

**SAVOLA GROUP COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS - (UNAUDITED)**  
For the three-month period ended March 31, 2021  
together with the Independent Auditor's Review Report

**SAVOLA GROUP COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS - (UNAUDITED)**  
For the three-month period ended March 31, 2021

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

## كي بي ام جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Savola Group Company

## Introduction

We have reviewed the accompanying March 31, 2021 condensed consolidated interim financial statements of Savola Group Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at March 31, 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended March 31, 2021;
- the condensed consolidated statement of cash flows for the three-month period ended March 31, 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is 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 the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 that are 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 March 31, 2021 condensed consolidated interim financial statements of **Savola Group Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Ebrahim Oboud Baeshen  
License No. 382

Jeddah, April 28, 2021

Corresponding to Ramadan 16, 1442H



KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي ام جي للاستشارات المهنية، شركة مهنية مساهمة متقلة مسجلة في المملكة العربية السعودية رأس مالها (15000000) ريال سعودي مطروح بالكامل، وقد تم تغيير اسم الشركة من الاسم السابق "شركة كي بي ام جي الفوزان وشركاه محاسبين ومراجعين كاونتين" إلى الاسم الحالي بتاريخ 2021/03/21، وهي شركة عضو غير شريك في شبكة شركات كي بي ام جي المستقلة والخدمة لـ كي بي ام جي المهنية، شركة مسجلة في بريطانيا

Commercial Registration of the headquarter in Riyadh is 1010425494.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Note	March 31, 2021 <u>(Unaudited)</u>	December 31, 2020 <u>(Audited)</u>
<b>ASSETS</b>			
Property, plant and equipment		6,309,757	6,361,632
Right-of-use assets		3,806,246	3,912,128
Intangible assets and goodwill		842,791	820,157
Investment property		25,875	26,677
Equity-accounted investees	5	9,178,436	9,054,136
Investments at fair value through other comprehensive income	6	524,263	387,196
Long term receivables		7,558	7,547
Derivative		1,781	2,311
Deferred tax asset		26,454	29,800
<b>Non-current assets</b>		<u>20,723,161</u>	<u>20,601,584</u>
Inventories		4,138,152	3,067,033
Trade receivables		1,768,631	1,182,226
Prepayments and other receivables		1,312,033	1,111,371
Investments at fair value through profit or loss	6	26,881	2,792
Cash and bank balances	4	1,165,345	1,093,378
<b>Current assets</b>		<u>8,411,042</u>	<u>6,456,800</u>
<b>TOTAL ASSETS</b>		<u>29,134,203</u>	<u>27,058,384</u>
<b>EQUITY</b>			
Share capital	7	5,339,807	5,339,807
Shares held under employees' share based payment plan	8	(16,509)	(16,509)
Share premium		342,974	342,974
Statutory reserve	9	1,774,085	1,774,085
General reserve		4,000	4,000
Other reserves		32,557	(94,585)
Effect of transactions with non-controlling interests without change in control		(187,979)	(187,979)
Foreign currency translation reserve		(1,972,641)	(1,966,648)
Retained earnings		3,190,823	3,036,997
<b>Equity attributable to owners of the Company</b>		<u>8,507,117</u>	<u>8,232,142</u>
Non-controlling interests		953,341	932,412
<b>TOTAL EQUITY</b>		<u>9,460,458</u>	<u>9,164,554</u>
<b>LIABILITIES</b>			
Loans and borrowings	10	4,486,655	4,464,301
Lease liabilities		3,693,462	3,723,132
Employee benefits		813,614	803,870
Long-term payables		247,825	248,592
Derivative		184,750	190,562
Provision against asset restoration		147,035	146,466
Deferred tax liability		136,217	133,051
<b>Non-current liabilities</b>		<u>9,709,558</u>	<u>9,709,974</u>
Loans and borrowings	10	3,083,905	2,436,015
Lease liabilities		571,825	642,881
Trade payables		3,611,617	2,474,998
Accrued and other liabilities		2,696,840	2,629,962
<b>Current liabilities</b>		<u>9,964,187</u>	<u>8,183,856</u>
<b>TOTAL LIABILITIES</b>		<u>19,673,745</u>	<u>17,893,830</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>29,134,203</u>	<u>27,058,384</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Revenues	15	<b>5,953,570</b>	5,922,884
Cost of revenues	15	<b>(4,741,944)</b>	(4,699,888)
<b>Gross profit</b>		<b><u>1,211,626</u></b>	<u>1,222,996</u>
Share of results of equity-accounted investees, net of zakat and tax		<b>128,469</b>	135,104
Selling and distribution expenses		<b>(719,740)</b>	(740,945)
Administrative expenses		<b>(247,644)</b>	(208,670)
<b>Results from operating activities</b>		<b><u>372,711</u></b>	<u>408,485</u>
Finance income		<b>15,438</b>	11,717
Finance cost		<b>(167,224)</b>	(193,598)
<b>Net finance cost</b>		<b><u>(151,786)</u></b>	<u>(181,881)</u>
<b>Profit before zakat and income tax</b>		<b><u>220,925</u></b>	<u>226,604</u>
Zakat and income tax expense	11	<b>(29,601)</b>	(28,169)
<b>Net profit for the period</b>		<b><u>191,324</u></b>	<u>198,435</u>
<b>Other Comprehensive Income / (Loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Re-measurements of defined benefit liability		--	(23,079)
Investments at fair value through other comprehensive income - net change in fair value		<b>137,067</b>	(60,571)
<i>Items that are or may be reclassified to profit or loss</i>			
Foreign operations - foreign currency translation differences		<b>(4,623)</b>	(60,522)
Equity accounted investees - share of other comprehensive income		<b>(4,163)</b>	(23,376)
Cash flow hedges - effective portion of changes in fair value		<b>(9,394)</b>	762
<b>Other comprehensive income / (loss)</b>		<b><u>118,887</u></b>	<u>(166,786)</u>
<b>Total comprehensive income for the period</b>		<b><u>310,211</u></b>	<u>31,649</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED) (CONTINUED)**

