Current assets	122,419,363
Non-current liabilities	(27,172,229)
Current liabilities	(33,938,037)
Net assets of the associate	<u>308,940,761</u>
Share in the net assets of the associate (40%)	123,587,651
Amounts paid in excess of the share of the investee's net assets	211,420,707
Book Value as of December 31, 2024	<u>335,008,358</u>
Results for the year ended December 31, 2024	
Revenues	887,117,339
Cost of sales	(742,671,443)
Gross profit	144,445,896
Selling and marketing expenses	(14,132,664)
General and administrative expenses	(14,699,004)
Impairment loss of financial assets	(256,326)
Other income, net	6,021,512
Net profit for the period from main operations	121,379,414
Finance income	240,906
Financing costs	(450,616)
Net profit for the period before zakat	121,169,704
Zakat	(3,056,152)
Net profit for the year	118,113,552
Remeasurement of employees' defined benefit liabilities	316,512
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (100%)	118,430,064
Net profit for the year (from 6 March 2024 to 21 August 2024) (17%)	10,015,137
Net profit for the year (from 22 August 2024 to 31 December 2024) (40%)	12,141,873
Share of results for the year	22,157,010

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11. CASH AND CASH EQUIVALENT

	2024	2023
Cash at banks	40,961,264	137,092,371
Cash on hand	1,667,115	1,835,555
Short-term deposits *	-	110,000,000
	<u>42,628,379</u>	<u>248,927,926</u>

* Cash and cash equivalent include Murabaha Islamic short-term deposits with a maturity period within three months.

12. TRADE RECEIVABLES

	2024	2023
Trade receivables	302,171,385	254,826,242
Less: Allowance for expected credit losses	(5,221,227)	(3,819,363)
	<u>296,950,158</u>	<u>251,006,879</u>

Terms and conditions of the above financial assets:

Trade receivables are non-interest bearing and are generally on terms from 15 to 60 days. It is not the practice of the Group to obtain collateral over receivable balances.

The movement in the allowance for expected credit losses is as follows:

	2024	2023
Opening balance	3,819,363	13,781,430
Provided during the year	1,401,864	1,340,278
Write-off *	-	(11,302,345)
Closing balance	<u>5,221,227</u>	<u>3,819,363</u>

* The Board of Directors, in their meeting dated August 15, 2023, approved to write-off certain balances which were 100% provided for in prior years.

Please refer to (note 26.2) for information about the credit risk exposure on the Group's trade receivables using a provision matrix.

13. PREPAYMENTS AND OTHER ASSETS

	2024	2023
Advance to a related party *	127,647,019	147,582,501
Prepayments	16,389,962	13,789,491
Advances to suppliers and contractors **	9,696,537	3,601,741
Right of return assets	1,253,863	1,049,728
Employee receivables	647,826	998,570
Accrued compensation (Note 24)	-	8,271,036
Others	1,802,622	608,278
	<u>157,437,829</u>	<u>175,901,345</u>

*This amount represents advance payments to France Poultry (a subsidiary of the parent Company) for future deliveries of goods. Refer (note 14).

** This amount included SAR 2.5 million for Bureida Trading and Refrigeration Company (a subsidiary to the parent Company) to install refrigeration boxes, refer (note 14).


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14. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors, and key management personnel of the Group and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated financial statements are as follows:

