

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2021

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INDEX

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	7-14



REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Almarai Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Almarai Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

By:

Omar M. Al Sagga
License Number 369

11 April 2021




ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		31 March 2021 (Unaudited) SAR '000	31 December 2020 (Audited) SAR '000
	Notes		
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		20,876,075	21,112,904
Long-term Prepayments		600,124	606,939
Right-of-Use Assets		461,004	470,269
Intangible Assets and Goodwill		1,217,420	1,217,642
Biological Assets		1,392,360	1,392,079
Investments in Associate and Joint Venture	5	88,279	89,623
Equity Investment	5	139,135	129,734
Derivative Financial Instruments		-	142
Deferred Tax Assets		46,263	35,517
		<u>24,820,660</u>	<u>25,054,849</u>
Current Assets			
Inventories		4,512,653	4,705,364
Biological Assets		129,755	90,195
Trade Receivables, Prepayments and Other Receivables		2,689,080	1,936,341
Derivative Financial Instruments		56,071	54,047
Cash and Bank Balances		532,584	503,510
		<u>7,920,143</u>	<u>7,289,457</u>
TOTAL ASSETS		<u><u>32,740,803</u></u>	<u><u>32,344,306</u></u>
EQUITY AND LIABILITIES			
Share Capital	6	10,000,000	10,000,000
Statutory Reserve		2,428,915	2,428,915
Treasury Shares		(903,818)	(906,594)
Other Reserves		(448,729)	(443,871)
Retained Earnings		4,994,939	4,608,458
Equity Attributable to Equity Holders of the Company		<u>16,071,307</u>	<u>15,686,908</u>
Non-Controlling Interests		549,784	546,771
TOTAL EQUITY		<u><u>16,621,091</u></u>	<u><u>16,233,679</u></u>
Non-Current Liabilities			
Loans and Borrowings	7	9,732,705	10,088,955
Lease Liabilities		328,562	330,980
Employee Retirement Benefits		919,202	909,353
Derivative Financial Instruments		25,994	3,757
Deferred Tax Liabilities		121,027	102,139
		<u>11,127,490</u>	<u>11,435,184</u>
Current Liabilities			
Bank Overdrafts		128,895	137,512
Loans and Borrowings	7	979,678	1,026,013
Lease Liabilities		91,783	94,509
Zakat		383,916	371,993
Income Tax Payable		23,985	26,311
Trade and Other Payables		3,379,140	3,014,834
Derivative Financial Instruments		4,825	4,271
		<u>4,992,222</u>	<u>4,675,443</u>
TOTAL LIABILITIES		<u><u>16,119,712</u></u>	<u><u>16,110,627</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>32,740,803</u></u>	<u><u>32,344,306</u></u>

The accompanying notes 1 to 13 form an integral part of these Condensed Consolidated Interim Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:


Danko Maras
Chief Financial Officer


Abdullah Nasser Al Bader
Chief Executive Officer


HH Prince Naif Bin Sultan Bin
Mohammed Bin Saud Al Kabeer
Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

		31 March 2021 (Unaudited) SAR '000	31 March 2020 (Unaudited) SAR '000
	Notes		
Revenue	9	3,645,014	3,592,440
Cost of Sales		(2,409,909)	(2,339,247)
Gross Profit		1,235,105	1,253,193
Selling and Distribution Expenses		(604,052)	(611,569)
General and Administration Expenses		(97,308)	(99,828)
Other Expenses, net		(31,217)	(491)
Impairment Loss on Financial Assets		(176)	(28,540)
Operating Profit		502,352	512,765
Finance Cost, net		(88,794)	(124,875)
Share of Results of Associate and Joint Venture	5	(1,304)	(1,598)
Profit before Zakat and Income Tax		412,254	386,292
Zakat		(11,953)	(12,985)
Income Tax		(11,620)	(5,913)
Profit for the period		388,681	367,394
Profit / (Loss) for the period attributable to:			
Shareholders of the Company		385,946	383,005
Non-Controlling Interests		2,735	(15,611)
		388,681	367,394
Earnings per share (SAR), based on Profit for the period attributable to Shareholders of the Company			
- Basic	8	0.39	0.39
- Diluted	8	0.39	0.38

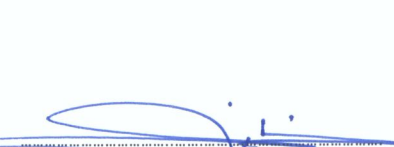
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ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