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Profit for the period</b>			
<b>attributable to:</b>			
Owners of the Company		153,826	172,755
Non-controlling interests		37,498	25,680
<b>Profit for the period</b>		<u>191,324</u>	<u>198,435</u>
<b>Total comprehensive income for the period</b>			
<b>attributable to:</b>			
Owners of the Company		274,248	19,435
Non-controlling interests		35,963	12,214
<b>Total comprehensive income for the period</b>		<u>310,211</u>	<u>31,649</u>
<b>Earnings per share attributable to the Owners of the Company (in Saudi Riyals):</b>			
Basic and diluted	13	0.29	0.32

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Owners of the Company											
	Share capital	Share premium	Shares held under employees' share based payment plan	Statutory reserve	General reserve	Other reserves	Effect of transactions with non-controlling interests without change in control	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at January 1, 2021</b>	<b>5,339,807</b>	<b>342,974</b>	<b>(16,509)</b>	<b>1,774,085</b>	<b>4,000</b>	<b>(94,585)</b>	<b>(187,979)</b>	<b>(1,966,648)</b>	<b>3,036,997</b>	<b>8,232,142</b>	<b>932,412</b>	<b>9,164,554</b>
<u>Total comprehensive income / (loss) for the period</u>												
Profit for the period	--	--	--	--	--	--	--	--	153,826	153,826	37,498	191,324
Other comprehensive income / (loss)	--	--	--	--	--	126,415	--	(5,993)	--	120,422	(1,535)	118,887
	--	--	--	--	--	126,415	--	(5,993)	153,826	274,248	35,963	310,211
Charge for equity-settled employees' share based payment plan (note 8)	--	--	--	--	--	727	--	--	--	727	--	727
Dividends	--	--	--	--	--	--	--	--	--	--	(15,034)	(15,034)
<b>Balance at March 31, 2021</b>	<b>5,339,807</b>	<b>342,974</b>	<b>(16,509)</b>	<b>1,774,085</b>	<b>4,000</b>	<b>32,557</b>	<b>(187,979)</b>	<b>(1,972,641)</b>	<b>3,190,823</b>	<b>8,507,117</b>	<b>953,341</b>	<b>9,460,458</b>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)**

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	Equity attributable to the Shareholders of the Parent Company										
	Share capital	Share premium	Statutory reserve	General reserve	Other reserve	Effect of transactions with non- controlling interests without change in control	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
Balance at January 1, 2020	5,339,807	342,974	1,774,085	4,000	(179,230)	(187,979)	(1,792,396)	2,288,979	7,590,240	948,830	8,539,070
<u>Total comprehensive income</u> <u>/(loss) for the period</u>											
Net profit for the period	--	--	--	--	--	--	--	172,755	172,755	25,680	198,435
Other comprehensive loss	--	--	--	--	(83,185)	--	(48,238)	(21,897)	(153,320)	(13,466)	(166,786)
	--	--	--	--	(83,185)	--	(48,238)	150,858	19,435	12,214	31,649
Dividends	--	--	--	--	--	--	--	--	--	(7,016)	(7,016)
Balance at March 31, 2020	<u>5,339,807</u>	<u>342,974</u>	<u>1,774,085</u>	<u>4,000</u>	<u>(262,415)</u>	<u>(187,979)</u>	<u>(1,840,634)</u>	<u>2,439,837</u>	<u>7,609,675</u>	<u>954,028</u>	<u>8,563,703</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.



**SAVOLA GROUP COMPANY**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>			
Profit for the year		191,324	198,435
Adjustments for:			
Depreciation and amortisation		268,656	284,329
Net finance cost		151,786	181,881
Share of results in investment in equity accounted investees, net of zakat and tax		(128,469)	(135,104)
Share based payment expense		1,118	--
Gain on sale of property, plant and equipment		(911)	(318)
Zakat and income tax expense		29,601	28,169
		<u>513,105</u>	<u>557,392</u>
<b>Changes in:</b>			
Inventories		(1,051,309)	(760,777)
Trade receivables		(582,330)	(376,118)
Prepayments and other receivables		(199,613)	(76,313)
Trade payables		1,113,553	1,534,826
Employee benefits		9,382	5,427
Accrued and other liabilities		(1,533)	62,152
<b>Cash generated from operating activities</b>		<u>(198,745)</u>	<u>946,589</u>
Finance cost paid		(82,880)	(131,494)
Zakat and income tax paid		(354)	(60,492)
<b>Net cash (used in) / generated from operating activities</b>		<u>(281,979)</u>	<u>754,603</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(90,175)	(83,917)
Proceeds from sale of property, plant and equipment		1,823	1,397
Net investment in FVTPL investments		(24,089)	(15,045)
Dividends received		--	12,663
Acquisition of subsidiary, net of cash acquired	1	(7,882)	--
<b>Net cash used in investing activities</b>		<u>(120,323)</u>	<u>(84,902)</u>
<b>Cash flows from financing activities</b>			
Net change in loans and borrowings – current		529,846	(384,338)
Net change in loans and borrowings - non-current		22,354	138,256
Net changes in bank deposits with maturity more than three months		(13,897)	(11,605)
Dividends paid		(847)	(678)
Payment of lease liabilities		(177,429)	(178,312)
Net changes in non-controlling interests		(15,034)	(7,016)
<b>Net cash generated from / (used in) financing activities</b>		<u>344,993</u>	<u>(443,693)</u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)**

For the three-month period ended March 31,

(Expressed in thousands of Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Net change in cash and cash equivalents</b>		<b>(57,309)</b>	226,008
Effect of movement in exchange rates on cash and cash equivalents		<b>224</b>	(17,459)
Cash and cash equivalents at beginning of the year		<b>496,494</b>	497,633
<b>Cash and cash equivalents at end of the year</b>	4	<b>439,409</b>	706,182
<b>Supplemental schedule of non-cash financial information:</b>			
Fair value reserve		<b>123,510</b>	(83,185)
Foreign currency translation reserve		<b>(4,623)</b>	(60,522)
Actuarial reserve		<b>--</b>	(23,079)

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION**

Savola Group Company is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030019708 issued in Jeddah on Rajab 21, 1399H (corresponding to June 16, 1979). The Company was formed under the Regulations for Companies in the Kingdom of Saudi Arabia per Royal Decree number M/21 dated Rabi-ul-Awal 29, 1398H (March 9, 1978).

The Company's registered office is located at the following address:

Savola Tower,  
The Headquarter Business Park,  
Prince Faisal Bin Fahad Street,  
Jeddah 23511-7333,  
Kingdom of Saudi Arabia.