<u>2024</u>	<u>Relationship</u>	<u>Sales</u>	<u>Purchases</u>	<u>Expenses*</u>	<u>PPE purchase/ Selling</u>
France Poultry	Subsidiary of ultimate Parent Company	-	573,239,857	-	-
Shawaya House Company	Subsidiary of ultimate Parent Company	13,679,429	-	201,089	-
Gulf Catering Company	Subsidiary of ultimate Parent Company	7,581,420	-	1,606,070	-
Nutrition and Diet Center Company	Subsidiary of ultimate Parent Company	6,335,654	5,186,001	960,602	25,765
Azzad Saudi Company	Subsidiary of ultimate Parent Company	348,815	-	194,729	-
Thati Limited Company	Subsidiary of ultimate Parent Company	33,950	-	21,536	-
Bureida Trading and Refrigeration Company	Subsidiary of ultimate Parent Company	-	-	223,375	15,657,905
Al-Kafa'a Real State Company	Subsidiary of ultimate Parent Company	-	-	1,253,950	-
Abdullah Al Ali Almunajem Sons Company	The ultimate Parent Company	-	-	3,115,186	-
Four Steps International Company	Owned by a member of the BOD	-	-	129,000	-
Entertainment Mine Company Ltd	Owned by a closed family member	280,090	-	-	-
Balady Poultry Trading Company	Associate Company	-	15,505,362	-	-
Others	Shareholder in the ultimate Parent Company	-	-	23,300	-

<u>2023</u>	<u>Relationship</u>	<u>Sales</u>	<u>Purchases</u>	<u>Expenses*</u>	<u>PPE purchase/ Selling</u>
France Poultry	Subsidiary of ultimate Parent Company	-	545,935,099	-	-
Shawaya House Company	Subsidiary of ultimate Parent Company	30,879,098	-	205,732	-
Gulf Catering Company	Subsidiary of ultimate Parent Company	7,609,468	-	607,613	-
Nutrition and Diet Center Company	Subsidiary of ultimate Parent Company	5,351,440	5,639,948	971,539	-
Azzad Saudi Company	Subsidiary of ultimate Parent Company	475,754	-	137,081	-
Thati Limited Company	Subsidiary of ultimate Parent Company	9,270	-	33,074	-
Bureida Trading and Refrigeration Company	Subsidiary of ultimate Parent Company	-	-	158,901	3,476,500
Al-Kafa'a Real State Company	Subsidiary of ultimate Parent Company	-	-	890,032	-
Abdullah Al Ali Almunajem Sons Company	The ultimate parent Company	-	-	2,474,579	-
Four Steps International Company	Owned by a member of the BOD	-	-	105,000	-
Balady Poultry Trading Company	Associate Company	-	-	-	-
Others	Shareholder in the ultimate Parent Company	-	-	23,300	-

* These expenses generally include expenses paid on behalf of the entity or its related parties, shared services centers, leases and other expenses within the normal course of business.

Related parties balances included in the consolidated statement of financial position are as follows:

a) Due from related parties

	2024	2023
Shawaya House Company	5,519,489	6,752,516
Nutrition and Diet Center Company	2,374,561	1,529,993
Gulf Catering Company	1,832,701	2,223,642
Entertainment Mine Company Ltd	32,325	-
Azzad Saudi Company	12,233	30,302
Thati Limited Company	2,618	-
	<u>9,773,927</u>	<u>10,536,453</u>

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14. RELATED PARTIES TRANSACTIONS AND BALANCES (CONTINUED)
a) Due from related parties (Continued)

The above balances are unsecured, interest-free, and having settlement terms within 30-45 days. The management estimates the allowance on due from the related party balance at the reporting date at an amount equal to lifetime ECL. No receivable balances from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate. Management considers that related party balances are not impaired. There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowances for balances due from related parties.

b) Due to related parties

	2024	2023
Burieda Trading and Refrigeration Company	94,241	429,064
Abdullah Al Ali Al Munajem Sons Company	29,788	46,330
Thati Limited Company	-	2,373
	<u>124,029</u>	<u>477,767</u>

Land leases include a lease with the ultimate parent Company, Abdullah Al Ali Almunajem Sons Company. Right of use assets amounting to SAR 20,202,741 (2023: SAR 21,552,540) and lease liability amounting to SAR 23,240,204 (2023: SAR 24,369,974) pertain to this lease (note 7). The payment of this land lease amounting to SAR 1.99 million (2023: SAR 1.99 million).

d) Key management compensation

Key management personnel of the Group comprise key members of the management having authority and responsibility for planning, directing, and controlling the activities of the Group. The compensation to key management is shown below:

	2024	2023
Short-term employee benefits *	11,384,429	9,005,081
Post-employment benefits	678,699	779,774
	<u>12,063,128</u>	<u>9,784,855</u>

* Key management remuneration includes SAR 1.98 million (2023: SAR 1.94 million) pertaining to the Board of Directors' remuneration.