	31 March 2021 (Unaudited) SAR '000	31 March 2020 (Unaudited) SAR '000
Profit for the period	388,681	367,394
Items that will not be reclassified to profit or loss:		
Change in the Fair Value of Equity Investment through OCI	9,401	(33,257)
Items that are or may be reclassified subsequently to profit or loss:		
Foreign Currency Translation Differences	5,492	12,445
Movement in Fair Value on Cash Flow Hedges	(20,784)	(48,342)
Settlement of Cash Flow Hedges transferred to Profit or Loss	(125)	(16,976)
Other Comprehensive Loss for the period, net of Income Tax	(6,016)	(86,130)
Total Comprehensive Income for the period	382,665	281,264
Total Comprehensive Income / (Loss) for the period attributable to:		
Shareholders of the Company	379,652	289,807
Non-Controlling Interests	3,013	(8,543)
	382,665	281,264

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ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

	Share Capital	Statutory Reserve	Treasury Shares	Other Reserves	Retained Earnings	Equity Attributable to Equity Holders	Non-Controlling Interests	Total Equity
	SAR '000							
Balance as at 1 January 2020 (Audited)	10,000,000	2,230,479	(770,740)	(450,587)	3,644,197	14,653,349	605,771	15,259,120
Profit / (Loss) for the period	-	-	-	-	383,005	383,005	(15,611)	367,394
Other Comprehensive (Loss) / Income for the period	-	-	-	(93,198)	-	(93,198)	7,068	(86,130)
Total Comprehensive (Loss) / Income	-	-	-	(93,198)	383,005	289,807	(8,543)	281,264
Transactions with Owners in their Capacity as Owners								
Reclassification of dividend declared on treasury shares in prior years	-	-	-	-	21,546	21,546	-	21,546
Share Based Payment Transactions	-	-	-	4,883	-	4,883	-	4,883
Settlement of Treasury Shares	-	-	8,777	(1,712)	767	7,832	-	7,832
Purchase of Treasury Shares	-	-	(253,157)	-	-	(253,157)	-	(253,157)
Balance as at 31 March 2020 (Unaudited)	10,000,000	2,230,479	(1,015,120)	(540,614)	4,049,515	14,724,260	597,228	15,321,488
Balance as at 1 January 2021 (Audited)	10,000,000	2,428,915	(906,594)	(443,871)	4,608,458	15,686,908	546,771	16,233,679
Profit for the period	-	-	-	-	385,946	385,946	2,735	388,681
Other Comprehensive (Loss) / Income for the period	-	-	-	(6,294)	-	(6,294)	278	(6,016)
Total Comprehensive (Loss) / Income	-	-	-	(6,294)	385,946	379,652	3,013	382,665
Transactions with Owners in their Capacity as Owners								
Share Based Payment Transactions	-	-	-	2,260	-	2,260	-	2,260
Settlement of Treasury Shares	-	-	2,776	(824)	535	2,487	-	2,487
Balance as at 31 March 2021 (Unaudited)	10,000,000	2,428,915	(903,818)	(448,729)	4,994,939	16,071,307	549,784	16,621,091

The accompanying notes 1 to 13 form an integral part of these Condensed Consolidated Interim Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:


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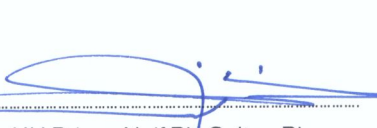
ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