These accompanying condensed consolidated interim financial statements comprise the financial statements of Savola Group Company (the "Company" (or) the "Parent Company") and its local and foreign subsidiaries (collectively referred as the "Group"), collectively involved in the manufacturing and sale of vegetable oils and to set up related industries, retail outlets, dairy products, fast foods, exports and imports, commercial contracting, trade agencies, development of agricultural products and real estate related investment activities.

At March 31, 2021, the Company had investments in the following subsidiaries (collectively referred to as the "Group"):

**(I) Direct subsidiaries of the Company**

i) Operating subsidiaries

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2021</u>	<u>December 31, 2020</u>
Savola Foods Company ("SFC")	Saudi Arabia	Foods	<b>100</b>	100
Panda Retail Company ("Panda")	Saudi Arabia	Retail	<b>98.87</b>	98.87
Good Food Company ("GFC")	Saudi Arabia	Holding company	<b>100</b>	100
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real Estate	<b>80</b>	80
Herfy Food Services Company	Saudi Arabia	Restaurant & manufacturing bakery products	<b>49</b>	49

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION (continued)**

**(I) Direct subsidiaries of the Company (continued)**

ii) Dormant and Holding subsidiaries

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2021</u>	<u>December 31, 2020</u>
Adeem Arabia Company	Saudi Arabia	Holding company	<b>100</b>	100
Al Utur Arabian Company for Commercial Investment	Saudi Arabia	Holding company	<b>100</b>	100
Al Matana Holding Company	Saudi Arabia	Holding company	<b>100</b>	100
Madarek Investment Company	Jordan	Holding company	<b>100</b>	100
United Properties Development Company	Saudi Arabia	Dormant company	<b>100</b>	100

**(II) Savola Foods Company**

The Parent Company has a 100% (December 31, 2020: 100%) ownership interest in Savola Foods Company (“SFC”), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 236/G dated Dhul Qadah 21, 1435H (September 16, 2014). Prior to its conversion to a closed joint stock company, SFC was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030180782 issued in Jeddah on Rajab 05,1429H (July 08, 2008).

The principle objective of SFC is to deal in wholesale and retail trading of food items. SFC through its direct and indirect subsidiaries is engaged in the manufacturing, marketing and distribution of products including edible oil, pasta, sugar, seafood, confectionery, and agro cultivation, in the local and overseas market.

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION (continued)**

**(II) Savola Foods Company (continued)**

Subsidiaries controlled through Savola Foods Company:

<b><u>Subsidiary name</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Principal business activity</u></b>	<b><u>Direct ownership interest (%)</u></b>	
			<b><u>March 31, 2021</u></b>	<b><u>December 31, 2020</u></b>
Afia International Company (“AIC”)	Saudi Arabia	Manufacturing of edible oils	<b>95.19</b>	95.19
Savola Industrial Investment Company (“SIIC”)	Saudi Arabia	Holding company	<b>100</b>	100
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	<b>100</b>	100
Savola Foods Emerging Markets Company Limited	British Virgin Islands (BVI)	Holding company	<b>95.43</b>	95.43
Afia International Distribution and Marketing Company	Saudi Arabia	Trading and distribution	<b>99</b>	99
Savola Foods for Sugar Company	Cayman Islands	Holding company	<b>95</b>	95
Savola Foods Company International Limited	United Arab Emirates (UAE)	Holding company	<b>100</b>	100
International Foods Industries Company Limited (“IFI”)	Saudi Arabia	Manufacturing of specialty fats	<b>100</b>	100
Seafood International Two FZCO	UAE	Seafood products trading and distribution	<b>60</b>	60
Afia Foods Arabia	Saudi Arabia	Dormant company	<b>100</b>	100
Al Maoun International Holding Company	Saudi Arabia	Holding company	<b>100</b>	100
Marasina International Real Estate Investment Limited	Saudi Arabia	Holding company	<b>100</b>	100
Commodities Sourcing Company for Trading	Saudi Arabia	Trading Company	<b>100</b>	100

**SAVOLA GROUP COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended March 31, 2021

(Expressed in thousands of Saudi Riyal unless otherwise stated)

**1. GENERAL INFORMATION (continued)**

**(II) Savola Foods Company (continued)**

a) Subsidiaries controlled through Afia International Company:

<b><u>Subsidiary name</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Principal business activity</u></b>	<b>Direct ownership interest (%)</b>	
			<b><u>March 31, 2021</u></b>	<b><u>December 31, 2020</u></b>
Savola Behshahr Company (“SBeC”)	Iran	Holding company	<b>90</b>	90
Malintra Holdings	Luxembourg	Dormant company	<b>100</b>	100
Savola Foods Limited (“SFL”)	BVI	Holding company	<b>100</b>	100
Afia International Company – Jordan (under liquidation)	Jordan	Dormant company	<b>98.57</b>	98.57
Inveskz Inc.	BVI	Holding company	<b>90</b>	90
Afia Trading International	BVI	Dormant company	<b>100</b>	100
Savola Foods International	BVI	Dormant company	<b>100</b>	100
KUGU Gida Yatum Ve Ticaret A.S (“KUGU”)	Turkey	Holding company	<b>100</b>	100
Aseel Food – Hold Co.	Cayman Island	Holding company	<b>100</b>	100
<b><u>SBeC</u></b>				
Behshahr Industrial Company	Iran	Manufacturing of edible oils	<b>79.9</b>	79.9
Tolue Pakshe Aftab Company	Iran	Trading and distribution	<b>100</b>	100
Savola Behshahr Sugar Company	Iran	Trading and distribution	<b>100</b>	100
Notrika Golden Wheat Company	Iran	Manufacturing of Food and confectionery	<b>90</b>	90
<b><u>SFL</u></b>				
Afia International Company, Egypt	Egypt	Manufacturing of edible oils	<b>99.95</b>	99.95
<b><u>KUGU</u></b>				
Savola Gida Sanayi Ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	<b>100</b>	100

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**1. GENERAL INFORMATION (continued)**