15. REVENUE

	2024	2023
Revenue recognized at a point in time		
Non-retail - goods transferred	1,945,424,565	1,978,421,555
Retail - goods transferred	1,389,558,715	1,322,565,585
	<u>3,334,983,280</u>	<u>3,300,987,140</u>
Revenue recognized over-time		
Storage rent revenue	12,000,804	13,416,189
	<u>3,346,984,084</u>	<u>3,314,403,329</u>

All revenue is generated in the Kingdom of Saudi Arabia.


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16. INVENTORIES

	2024	2023
Goods for sale	385,465,396	318,050,021
Goods in transit	298,924,291	228,253,273
Raw materials and consumables	23,487,713	20,325,142
Spare parts and consumables	4,352,058	4,306,500
Less: Inventory provision	(2,093,264)	(1,778,476)
	<u>710,136,194</u>	<u>569,156,460</u>

The movement of inventory provision is as follows:

	2024	2023
Opening balance	1,778,476	1,000,000
Provided during the year*	314,788	778,476
Closing balance	<u>2,093,264</u>	<u>1,778,476</u>

* The provision pertains to specifically identified spares that are no longer usable and slow-moving goods. The provision for the year is allocated into cost of revenues by SAR 243,258 and selling and distribution expenses by SR 71,530.

During 2024, SAR 2,797,857,533 (2023: SAR 2,739,040,238) of the Inventory was recognized as an expense in the cost of revenue. Other items included in the cost of revenue include suppliers' volume rebates with an amount of SAR 24,216,629 (2023: SAR 14,580,307).

17. SHARE CAPITAL AND STATUTORY RESERVE
a) Share Capital

Authorized, issued and paid-up capital is divided into 60,000,000 shares of SAR 10 each (December 31, 2023: 60,000,000 shares of SAR 10 each).

b) Statutory Reserve

The Company transferred 10% of its profits to statutory reserve annually based on the previous regulations of the Companies and Company's bylaws. During 2024, the Company updated its bylaws based on the new Regulations for the Companies, which doesn't require the transfer of profits to reserve, accordingly no transfers were made to the reserves during the year.

18. EMPLOYEES' BENEFITS OBLIGATIONS

	2024	2023
Opening balance	53,342,696	48,263,214
Current service cost	5,275,368	4,656,747
Interest cost (note 25)	2,371,593	2,456,315
Benefits paid	(2,686,044)	(2,229,294)
Actuarial loss	1,283,613	195,714
Closing Balance	<u>59,587,226</u>	<u>53,342,696</u>

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18. EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2024	2023
Discount rate	%5.20	4.80%
Average duration of liability (in years)	5	8
Rate of salary increases	(4% - 4.2)	4.00%

All movements in the employees' benefit obligations are recognized in the consolidated statement of profit or loss except for the actuarial (gain)/loss, which is recognized as other comprehensive income.

Movements in actuarial loss reserve recognized in OCI are as follows:

	2024	2023
Opening balance	5,168,148	4,972,434
Actuarial loss on the obligation	1,283,613	195,714
Closing balance	6,451,761	5,168,148

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant. A positive amount represents an increase in the liability, whilst a negative amount represents a decrease in the liability.