		31 March 2021 (Unaudited) SAR '000	31 March 2020 (Unaudited) SAR '000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		388,681	367,394
Adjustments for non-cash items:			
Depreciation of Property, Plant and Equipment		414,202	397,428
Amortisation of Long-term Prepayments		6,815	3,737
Depreciation of Right-of-Use Assets		26,253	25,981
Amortisation of Intangible Assets		16,955	12,711
Depreciation of Biological Assets		85,262	77,090
(Gain) / Loss Arising from Changes in Fair Value less Cost to Sell of Crops		(5,727)	11,209
Provision for Employee Retirement Benefits		32,002	30,355
Share Based Payment Expense		2,260	4,883
Finance Cost, net		88,794	124,875
Other Expenses, net		31,217	491
Share of Results of Associates and Joint Venture	5	1,304	1,598
Zakat		11,953	12,985
Income Tax		11,620	5,913
		<u>1,111,591</u>	<u>1,076,650</u>
Changes in working capital:			
Inventories		691,492	463,129
Biological Assets		(532,551)	(346,071)
Trade Receivables, Prepayments and Other Receivables		(769,634)	(644,704)
Trade and Other Payables		388,711	(80,523)
Cash Flow Used in Working Capital		<u>(221,982)</u>	<u>(608,169)</u>
Employee Retirement Benefits Paid		(22,225)	(29,710)
Zakat and Income Tax Paid		(1,394)	(54,679)
Net Cash Generated from Operating Activities		<u>865,990</u>	<u>384,092</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Redemption of Time Deposit		-	585,000
Additions to Property, Plant and Equipment		(174,414)	(241,368)
Proceeds from the Disposal of Property, Plant and Equipment		1,131	45,608
Additions to Intangible Assets		(16,702)	(31,274)
Additions to Biological Assets		(29,492)	(27,780)
Appreciation of Biological Assets		(153,999)	(141,698)
Proceeds from the Disposal of Biological Assets		74,414	51,618
Net Cash (Used in) / Generated From Investing Activities		<u>(299,062)</u>	<u>240,106</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans and Borrowings		1,042,569	2,027,824
Repayment of Loans and Borrowings		(1,459,202)	(2,464,731)
Finance Cost Paid		(86,896)	(106,799)
Purchase of Treasury Shares		-	(253,157)
Settlement of Treasury Shares		2,487	7,832
Lease Payments		(28,273)	(27,952)
Net Cash Used in Financing Activities		<u>(529,315)</u>	<u>(816,983)</u>
Net Change in Cash and Cash Equivalents		<u>37,613</u>	<u>(192,785)</u>
Cash and Cash Equivalents as at 1 January		365,998	338,435
Effect of Movements in Exchange Rates on Cash and Cash Equivalents		78	(602)
Cash and Cash Equivalents as at 31 March	10	<u><u>403,689</u></u>	<u><u>145,048</u></u>

The accompanying notes 1 to 13 form an integral part of these Condensed Consolidated Interim Financial Statements, which have been authorised for issue by the Board of Directors on behalf of the Shareholders, and signed on its behalf by:


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Abdullah Nasser Al Bader
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**HH Prince Naif Bin Sultan Bin
 Mohammed Bin Saud Al Kabeer**
 Chairman

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

Almarai Company (the “Company”) is a Saudi Joint Stock Company, which was converted from a limited liability company to a joint stock company on 2 Rajab 1426 A.H. (8 August 2005). The Company initially commenced trading on 19 Dul Hijjah 1411 A.H. (1 July 1991) and operates under Commercial Registration No. 1010084223. Prior to the consolidation of activities in 1991, the core business was trading between 1977 and 1991 under the Almarai brand name.

The Company’s Head Office is located at Exit 7, North Ring Road, Al Izdihar District, P.O. Box 8524, Riyadh 11492, Kingdom of Saudi Arabia (“Saudi Arabia”).

The Company and its subsidiaries (together, the “Group”) are a major integrated consumer food and beverage Group in the Middle East with leading market share in Saudi Arabia. It also operates in Egypt, Jordan and other Gulf Cooperation Council (“GCC”) countries.

Dairy, Fruit Juices and related food business is operated under the “Almarai”, “Joosy Life”, “Beyti” and “Teeba” brand names. All raw milk production, Dairy and Fruit Juice product processing and related food product manufacturing activities are undertaken in Saudi Arabia, United Arab Emirates (“UAE”), Egypt and Jordan.

Dairy, Fruit Juices and related food business in Egypt and Jordan operates through International Dairy and Juice Limited (“IDJ”), a joint venture with PepsiCo, in which the Company holds a controlling interest. The Group manages IDJ operations through the following key subsidiaries:

Jordan - Teeba Investment for Developed Food Processing
Egypt - International Company for Agricultural Industries Projects (Beyti) (SAE)

Bakery products are manufactured and traded by Western Bakeries Company Limited and Modern Food Industries Company Limited, a venture with Chipita Group, in which the Company holds a controlling interest, under the brand names “L’usine” and “7 Days”, respectively.

Poultry products are manufactured and traded by Hail Agricultural Development Company under the “Alyoum” and “AlBashayer” brand names.

Infant Nutrition products are manufactured by Almarai Baby Food Company Limited and traded by International Pediatric Nutrition Company under “Nuralac” and “Evolac” brand names.

In territories where the Group has operations, final consumer packed products are distributed from manufacturing facilities to local distribution centres by the Group’s long haul distribution fleet. The distribution centres in GCC countries are managed through subsidiaries in UAE, Oman and Bahrain and an agency agreement in Kuwait as follows:

UAE - Almarai Emirates Company LLC
Oman - Arabian Planets for Trading and Marketing LLC
Bahrain - Almarai Company Bahrain W.L.L.
Kuwait - Al Kharafi Brothers Dairy Products Company Limited

In other territories, where permissible by law, export sales are made through other subsidiaries.