**(II) Savola Foods Company (continued)**

b) Subsidiaries controlled through Savola Industrial Investment Company:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2021</u>	<u>December 31, 2020</u>
United Sugar Company (“USC”)	Saudi Arabia	Manufacturing of sugar	<b>74.48</b>	74.48
<b><u>USC</u></b>				
Alexandria Sugar Company, Egypt (“ASCE”)*	Egypt	Manufacturing of sugar	<b>62.13</b>	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	<b>100</b>	100
<b><u>ASCE</u></b>				
Alexandria United Company for Land Reclamation	Egypt	Agro cultivation	<b>100</b>	100

c) Subsidiaries controlled through Savola Foods Emerging Markets Company Limited:

Savola Morocco Company	Morocco	Manufacturing of edible oils	<b>100</b>	100
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of edible oils	<b>100</b>	100
Afia International Company – Algeria	Algeria	Manufacturing of edible oils	<b>100</b>	100

d) Subsidiaries controlled through Savola Foods Company International Limited:

Modern Behtaam Royan Kaveh Company	Iran	Food and confectionery	<b>100</b>	100
Middle East Technology Ventures Limited	Cayman Island	Holding Company	<b>100</b>	100

e) Subsidiaries controlled through Al Maoun and Marasina

Alofog Trading DMMC	UAE	Trading and distribution	<b>100</b>	100
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\* The effective ownership interest in ASCE is 71.66% (December 31, 2020: 71.66%)

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**1. GENERAL INFORMATION (continued)**

**(III) Panda Retail Company**

The Parent Company has a 98.87% (December 31, 2020: 98.87%) ownership interest in Panda Retail Company ("Panda"), which was incorporated as a closed Saudi joint stock company pursuant to Ministerial Resolution No. 235/G dated Rajab 22, 1431H (July 3, 2010). Prior to its conversion to a closed joint stock company, Panda was operating as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010137417 issued in Riyadh on Rabi-ul-Awal 1, 1416H (July 28, 1995).

Panda together with its subsidiaries is principally engaged in wholesale and retail trading in food supplies and consumable materials. Panda Group operates through its network of hypermarkets and supermarkets.

Subsidiaries controlled through Panda:

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Direct ownership interest (%)</u>	
			<u>March 31, 2021</u>	<u>December 31, 2020</u>
Giant Stores Trading Company	Saudi Arabia	Retail	100	100
Panda for Operations, Maintenance and Contracting Services	Saudi Arabia	Services and maintenance	100	100
Panda International for Retail Trading	Egypt	Retail	100	100
Panda Bakeries Company	Saudi Arabia	Dormant company	100	100
Atabet Al Bab Communications and Information Technology LLC *	Saudi Arabia	E-commerce	100	--
<b><u>Giant</u></b>				
Lebanese Sweets and Bakeries	Saudi Arabia	Dormant company	95	95

\* During the period ended March 31, 2021, in accordance with the terms and conditions of the Share Purchase Agreement, Panda Retail Company acquired 100% ownership interest of Atabet Al Bab Communications and Information Technology LLC for a cash consideration of SR 21.75 million. The related formalities were completed on January 27, 2021.

The Group is currently in the process of allocating the purchase consideration to the identifiable assets (mainly software), liabilities and contingent liabilities acquired and has recognised an initial goodwill amounting to SR 25.4 million. The Group has provisionally accounted for the transaction based on the carrying values of the identifiable assets and liabilities as of the acquisition date.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.



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**1. GENERAL INFORMATION (continued)**

**(IV) Good Food Company**

The Parent Company has a 100% (December 31, 2020: 100%) ownership interest in Good Food Company (“GFC”), which was incorporated as a limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 4030603674 issued in Jeddah on Rabi-ul-Thani 21, 1439H (January 8, 2018).

GFC through its direct and indirect subsidiaries is principally engaged in the processing, wholesale, retail and distribution of frozen food and seafood in the local and overseas markets.

Subsidiaries controlled through GFC (collectively referred to as “Al Kabeer Group of companies”):

<u>Subsidiary name</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Ownership interest (%)</u>	
			<u>March 31, 2021</u>	<u>December 31, 2020</u>
Variety Food Factory Company	Saudi Arabia	Manufacturing of frozen food	51	51
Al Ahsan Trading Company	Saudi Arabia	Trading and distribution	51	51
Al Helal Imports and Exports Company	Bahrain	Trading and distribution	51	51
Sahar Enterprises Company	UAE	Trading and distribution	51	51
Sahar Food Industry Company	UAE	Manufacturing of frozen food	51	51
Al Kabeer Holding Limited	UAE	Holding Company	51	51
Best Foodstuff Trading Company	UAE	Trading and distribution	51	51

Subsidiaries controlled through Al Kabeer Holding Limited:

Cascade Investments Limited (CIL)	UAE	Investment company	100	100
Cascade Marine Foods Company	UAE	Manufacturing of frozen food	100	100
Al Sabah Foodstuff Enterprises Company	UAE	Trading and distribution	100	100
Best Foods Company	Oman	Trading and distribution	100	100

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**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The accompanying condensed consolidated interim financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards for Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended December 31, 2020 (“last annual financial statements”).

These financial statements do not include all of the information required for a complete set of IFRS 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 last annual financial statements.

**i) Accounting convention / Basis of Measurement**

These condensed consolidated interim financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for investments other than those carried at amortized cost, firm commitments and inventory under fair value hedging relationship, derivative financial instruments, lease liabilities and employee benefits which are recognised at the present value of future obligation using the Projected Unit Method. Certain comparative amounts have been reclassified to conform to the current period’s presentation.

**ii) Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

**b) Critical accounting estimates and judgments**

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements 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. However, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual consolidated financial statements against the backdrop of COVID-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, impairment assessment on non-financial assets and certain actuarial assumptions for valuation of present value of defined benefit obligations, all other sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statement as at and for the year ended December 31, 2020. A number of amendments to standards which are effective from January 1, 2021 and certain reclassifications made to the comparative amounts, do not have a material effect on these condensed consolidated interim financial statements.