	2024	2023
Increase in the discount rate of 1%	(2,529,914)	(3,715,995)
Decrease in the discount rate of 1%	2,805,545	4,249,128
Decrease in the rate of a salary increase of 1%	2,942,031	4,498,361
Increase in the rate of a salary increase of 1%	(2,700,555)	(3,997,212)

The following are the expected payments or contributions to the employees in future years:

	2024	2023
Within the next 12 months (next annual reporting period)	16,028,149	7,868,996
Between 2 and 5 years	25,347,765	17,232,680
Beyond 5 years	36,996,157	55,588,868
	78,372,071	80,690,544



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19. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

	2024	2023
Trade payables *	579,705,900	427,362,439
Accrued expenses	44,437,263	62,848,190
Advances from customers	1,272,336	1,199,945
Other payables **	10,792,798	3,264,292
	636,208,297	494,674,866

Trade and other payables are non-interest bearing and have a term of 30 to 90 days.

* Trade Payables include liability to Balady Poultry Company (Associate Company) by SAR 2.19 million (2023: Nil). refer (note 14).

* Trade Payables include supply chain agreements compatible with Islamic Sharia granted from Saudi local bank during the year ended December 31, 2024, with an amount of SAR 169.7 million (December 31, 2023: SAR 128.4 million).

The Group participates in a supplier finance arrangement referred to above, under which its suppliers may elect to receive early payment of their invoices from a bank. Under the arrangement, the bank agrees to pay amounts due to participating suppliers in respect of invoices owed by the Group and the Group repays the bank at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

The Group has not derecognised the original trade payables relating to the arrangement because neither a legal release was obtained nor was the original liability substantially modified on entering into the arrangement. From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating; however, the arrangement does provide willing suppliers with the benefit of early payment. Additionally, the Group has incurred interest towards the bank due to the suppliers with an amount of SAR 7,405,525 for the year ended 31 December 2024 (2023: 1,478,492). The Group therefore includes the amounts subject to the arrangement within trade payables because the nature and function of these payables remains the same as those of other trade payables. All payables under the arrangement are classified as current as at 31 December 2024 and 2023.

** Other payables include deferred customs duties by SAR 7.2 million (December 31, 2023: SAR 2.5 thousand).

20. SHORT-TERM LOANS

The Group has obtained Murabaha loans from local banks to finance the Group's working capital requirements and carry interest at commercial rates at SIBOR + 0.8% and have a maturity of less than a month.

As at December 31, 2024, the Group had total loan facilities amounting to SAR 500,000,000 (2023: SAR 500,000,000).

The movement in short-term loans is as follows:

	2024	2023
Opening balance	-	-
Proceeds from short-term loans	791,000,000	30,000,000
Payments of short-term loans	(699,000,000)	(30,000,000)
Closing balance	92,000,000	-

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21. ZAKAT PAYABLE

The Group obtained approval from the Zakat, Tax and Customs Authority (ZATCA) on 14th October 2024 (corresponding 10th Rabi 1446 H) to submit its zakat returns on a combined basis to include the Company and its subsidiary, The Optimal Solution Company from 2024 and onwards.

Zakat expense

The zakat charge for the year comprises of the following:

	2024	2023
Current year provision	12,278,692	19,541,041
Prior year adjustment	(500,000)	(124,569)
Total provided during the year	<u>11,778,692</u>	<u>19,416,472</u>

The principal elements of the zakat base attributable to Saudi Shareholders are as follows:

	2024	2023
Equity	731,321,887	650,482,843
Allowances and other adjustments	12,603,459	114,496,837
Book value of long-term assets	(723,312,019)	(313,578,921)
Non-current and current Liabilities	149,363,456	-
	<u>169,976,783</u>	<u>451,400,759</u>
Profit subject to Zakat for the year	<u>280,335,353</u>	<u>311,231,553</u>
Zakat base	<u>450,312,136</u>	<u>762,632,312</u>
Zakat charge for the year	<u>11,778,692</u>	<u>19,541,041</u>

Movement in the Zakat provision:

	2024	2023
Opening balance	19,541,041	18,840,788
Current year provision	12,278,692	19,541,041
Prior year adjustment	(500,000)	(124,569)
Payment during the year	(18,716,274)	(18,716,219)
Closing balance	<u>12,603,459</u>	<u>19,541,041</u>

Status of assessments

Zakat assessments for 2021 and 2022 were completed and no additional claims or settlements required.