The Group owns and operates arable farms in Argentina and in United States of America (USA), collectively referred to as “Fondomonte”, through the following key subsidiaries:

USA - Fondomonte Holdings North America LLC
Argentina - Fondomonte South America S.A

The Group’s non-GCC business operations under IDJ and Fondomonte are managed through Almarai Investment Holding Company W.L.L., a Company incorporated in the Kingdom of Bahrain.

The Group owns 93.5% shareholding in Pure Breed Poultry Company whose main operations are focused on poultry grandparent farming.

The Group owns 100% shareholding in Premier Foods Industries Company LLC (“Premier Foods”) in Saudi Arabia. Premier Foods is primarily engaged in providing value added products (meat and poultry) to the food services industry in the Middle East.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (Continued...)

Potential Acquisitions:

On 2 Shabaan 1442 (15 March 2021), the Group entered into a Share Purchase Agreement ('SPA') to acquire 100% shares of Bakemart FZ LLC and Bakemart LLC, based in United Arab Emirates and Bakemart W.L.L based in Bahrain (collectively the "Entities") for an enterprise value of AED 93.5 million (SAR 95.5 million).

Completion of the SPA is subject to approvals from regulatory authorities including the approval from the General Authority for Competition ("GAC") in the Kingdom of Saudi Arabia. The Group does not have a historical precedence of approvals from the GAC and therefore management believes that such approval is a substantive condition under IFRS 3 Business Combinations. As at 31 March 2021, such approvals have not been received and accordingly, the financial impact and results of the Entities will be incorporated in the Group Condensed Consolidated Interim Financial Statements only when such approvals have been received.

Comparability of Quarterly Results:

Unlike the year-end Consolidated Financial Statements, the quarterly Condensed Consolidated Interim Financial Statements are normally prepared on a basis which reflects the weekly cycle of operational close of the financial systems. The operational close date will therefore not necessarily be exactly the same as the last day of the calendar quarter. Such differences average out such that differences in the length of the current period and comparative period are insignificant or management adjusts the close date accordingly to ensure that such periods are comparable.

Covid-19 Update:

In response to the spread of the Covid-19 in GCC and other territories where the Group operates and its resulting disruptions to the social and economic activities in those markets, Management had proactively assessed its impacts on its operations and took a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and the wider community as well as to ensure the continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Group's operations remained largely unaffected as the food industry in general was exempt from the various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping and flight operations restrictions. The underlying demand from retail and wholesale customers for the Group's products has been largely unaffected, although some small shifts in product mix were apparent. Based on these factors, Management believes that the Covid-19 pandemic has had no material effect on Almarai's reported financial results for the period ended 31 March 2021.

The Group continues to monitor the Covid-19 situation closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2021 or beyond.

Zakat and Income Tax assessments

During 2021, the Group received assessment orders for Almarai Company for the years from 2015-2018. Appeals against the assessments have been filed and are under review as at 31 March 2021. Management believes that the decisions on appeal against the open years' assessments will not result in material amounts that are in addition to what have already been recorded in the Condensed Consolidated Interim Financial Statements.

The results for the period are not indicative of the Group's annual result.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Group's last annual Consolidated Financial Statements for the year ended 31 December 2020. They do not include all of the information normally required for a complete set of Consolidated Financial Statements; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2020.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

2. BASIS OF PREPARATION (Continued..)

2.2 Preparation of the Financial Statements

These Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis except for the following material items in the Condensed Consolidated Statement of Financial Position:

- Derivative financial instruments are measured at fair value;
- Equity Investment is measured at fair value through OCI;
- The defined benefit obligation is recognised at the present value of future obligations using the Projected Unit Credit Method; and
- Biological Assets, where fair value is reliably measurable, have been measured at fair value.

2.3 Use of Judgments and Estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Consolidated Financial Statements. (except for events and transactions disclosed in Note 1).

3. FUNCTIONAL AND PRESENTATION CURRENCY

These Condensed Consolidated Interim Financial Statements are presented in Saudi Riyals ("SAR"), which is the Company's functional and Group's presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Condensed Consolidated Interim Financial Statements.