**4. CASH AND BANK BALANCES**

	<b>March 31, <u>2021</u></b>	December 31, <u>2020</u>
Cash in hand	<b>40,023</b>	27,319
Cash at bank- current account	<b>611,823</b>	557,159
Term deposits (Note 4.1)	<b>513,499</b>	508,900
Cash and bank balances	<b>1,165,345</b>	1,093,378
Deposits with maturity more than three months	<b>(500,097)</b>	(480,287)
Bank overdrafts	<b>(225,839)</b>	(116,597)
Cash and cash equivalents for cash flow purposes	<b><u>439,409</u></b>	<u>496,494</u>

4.1 Term deposits are held by commercial banks and yield commission income at prevailing market rates.

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**5. EQUITY ACCOUNTED INVESTEEES**

The details of the Group's equity accounted investees are as follows:

<b><u>Name</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Principal business sector</u></b>	<b><u>Ownership interest (%)</u></b>		<b><u>Amount</u></b>	
			<b><u>March 31, 2021</u></b>	<b><u>December 31, 2020</u></b>	<b><u>March 31, 2021</u></b>	<b><u>December 31, 2020</u></b>
Almarai Company	Saudi Arabia	Fresh food products	<b>34.52</b>	34.52	<b>8,290,138</b>	8,164,051
Kinan International for Real Estate Development Company ("Kinan")	Saudi Arabia	Real estate	<b>29.9</b>	29.9	<b>391,721</b>	388,514
United Sugar Company, Egypt ("USCE") *	Egypt	Manufacturing of sugar	<b>33.82</b>	33.82	<b>277,661</b>	280,854
Al-Seera City Company for Real Estate Development	Saudi Arabia	Real estate	<b>40</b>	40	<b>144,005</b>	144,138
United Edible Oils Holding Limited	Cayman Islands	Holding company	<b>51</b>	51	<b>39,554</b>	41,121
Intaj Capital Limited	Republic of Tunisia	Fund management	<b>49</b>	49	<b>13,046</b>	13,046
Knowledge Economic City Developers Company	Saudi Arabia	Real estate	<b>2.07</b>	2.07	<b>15,892</b>	15,905
Seafood International One FZCO	UAE	Seafood products distribution	<b>40</b>	40	--	--
Seafood International Holdco.	Cayman Islands	Holding Company	<b>50</b>	50	<b>6,419</b>	6,507
					<b><u>9,178,436</u></b>	<b><u>9,054,136</u></b>

\* The direct ownership interest of the Company in USCE is 10.62% (December 31, 2020: 10.62%).

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**6. INVESTMENTS**

	<b>March 31, 2021</b>	December 31, 2020
Investments at fair value through other comprehensive income (note 6.1)	<u>524,263</u>	<u>387,196</u>
Investment at fair value through profit or loss	<u>26,881</u>	<u>2,792</u>

**6.1 Investments at fair value through other comprehensive income**

	<b>Principal business sector</b>	<b>Country of incorporation</b>	<b>Ownership interest (%)</b>		<b>Amount</b>	
			<b>March</b>	<b>December</b>	<b>March</b>	<b>December</b>
			<b>31, 2021</b>	<b>31, 2020</b>	<b>31, 2021</b>	<b>31, 2020</b>
<b><u>Quoted investments</u></b>						
Knowledge Economic City	Real Estate	Saudi Arabia	<b>6.4</b>	6.4	<b>384,010</b>	258,033
Emaar the Economic City	Real Estate	Saudi Arabia	<b>0.9</b>	0.9	<b>79,645</b>	68,555
Arab Phoenix Holdings Company	Real Estate	Jordan	<b>5</b>	5	--	--
<b><u>Unquoted investments</u></b>						
Swicorp Company	Investment Management	Saudi Arabia	<b>15</b>	15	<b>60,608</b>	60,608
Joussour Holding Company (under liquidation)	Holding Company	Saudi Arabia	<b>14.81</b>	14.81	--	--
					<u><b>524,263</b></u>	<u><b>387,196</b></u>

**7. SHARE CAPITAL AND DIVIDEND DECLARATION**

At March 31, 2021 and December 31, 2020, the Group's share capital of SR 5.3 billion consists of 533.981 million fully paid shares of SR 10 each.

On January 27, 2021, the Company's Board of Directors have recommended final dividend amounting to SR 400.49 million representing Saudi Riyal 0.75 per share for the approval by the shareholders.

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**8. SHARE BASED PAYMENT PLAN**

On April 29, 2020, the shareholders of the Company approved the Employees Long Term Incentive Program (“Plan”) for the benefit of certain eligible senior executives of the Group (the “Participants”). The Plan entitles the Participants a conditional right to receive a number of restricted share units (each unit equal to the value of one share of the Company at the Grant date), following the satisfaction of service condition.

Significant features of the Plan are as follows:

<b><u>Description</u></b>	<b><u>Details</u></b>
Grant date	September 10, 2020
Total number of shares granted	341,675
Service / vesting period	3 years
Fair value per share on grant date	SR 49

Fair value per share on grant date is the closing price per share on Tadawul as at the grant date.

The total expense recognised for employees' services received during the three-month period ended March 31, 2021 under the Plan amounted to SR 1.1 million (March 31, 2020: SR Nil) and is included in ‘salaries and employee related expenses’ with a corresponding increase in the condensed consolidated statement of changes in equity under the ‘Other reserves’.

During the year ended December 31, 2020, the Group purchased 341,675 treasury shares amounting to SR 16.5 million in connection with the Plan. This includes shares funded by certain subsidiaries that are held by the Company in fiduciary capacity until vesting.

On March 10, 2021, the Group announced its intention to buy-back 1,200,000 treasury shares under the Employees Long Term Incentive Program (LTIP) for the executives of Savola Group and its subsidiaries based on the Board of Directors approval to complete the required procedures for 2nd and 3rd tranches in line with the timeframe defined for each tranche and the approved program scope and terms.

As at March 31, 2021, the number of shares to be vested are 266,346 (December 31, 2020: 276,097), after forfeiture of 75,329 shares (December 31, 2020: 65,578 shares) due to the non-completion of service condition of certain employees.

**9. STATUTORY RESERVE**

In accordance with the Company’s bylaws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 30% of its share capital. Since the Company has reached the required reserve level, therefore, no additional transfers are required to be made.