The Company filed its Zakat return for the year 2023, and paid Zakat based on it and obtained Zakat certificate for the year 2023 during April 2024.

The Company was inspected for the value-added tax (VAT) for 2022, which was completed on 6 November 2023, resulting in adjustments against VAT returns and the Company paid the differences amounting to SAR 37,994.

The Company was inspected for the value-added tax (VAT) for 2023, completed on 21 May 2024, resulting in adjustments against VAT returns and the Company paid the differences, which was amounting to SAR 2,386.

Zakat assessment for 2023 is still under processing with Zakat, tax, and customs authority till the date of the issuance of these consolidated financial statements.



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22. SELLING AND DISTRIBUTION EXPENSES

	2024	2023
Employee costs	125,427,593	119,378,382
Marketing expenses	38,730,717	38,817,631
Depreciation of property, plant and equipment (note 8)	24,362,912	23,539,496
Sales commission	15,238,068	15,072,562
Utilities	14,536,696	14,627,443
Maintenance and car running expenses	17,002,448	14,190,898
Transportation and uploading expenses	8,878,790	7,165,185
Depreciation of right-use-assets (note 7)	8,339,799	7,278,966
Insurance	5,305,997	4,312,047
Rental expenses (short term lease) (note 7)	3,116,011	3,229,706
Amortization of intangible assets (note 9)	6,595	123,624
Other expenses	9,875,050	12,892,327
	<u>270,820,676</u>	<u>260,628,267</u>

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Employee costs	22,511,352	19,141,691
Professional fees	1,394,148	1,917,651
Depreciation of right-of-use assets (note 7)	1,202,548	745,497
Bank charges	966,849	803,114
Repair and maintenance	897,017	530,790
Amortization of intangible assets (note 9)	537,796	639,756
Utilities	459,782	629,171
Depreciation of property, plant, and equipment (note 8)	412,563	381,451
Other expenses	2,219,532	1,912,662
	<u>30,601,587</u>	<u>26,701,783</u>

24. OTHER INCOME

	2024	2023
Gain on disposal of property, plant and equipment *	9,826,465	8,255,740
Foreign currencies gain/ (loss)	3,786,265	(1,343,286)
Other income	772,602	1,090,701
	<u>14,385,332</u>	<u>8,003,155</u>

* During the year ended December 31, 2023, the Group realized and booked a net gain of SAR 5.5 million resulting from insured government compensation for a building owned by the Group located in Jeddah. The property was having a net book value of SAR 2.7 million (note 8). During April 2024, the formal procedure of collecting the compensation amount was finalized and the Group received an amount of SAR 11.1 million.

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25. FINANCE COSTS, NET

	2024	2023
Finance Cost		
Interest on employees' benefit obligations (note 18)	2,371,593	2,456,315
Interest on lease liabilities (note 7)	2,326,978	3,010,297
Interest on short-term loans*	8,293,186	1,532,020
	12,991,757	6,998,632
Finance Income		
Profit from short-term deposits**	(3,280,711)	(6,988,591)
	9,711,046	10,041

* The interest on short-term loans is for Murabaha Islamic loans obtained from local banks for working capital requirements.

** This relates to profits generated from Murabaha Islamic short-term deposits with a maturity period of less than three months.

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial assets

	2024	2023
Financial assets at amortised cost:		
Trade receivables	296,950,158	251,006,879
Due from related parties	9,773,927	10,536,453
Prepayments and other assets	1,608,476	8,271,036
	308,332,561	269,814,368
Cash and cash equivalent	42,628,379	248,927,926
Total financial assets	350,960,940	518,742,294

b. Financial liabilities

	2024	2023
Financial liabilities at amortised cost:		
Trade payables, accruals, and other liabilities	633,442,125	492,150,190
Short term loans	92,000,000	-
Lease liabilities	99,197,210	45,606,019
Due to related parties	124,029	477,767
	824,763,364	538,233,976

The Group's financial liabilities include trade payables, certain other payables, lease liabilities, and due to related parties. At December 31, 2024, all the Group's financial liabilities are classified at amortised cost.