ALMARAI COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

5. INVESTMENTS

	Nature	Principal activity	Place of Incorporation	31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited) SAR '000	31 December 2020 (Audited) SAR '000
Investments in Associate and Joint Venture							
Maria Fondomonte S.A. (Refer note 5.1)	Associate	Source, Process and Sale of Forage Supplies to the Group	Romania	49.0%	49.0%	88,075	89,419
Almarai Company W.L.L.	Joint Venture	Dormant	Qatar	50.0%	50.0%	204	204
						<u>88,279</u>	<u>89,623</u>
Equity Investment (Refer note 5.2)							
Mobile Telecommunications Company Saudi Arabia - ("Zain")				1.1%	1.1%	<u>139,135</u>	<u>129,734</u>

5.1. Movement in Investment in Associate is as follows:

	31 March 2021 (Unaudited) SAR '000	31 December 2020 (Audited) SAR '000
Maria Fondomonte S.A.		
Opening balance	89,419	87,825
Share of Results for the period / year	(1,304)	1,405
Currency Translation Difference	(40)	189
Closing balance	<u>88,075</u>	<u>89,419</u>

5.2. The equity investment of 9.5 million (31 December 2020: 9.5 million) shares in Zain is measured at fair value based on quoted market price available on the Saudi Stock Exchange (Tadawul). The fair valuation resulted in an unrealised gain of SAR 9.4 million for the period ended 31 March 2021 which is presented within the Condensed Consolidated Statement of Comprehensive Income (31 March 2020: SAR 33.3 million unrealised loss).

The Company has pledged Zain shares to Banque Saudi Fransi ("BSF") to secure the BSF loan to Zain KSA.

ALMARAI COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

6. SHARE CAPITAL

The Company's share capital as at 31 March 2021 amounted to SAR 10.0 billion (2020: SAR 10.0 billion), consisting of 1.0 billion (2020: 1.0 billion) fully paid and issued shares of SAR 10 each.

	Notes	31 March 2021 (Unaudited) SAR '000	31 December 2020 (Audited) SAR '000
7. LOANS AND BORROWINGS			
Islamic Banking Facilities (Murabaha)		4,022,803	4,416,610
Saudi Industrial Development Fund		2,440,566	2,421,231
Banking Facilities of Non-GCC Subsidiaries		384,740	358,541
Supranational		248,257	272,714
Agricultural Development Fund		141,963	142,828
		<u>7,238,329</u>	<u>7,611,924</u>
Sukuk	7.1	1,600,342	1,608,575
International Sukuk		1,873,712	1,894,469
		<u>10,712,383</u>	<u>11,114,968</u>
Short-Term Loans		103,631	55,436
Current Portion of Long-Term Loans		876,047	970,577
Loans and Borrowings - Current Liabilities		<u>979,678</u>	<u>1,026,013</u>
Loans and Borrowings - Non-Current Liabilities		<u>9,732,705</u>	<u>10,088,955</u>
		<u>10,712,383</u>	<u>11,114,968</u>

7.1. The loans contain certain covenants. A future breach of covenants may lead to renegotiation. The covenants are monitored on a monthly basis by management. In case of potential breach, actions are taken by management to ensure compliance. During the period ended 31 March 2021, there has been no non-compliance with any of the covenants.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	31 March 2021 (Unaudited) SAR '000	31 March 2020 (Unaudited) SAR '000
Profit for the period attributable to the Shareholders of the Company	385,946	383,005
Number of shares '000'		
Weighted average number of ordinary shares for the purpose of basic earnings	981,226	982,007
Weighted average number of ordinary shares repurchased	18,774	17,993
Weighted average number of ordinary shares for the purpose of diluted earnings	<u>1,000,000</u>	<u>1,000,000</u>
Earnings per Share (SAR), based on Profit for the period attributable to Shareholders of the Company		
- Basic	<u>0.39</u>	<u>0.39</u>
- Diluted	<u>0.39</u>	<u>0.38</u>

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

8. EARNINGS PER SHARE (Continued...)

Weighted average number of shares are retrospectively adjusted to reflect the effect of Bonus Shares and are adjusted to take account of Treasury Shares held under the Almarai Employee Stock Options Programme.