The statutory reserve in the condensed consolidated interim financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

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**10. LOANS AND BORROWINGS**

The following information reflects the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost:

	<b>March 31, 2021</b>	December 31, 2020
<b>Non-current liabilities</b>		
Secured bank loans	<b>98,373</b>	121,757
Unsecured bond issues (Sukuk) (note 10.2)	<b>1,000,000</b>	1,000,000
Unsecured bank loans	<b>3,388,282</b>	3,342,544
	<b>4,486,655</b>	4,464,301
<b>Current liabilities</b>		
Current portion of secured bank loans	<b>55,990</b>	56,227
Current portion of unsecured bank loans	<b>537,721</b>	502,640
Secured bank loan	<b>19,390</b>	21,084
Unsecured bank loans	<b>2,244,965</b>	1,739,467
Bank overdraft	<b>225,839</b>	116,597
	<b>3,083,905</b>	2,436,015
	<b>7,570,560</b>	6,900,316

- 10.1 These represent borrowings obtained from commercial banks and other financial institutions by the Parent Company and its subsidiaries. These borrowings are mainly in Saudi Riyals, Egyptian Pounds, Iranian Riyals, US Dollars, Algerian Dinar, Moroccan Dirham, Turkish Lira, United Arab Emirates Dirhams and Sudanese Pounds. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain overseas subsidiaries. Certain loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the borrowings of subsidiaries are secured by corporate guarantees of the Parent Company. As at March 31, 2021, loans and borrowings include sharia-compliant financing facilities amounting to SR 6.2 billion (December 31, 2020: SR 5.9 billion).
- 10.2 On July 9, 2019, the Group completed the offering of its new Sukuk, under the new program, with a total value of SR 1 billion with a tenor of 7 years and carrying an expected variable return to the Sukuk-holders of 6 months SIBOR plus 1.60% payable semi-annually. The Sukuk will mature on July 9, 2026. The issuance included SR 507 million of the previous Sukuk, that has been redeemed and exchanged.
- 10.3 Property, plant and equipment amounting to SR 241 million (December 31, 2020: SR 252 million) of certain overseas subsidiaries of the Group are pledged as collateral with commercial banks.
- 10.4 Inventories amounting to SR 42 million (December 31, 2020: SR 98 million) are pledged with foreign banks as collateral against the bank borrowing facilities of certain overseas subsidiaries.
- 10.5 As at March 31, 2021, the Group has unused bank financing facilities amounting to SR 4.5 billion (December 31, 2020: SR 4.8 billion) to manage short term and long term liquidity requirements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**11. ZAKAT AND INCOME TAXES**

**(a) Zakat status**

During the year 2019, the Company has finalised its Zakat status for the years 2005 to 2018. The General Authority for Zakat and Tax (GAZT) conducted a field audit on the Company's accounts for the years 2005 to 2012, and claimed additional Zakat difference of SR 85.8 million. Subsequently, the assessment was agreed with the GAZT Settlement Committee and the Company settled the liability with an amount of SR 10.2 million. Moreover, the years from 2013 to 2018 were also finalized based on the amended returns which resulted in an assessment of SR 5.4 million. During the year 2020, the GAZT issued a revised claim amounting to SR 53 million, for the previously finalized years from 2014 to 2018. The management is in the process of filing an objection against the said claim and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these condensed consolidated interim financial statements. The Company has open years 1999 and 2000, for which there is an ongoing objection of SR 1.9 million against the assessment issued by GAZT.

Certain subsidiaries in the foods processing sector have also received final or provisional zakat certificates until the year 2019. Accordingly, payment plans have been pursued as per the agreement with GAZT and liabilities have been adjusted against the final settlement amounts. Further, the GAZT claimed additional zakat amounting to SR 63 million in relation to a subsidiary for certain years previously finalized. As a result of objection filed by the subsidiary against these claims, the GAZT issued a revised assessment with no additional liability. Moreover, the GAZT recently issued an additional claim amounting to SR 80.5 million for another subsidiary for the years 2015 to 2018. The subsidiary is in the process of filing an objection against the said claim and believes that the settlement of the claim is not probable, therefore no provision has been recorded in these condensed consolidated interim financial statements.

Also, the Group has pending appeals against assessments of certain subsidiaries with total Zakat differences of SR 7.8 million (December 31, 2020: approximately SR 7.8 million).

**(b) Income tax status**

The Group's foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Tax paying foreign subsidiaries determine their liabilities based on applicable corporate rates to the adjusted taxable income for the year. Certain foreign subsidiaries are also obliged to pay quarterly advance tax determined on prior year tax liability bases.

Certain foreign subsidiaries have received final tax assessments for certain years and provisional tax assessments for other years. They have also received queries from departments of income tax after their assessment or inspections for open years, for which replies have been filed.

The Group management believes that there are no significant amounts under protest with departments of income tax in any foreign operation.



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**12. CONTINGENCIES AND COMMITMENTS**

	<b>March 31, 2021</b>	December 31, 2020
	<b><u>Amounts in millions</u></b>	
Letters of credits	32	79
Bank guarantees	117	86
Commitments to buy raw sugar	289	252
Commitments to sell refined sugar	559	450
Capital commitments	100	47
	<b><u>Quantity in Metric tonnes</u></b>	
Commitments to buy raw sugar	184,500	211,134
Commitments to sell refined sugar	298,257	243,655

**13. EARNINGS PER SHARE**

Basic earnings per share for the three-month period ended March 31, 2021 and March 31, 2020 have been computed by dividing the net profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding 533.639 million (March 31, 2020: 533.981 million) during such periods.

Diluted earnings per share for the three-month period ended March 31, 2021 and March 31, 2020, have been computed by dividing the profit attributable to shareholders of the Parent Company for such periods by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares i.e. 533.981 million (March 31, 2020: 533.981 million).

Weighted average number of ordinary shares for the purpose of computing basic earnings per share are as follows:

	<b><u>Year ended March 31,</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Issued ordinary shares	533,980,700	533,980,700
Effect of treasury shares (note 8)	(341,675)	--
Weighted average number of ordinary shares outstanding	<b><u>533,639,025</u></b>	<b><u>533,980,700</u></b>

**14. RELATED PARTIES**

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management.

**Transactions with key management personnel**

***Key management personnel compensation***

Compensation to the Group's key management personnel includes salaries, non-cash benefits, and post-employment benefits. The Group has recognised an expense of SR 7.2 million for the period ended March 31, 2021 (March 31, 2020: SR 8.0 million).