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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

26.1 Fair Values

Financial instruments comprise financial assets and financial liabilities.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group's financial assets consist of cash and cash equivalent, trade receivables, other current financial assets due from related parties, and prepayments and other assets. The Group's financial liabilities consist of trade payables, certain other payables, short-term loans, lease liabilities, and due to related parties.

The fair values of the above financial assets and liabilities approximate their carrying amounts.

26.2 Financial Instruments Risk Management Objectives And Policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management monitors and manages of these risks. The Management regularly reviews and agrees policies and procedures to ensure that all financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to two types of market risk: interest rate risk, and foreign currency risk. Financial instruments affected by market risk include short term loans and payables denominated in foreign currency. There were no changes in these circumstances from the previous year.

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 Group's short-term loans have a short tenure and carry a floating rate of interest and is carried at amortized cost. Accordingly, management believes that the Group is not subject to any significant interest rate risk because it is a practice of the Group to settle all short-term debt obligations at the time of maturity which is generally one months.

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. Other than Saudi Riyals, the Group undertakes transactions denominated in foreign currencies principally in United States Dollars, United Arab Emirates Dirhams and Euros; consequently, exposures to exchange rate fluctuations arise. The management believes that there is no currency risk arising from the transactions in currencies to which Saudi Riyal is pegged. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's purchases from outside suppliers mainly denominated in Euros. The foreign currency SAR equivalent of Euro exposure in 2024 is SAR 73,544,033 (2023 : SAR 58,940,057), represents trade payable balances.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in SAR and Euro exchange rates, with all other variables held constant.

The impact on the Group's profit before zakat is due to changes in the fair value of monetary assets and liabilities.

	5% increase in exchange rate	5% decrease in exchange rate
2024	(3,677,202)	3,677,202
2023	(2,947,003)	2,947,003

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables, other current financial assets and related parties' balances) and from its financing activities, including balances with banks.

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26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)
26.2 Financial Instruments Risk Management Objectives And Policies (Continued)
Trade receivables

The average credit period granted terms is from 15 to 60 days. No interest is charged on outstanding trade receivables. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Not past due	Trade receivable – days past due				Total
		<90	90-180	181-365	>365	
December 31, 2024						
Expected credit loss rate %	0.09%	0.24%	14.38%	32.54%	87.23%	
Total gross carrying amount at default	199,241,794	96,403,834	670,384	729,903	5,125,470	302,171,385
Expected credit losses	(182,940)	(233,292)	(96,400)	(237,526)	(4,471,069)	(5,221,227)
	<u>199,058,854</u>	<u>96,170,542</u>	<u>573,984</u>	<u>492,377</u>	<u>654,401</u>	<u>296,950,158</u>
December 31, 2023						
Expected credit loss rate %	0.18%	0.59%	20.06%	45.28%	95.79%	
Total gross carrying amount at default	183,558,415	64,946,851	2,962,037	1,384,771	1,974,168	254,826,242
Expected credit losses	(323,402)	(383,747)	(594,153)	(627,086)	(1,890,975)	(3,819,363)
	<u>183,235,013</u>	<u>64,563,104</u>	<u>2,367,884</u>	<u>757,685</u>	<u>83,193</u>	<u>251,006,879</u>

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

	Within 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
December 31, 2024					
Trade payables, accruals, and other liabilities	633,442,125	-	-	-	633,442,125
Lease liabilities	7,027,843	10,223,313	50,180,178	61,749,741	129,181,075
Due to related parties	124,029	-	-	-	124,029
Short term Loans	92,000,000	-	-	-	92,000,000
	<u>732,593,997</u>	<u>10,223,313</u>	<u>50,180,178</u>	<u>61,749,741</u>	<u>854,747,229</u>
December 31, 2023					
Trade payables, accruals, and other liabilities	492,150,190	-	-	-	492,150,190
Lease liabilities	5,257,434	4,684,677	21,278,647	23,275,252	54,496,010
Due to related parties	477,767	-	-	-	477,767
	<u>497,885,391</u>	<u>4,684,677</u>	<u>21,278,647</u>	<u>23,275,252</u>	<u>547,123,967</u>