9. SEGMENT REPORTING

The Group's principal business activities involve manufacturing and trading of dairy and juice products under Almarai, Joosy Life Beyti and Teeba brands, bakery products under L'usine and 7 Days brands and poultry products under Alyoum and AlBashayer brands. Other activities include Arable, Horticulture, Infant Nutrition and Food Services. Selected financial information as at 31 March 2021 and 31 March 2020, and for the period then ended, categorised by these business segments, is as follows:

Dairy and Juice	Milk production, dairy and fruits juice product processing and distribution
Bakery	Bakery products manufacturing and distribution
Poultry	Poultry products manufacturing and distribution
Other Activities	Horticulture and Infant Nutrition

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 March 2021					
Revenue	2,595,683	391,085	551,842	243,523	3,782,133
Third Party Revenue	2,581,482	391,085	551,842	120,605	3,645,014
Depreciation and Amortisation	(359,129)	(56,680)	(86,508)	(47,170)	(549,487)
Share of Results of Associates and Joint Venture	-	-	-	(1,304)	(1,304)
Profit for the period	288,564	41,769	55,779	2,569	388,681
Profit attributable to Shareholders of the Company	289,893	38,098	55,386	2,569	385,946
Total Assets	22,223,685	2,110,096	5,387,775	3,019,247	32,740,803
Total Liabilities	14,201,837	429,579	790,526	697,770	16,119,712
31 December 2020					
Total Assets	21,716,476	2,139,323	5,473,469	3,015,038	32,344,306
Total Liabilities	14,207,258	430,518	802,328	670,523	16,110,627
31 March 2020					
Revenue	2,536,845	432,810	558,388	221,677	3,749,720
Third Party Revenue	2,520,118	432,810	558,388	81,124	3,592,440
Depreciation and Amortisation	(327,659)	(57,689)	(94,665)	(36,934)	(516,947)
Share of Results of Associates and Joint Venture	-	-	-	(1,598)	(1,598)
Profit / (loss) for the period	251,906	63,919	73,147	(21,578)	367,394
Profit / (loss) attributable to Shareholders of the Company	272,218	59,208	73,157	(21,578)	383,005
Total Assets	22,007,991	2,203,806	5,277,175	3,238,039	32,727,011
Total Liabilities	15,191,553	441,156	1,007,956	764,858	17,405,523
31 December 2019					
Total Assets	22,327,971	2,229,028	5,239,310	3,351,733	33,148,042
Total Liabilities	15,668,242	457,357	1,000,988	762,335	17,888,922

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

9. SEGMENT REPORTING (Continued..)

The Group's revenue is derived from contracts with customers for sale of consumer products. Control of products is transferred at a point in time and directly sold to customers.

Finance cost and tax expenses are not analysed at segment level, as it is driven by the central treasury and tax functions respectively, which manages these expenses at the Group level.

Segment assets are measured in the same way as in the Financial Statements. These assets are allocated and analysed based on the operations of the segment. The Group's management does not analyse total assets based on its geographical location and therefore country-wise total assets are not disclosed in these Condensed Consolidated Interim Financial Statements.

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
For the three month period ended 31 March 2021					
Saudi Arabia	1,612,828	315,948	459,240	43,368	2,431,384
Other GCC Countries	573,949	72,117	61,066	5,227	712,359
Other Countries	394,705	3,020	31,536	72,010	501,271
Total	2,581,482	391,085	551,842	120,605	3,645,014
For the three month period ended 31 March 2020					
Saudi Arabia	1,572,984	350,309	487,189	59,208	2,469,690
Other GCC Countries	641,960	79,406	60,374	-	781,740
Other Countries	305,174	3,095	10,825	21,916	341,010
Total	2,520,118	432,810	558,388	81,124	3,592,440

10. CASH FLOW INFORMATION

10.1. Cash and Cash Equivalents

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
	SAR '000	SAR '000
Cash and Bank Balances	532,584	376,029
Bank Overdrafts	(128,895)	(230,981)
Total	403,689	145,048

10.2. Non-cash Investing and Finance Activities

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
	SAR '000	SAR '000
Transfer to Property, Plant and Equipment from Capital Work-in-Progress	127,022	369,526
Borrowing Cost Capitalised as part of Capital Work-in-Progress	2,156	1,972
Transfer to Intangible Assets from Capital Work-in-Progress	4,834	18,326
Transfer from Immature Plantation to Mature Plantation	23,609	39,324
Total	157,621	429,148

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

11. DIVIDENDS

The Board of Directors have proposed, for shareholders' approval at the General Assembly Meeting to be held on 13 April 2021, a dividend of SAR 1,000.0 million (SAR 1 per share) for the year ended 31 December 2020.

12. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period-end that require disclosure or adjustment in these Condensed Consolidated Interim Financial Statements.

13. BOARD OF DIRECTORS APPROVAL

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on behalf of the Shareholders on 29 Shaban 1442 A.H. (11 April 2021).