Board of Directors' remuneration for the period ended March 31, 2021 amounting to SR 0.6 million (March 31, 2020: SR 0.6 million) has been calculated in accordance with the Company's By-laws and is charged to the consolidated statement of profit and loss. Attendance allowances and other expenses to the directors and members of various board committees amounting to SR 0.7 million (March 31, 2020: SR 0.7 million) are charged to expenses and included under administrative expenses.

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**14. RELATED PARTIES (continued)**

*Other related party transactions*

A number of companies transacted with the Group during the period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on arm's length basis.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within agreed credit period from the date of transaction. None of the balances are secured. No expense has been recognised in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties.

The aggregate value of related parties' transactions and outstanding balances including those related to key management personnel, and entities over which they have control or significant influence are as follows:

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>March 31 2021</u>	<u>2020</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<i><b>Due from related parties – Trade receivables</b></i>						
Certain shareholders of USC	Shareholders of a subsidiary	Trade	<b>43,228</b>	36,529	<b>8,680</b>	19,506
Certain shareholders of AIC	Shareholders of a subsidiary	Trade	<b>25,308</b>	24,395	<b>27,567</b>	17,761
Almarai	Associate	Trade	<b>10,711</b>	5,767	<b>3,010</b>	4,476
Western Bakeries Company Limited	Affiliate	Trade	<b>11,666</b>	15,360	<b>4,906</b>	3,068
USCE	Associate	Trade	<b>3,905</b>	--	<b>--</b>	--
					<b><u>44,163</u></b>	<b><u>44,811</u></b>

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**14. RELATED PARTIES (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>March 31 2021</u>	<u>2020</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<i><b>Due from related parties – Prepayments and other receivables</b></i>						
Khairat AlSharq for General Trade and Manufacturing Foodstuff Company	Affiliate	Non-trade	<b>199</b>	640	<b>21,789</b>	21,590
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Non-trade	<b>1,894</b>	2,200	<b>3,348</b>	3,078
Seafood International One	Affiliate	Non-trade	--	852	--	--
Waste Collection & Recycling Company	Affiliate	Non-trade	<b>1,537</b>	1,241	<b>782</b>	1,241
Zohoor Alreef	Affiliate	Non-trade	<b>76</b>	23	<b>420</b>	374
Arabian Centers Company	Affiliate	Non-trade	<b>2,986</b>	1,743	--	--
					<b>26,339</b>	<b>26,283</b>

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**14. RELATED PARTIES (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>March 31 2021</u>	<u>2020</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b><i>Due to related parties – Trade payables</i></b>						
Almarai	Associate	Trade	<b>245,614</b>	234,806	<b>133,899</b>	109,769
Nestle Group	Affiliate	Trade	<b>159,812</b>	126,735	<b>76,326</b>	38,563
Mayar Food Company	Affiliate	Trade	<b>47,721</b>	53,344	<b>50,758</b>	22,454
Del Monte Saudi Arabia Limited	Affiliate	Trade	<b>23,549</b>	29,143	<b>8,124</b>	8,152
Al Mehbaj Al Shamiyah Trading Company	Affiliate	Trade	<b>10,178</b>	9,314	<b>8,903</b>	3,714
USCE	Associate	Trade	<b>304</b>	1,791	<b>66</b>	29
Seafood International One	Affiliate	Trade	--	2,917	--	9,375
Al Manhal Water Factory Company Limited	Affiliate	Trade	<b>1,425</b>	1,532	<b>598</b>	1,493
Al Jazirah Dates & Food Factory	Affiliate	Trade	<b>3</b>	16	<b>55</b>	52
					<b>278,729</b>	<b>193,601</b>
<b><i>Due to related parties – Accrued and other liabilities</i></b>						
USCE	Associate	Non-trade	<b>2,681</b>	14,912	<b>66,354</b>	73,937
Abdul Kader Al Muhaidib & Sons Co.	Shareholder	Non-trade	--	7,200	--	--
Kinan	Associate	Non-trade	<b>5,209</b>	4,938	<b>236</b>	295
Dur Hospitality Company	Affiliate	Non-trade	<b>5,250</b>	--	--	--
Del Monte Saudi Arabia	Affiliate	Non-trade	--	555	--	--
					<b>66,590</b>	<b>74,232</b>

**15. OPERATING SEGMENTS**

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

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**15. OPERATING SEGMENTS (continued)**

**Food processing** - includes manufacturing, sale and distribution of Edible oils, Sugar, Pasta and food products.

**Retail** - includes hyper markets, supermarkets and convenience stores operations.

**Food services** - includes food products and fast food restaurants' chain operated by Herfy.

**Frozen Food** - includes manufacturing, wholesale and retail distribution of frozen food products operated by Good Food Company.

**Investments** - includes real estate activities, investments in equity-accounted investees and other investments.

The segments which do not meet any of the quantitative thresholds for determining reportable segments in 2021 and 2020, are classified as "Others / Eliminations", which mainly include the eliminations.

Performance is measured based on segment profit net of income tax and zakat, as included in the internal management reports. Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. Information regarding the results of each reportable segment is included below:

	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food services	Frozen Foods	Investments		
<b>March 31, 2021</b>							
External revenues	2,774,548	2,718,350	300,053	160,619	--	--	5,953,570
Inter segment revenue	131,182	1,209	10,043	14,362	7,171	(163,967)	--
<b>Segment Revenue</b>	<b>2,905,730</b>	<b>2,719,559</b>	<b>310,096</b>	<b>174,981</b>	<b>7,171</b>	<b>(163,967)</b>	<b>5,953,570</b>
Cost of revenues	(2,440,079)	(2,113,581)	(227,624)	(114,372)	--	153,712	(4,741,944)
Segment net profit before non-controlling interests	118,546	(51,683)	24,745	19,494	80,222	--	191,324
Segment net profit / (loss)	103,534	(51,683)	24,745	19,494	80,222	(22,486)	153,826
Segment assets	7,913,848	8,348,193	1,890,376	996,266	15,172,424	(5,186,904)	29,134,203
Segment liabilities	5,642,492	7,453,049	905,480	711,176	6,385,745	(1,424,197)	19,673,745
	Reportable Segments					Others / Eliminations	Total
	Food Processing	Retail	Food services	Frozen Foods	Investments		
<b>March 31, 2020</b>							
External revenues	2,357,734	3,098,254	288,446	178,450	--	--	5,922,884
Inter segment revenue	117,988	523	8,482	13,307	10,802	(151,102)	--
<b>Segment Revenue</b>	<b>2,475,722</b>	<b>3,098,777</b>	<b>296,928</b>	<b>191,757</b>	<b>10,802</b>	<b>(151,102)</b>	<b>5,922,884</b>
Cost of revenues	(2,100,622)	(2,393,706)	(219,895)	(125,965)	--	140,300	(4,699,888)
Segment net profit before non-controlling interests	75,420	10,826	25,131	18,497	68,561	--	198,435
Segment net profit / (loss)	73,179	10,826	25,131	18,497	68,561	(23,439)	172,755
<b>December 31, 2020</b>							
Segment assets	7,301,862	7,224,174	1,949,078	1,001,831	14,062,985	(4,481,546)	27,058,384
Segment liabilities	5,133,571	6,277,683	988,927	721,201	5,562,601	(790,153)	17,893,830