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27. EARNING PER SHARE (EPS)

Basic and diluted earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are the same as the basic earnings per share as the Company does not have any convertible securities or diluted instruments to exercise.

The following table reflects the profit for the year attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding during the period used in the basic and diluted EPS computations:

Basic and diluted earnings per share from net profit.

	2024	2023
Net profit for the year	<u>278,652,929</u>	<u>282,213,242</u>
Weighted average number of ordinary shares	<u>60,000,000</u>	<u>60,000,000</u>
Basic and diluted earnings per share	<u>4.64</u>	<u>4.70</u>

28. DIVIDENDS

The Board of Directors meeting held on November 28, 2024G (Corresponding to 26 Jumada al-Awwal 1446 H), based on authority granted by shareholders during their extraordinary General Assembly meeting dated May 26, 2024G (corresponding to 18 Dhul-Qi'dah 1445 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2024, has approved to distribute dividends for the second half of the year 2024 amounting to SAR 120 million to the Company's shareholders at 2 riyal per share, or 20% of the capital.

The Board of Directors meeting held on May 28, 2024G (Corresponding to 20 Dhul-Qi'dah 1445 H), based on authority granted by shareholders during their extraordinary General Assembly meeting dated May 26, 2024G (corresponding to 18 Dhul-Qi'dah 1445 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2024, has approved to distribute dividends for the first half of the year 2024 amounting to SAR 75 million to the Company's shareholders at 1.25 riyal per share, or 12.5% of the capital.

The Board of Directors meeting held on November 14, 2023 (corresponding to 30 Rabi' al-Awwal 1445H), based on authority granted by shareholders during their ordinary General Assembly meeting dated May 8, 2023G (corresponding to 18 Shawwal 1444 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2023, has approved to distribute cash dividends of SAR 120 million to the Company's shareholders for the second half of 2023 amounting to SAR 2 per share, or 20% of the capital.

The Board of Directors meeting held on July 17, 2023 (corresponding to 29 Dhu'l Hijjah 1444H), based on authority granted by shareholders during their ordinary General Assembly meeting dated May 8, 2023G (corresponding to 18 Shawwal 1444 H) to authorize Board of Directors to approve payment of dividends during interim periods of 2023, have approved to distribute cash dividends of SAR 75 million to the Company's shareholders for the first half of 2023 amounting to SAR 1.25 per share, or 12.5% of the capital.

The ordinary General Assembly meeting held on May 8, 2023G (corresponding to 18 Shawwal 1444 H) based on the recommendation of the Group's Board of Directors meeting held on March 23, 2023G, (Corresponding to 1 Ramadan 1444 H) approved to distribute dividends for the second half of the year 2022 amounting to SAR 60 million to the Company's shareholders at 1 riyal per share, or 10% of the capital.

29. CAPITAL MANAGEMENT

The Company's 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 shareholders' value, maintain market confidence, and sustain the future development of its business by maintaining an efficient capital base. It manages its capital structure and makes adjustments in light of changes in economic conditions.

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30. SEGMENT INFORMATION

The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group 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 Group manages them separately. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

For management reporting purposes, the Group is divided into business units based on their geographical regions, as follows:

2024	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue	1,397,010,380	677,996,168	1,271,977,536	3,346,984,084
Cost of revenue	1,163,284,252	567,425,831	1,049,849,549	2,780,559,632
Depreciation and amortization	11,252,865	5,465,567	12,586,847	29,305,279
Depreciation of right of use assets	5,286,588	1,560,709	3,181,421	10,028,718
Segment profit before Zakat	132,034,689	53,036,507	105,360,425	290,431,621
Total assets	1,061,391,821	308,820,463	566,032,661	1,936,244,945
Total liabilities	844,757,419	25,761,263	55,751,447	926,270,129

2023	Central region	Eastern & Northern regions	Western & Southern regions	Total
Revenue	1,388,904,227	672,203,320	1,253,295,782	3,314,403,329
Cost of revenue	1,152,289,048	555,028,234	1,024,779,119	2,732,096,401
Depreciation and amortization	9,909,816	5,408,553	12,977,748	28,296,117
Depreciation of right of use assets	3,696,975	1,442,077	2,918,371	8,057,423
Segment profit before Zakat	116,516,443	64,466,819	120,646,452	301,629,714
Total assets	837,661,843	254,442,618	472,652,891	1,564,757,352
Total liabilities	596,489,145	12,489,656	28,249,300	637,228,101

All the operating segments revenue and non-current assets are generated and based in the Kingdom of Saudi Arabia. There is no sole customer contributing 10% or more of the total revenue in both 2024 and 2023.

2024	Central Region	Eastern & Northern Regions	Western & Southern Regions	Total
Revenue				
Non-retail	771,525,191	406,493,402	767,405,972	1,945,424,565
Retail	621,091,697	268,768,427	499,698,591	1,389,558,715
Storage rent revenue	4,393,492	2,734,339	4,872,973	12,000,804
Total revenues	1,397,010,380	677,996,168	1,271,977,536	3,346,984,084
Cost of revenues				
Non-retail	(655,314,359)	(348,718,785)	(646,332,660)	(1,650,365,804)
Retail	(503,493,888)	(218,095,248)	(401,822,880)	(1,123,412,016)
Storage rent revenue	(4,476,005)	(611,798)	(1,694,009)	(6,781,812)
Total Cost of revenues	(1,163,284,252)	(567,425,831)	(1,049,849,549)	(2,780,559,632)
Total Gross profit	233,726,128	110,570,337	222,127,987	566,424,452



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30. SEGMENT INFORMATION (CONTINUED)

For management purposes, the Company is into revenue streams based on its geographical regions, as follows:

2023	Central Region	Eastern & Northern Regions	Western & Southern Regions	Total
Revenue				
Non-retail	790,351,085	410,286,432	777,784,038	1,978,421,555
Retail	594,837,150	258,289,035	469,439,400	1,322,565,585
Storage rent revenue	3,715,992	3,627,853	6,072,344	13,416,189
Total revenues	1,388,904,227	672,203,320	1,253,295,782	3,314,403,329
Cost of revenues				
Non-retail	(662,370,447)	(343,223,959)	(641,207,838)	(1,646,802,244)
Retail	(486,486,683)	(210,984,596)	(381,110,203)	(1,078,581,482)
Storage rent revenue	(3,431,918)	(819,679)	(2,461,078)	(6,712,675)
Total Cost of revenues	(1,152,289,048)	(555,028,234)	(1,024,779,119)	(2,732,096,401)
Total Gross profit	236,615,179	117,175,086	228,516,663	582,306,928

31. CONTINGENCIES AND COMMITMENTS

No outstanding letters of guarantee as of 31 December 2024 (31 December 2023: Nil), in respect of contract performance, and letters of credit amounting to SAR 13,853,034 (31 December 2023: SAR 3,522,799). There are capital commitments amounting to SAR 30,470,553 as of 31 December 2024 (31 December 2023: SAR 1,318,818) related to property, plant, and equipment.

32. SUBSEQUENT EVENTS DISCLOSURES

No other matters have occurred up to the date of the approval of these consolidated financial statements that could have a material effect on these consolidated financial statements and the related disclosures for the year ended December 31, 2024.

33. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended December 31, 2024, were approved for issuance by the Board of Directors on 13 March 2025G according to 13 Ramadan 1446H.



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