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**15. OPERATING SEGMENTS (continued)**

**A. Commercial and promotional income**

During 2020, the management resolved that commercial and promotional income from suppliers in retail business that was historically recognised as part of revenues, does not necessarily represent a distinct performance obligation under interpretations of IFRS 15 “Revenue from contracts with customers”. Accordingly, such income has now been recognised as a reduction of cost of revenue with retrospective application on the comparative amounts as per the requirements of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in order to conform to the current presentation.

This adjustment did not have any impact on the Group’s consolidated financial position as at March 31, 2020 or consolidated operating results including gross profit, net profit, basic or diluted earnings per share and consolidated cash flows for the period then ended. Consequently, the reported amounts of Revenues and Cost of revenues for the comparative period have been adjusted as follows:

	Previously <u>Reported</u>	Three-month period ended March 31, 2020 Effect of <u>adjustment</u>	Adjusted <u>Amount</u>
Revenues	6,119,750	(196,866)	5,922,884
Cost of revenues	<u>(4,896,754)</u>	<u>196,866</u>	<u>(4,699,888)</u>
Gross Profit	<u>1,222,996</u>	<u>--</u>	<u>1,222,996</u>

**16. FINANCIAL RISK MANAGEMENT**

**a) Accounting classification and fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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**16. FINANCIAL RISK MANAGEMENT (continued)**

**a) Accounting classification and fair values (continued)**

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the period ended March 31, 2021 and year ended December 31, 2020, there were no transfers between fair value categories of level 1 and level 2.

As the Group's financial instruments are compiled under the historical cost convention, except for investments and derivative financial instruments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It doesn't include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

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**16. FINANCIAL RISK MANAGEMENT (continued)**

**a) Accounting classification and fair values (continued)**

	Carrying amount				Fair Value			
	Mandatorily at FVTPL - others	Designated at fair value	Fair value hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
<b>March 31, 2021</b>								
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	26,881	--	--	--	624	--	26,257	26,881
Future exchange contracts used for hedging	--	--	115,403	--	--	115,403	--	115,403
Call option	--	1,781	--	--	--	--	1,781	1,781
Equity securities (Note 6)	--	--	--	524,263	463,655	--	60,608	524,263
	<b>26,881</b>	<b>1,781</b>	<b>115,403</b>	<b>524,263</b>	<b>464,279</b>	<b>115,403</b>	<b>88,646</b>	<b>668,328</b>
<i>Financial liabilities measured at fair value</i>								
Future exchange contracts used for hedging	--	--	40,533	--	--	40,533	--	40,533
Other future exchange contracts	--	13,004	--	--	--	13,004	--	13,004
Put option	--	184,750	--	--	--	--	184,750	184,750
	<b>--</b>	<b>197,754</b>	<b>40,533</b>	<b>--</b>	<b>--</b>	<b>53,537</b>	<b>184,750</b>	<b>238,287</b>
	Carrying amount				Fair Value			
December 31, 2020	Mandatorily at FVTPL - others	Designated at fair value	Fair value hedging instruments	FVOCI	Level 1	Level 2	Level 3	Total
<i>Financial assets measured at fair value</i>								
Investment at fair value through profit or loss	2,792	--	--	--	2,792	--	--	2,792
Future exchange contracts used for hedging	--	--	30,399	--	--	30,399	--	30,399
Call option	--	2,311	--	--	--	--	2,311	2,311
Equity securities (Note 6)	--	--	--	387,196	326,588	--	60,608	387,196
	<b>2,792</b>	<b>2,311</b>	<b>30,399</b>	<b>387,196</b>	<b>329,380</b>	<b>30,399</b>	<b>62,919</b>	<b>422,698</b>
<i>Financial liabilities measured at fair value</i>								
Future exchange contracts used for hedging	--	--	70,521	--	--	70,521	--	70,521
Other future exchange contracts	--	127,239	--	--	--	127,239	--	127,239
Put option	--	190,562	--	--	--	--	190,562	190,562
	<b>--</b>	<b>317,801</b>	<b>70,521</b>	<b>--</b>	<b>--</b>	<b>197,760</b>	<b>190,562</b>	<b>388,322</b>



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**16. FINANCIAL RISK MANAGEMENT (continued)**

**b) Measurement of fair values**

**Valuation technique and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair value, as well as significant unobservable input used.

**Financial instruments measured at fair value**

<b><u>Type</u></b>	<b><u>Valuation technique</u></b>	<b><u>Significant unobservable inputs</u></b>	<b><u>Inter-relationship between significant unobservable inputs and fair value measurements</u></b>
Equity securities	Market comparison technique. PE multiple, Price to Book value.	Price Earnings Multiples, Price to Book value and Price to Tangible Book Value.	Not applicable
Future contracts	Broker quotes	Not applicable	Not applicable
Call and put option	Black Scholes Model	Strike price Volatility of Sugar index Spot price (fair value)	Increase in fair value will decrease the Put Option and increase the Call option values. Increase in volatility index will increase the value of Put and Call options.
Interest rate swaps	DCF	Not applicable	Not applicable

**17. CAPITAL MANAGEMENT**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a leverage ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. The leverage ratio as at March 31, 2021 and December 31, 2020 is as follows:

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**17. CAPITAL MANAGEMENT (continued)**

	<b>March 31, 2021</b>	December 31, 2020
Total liabilities	<b>19,673,745</b>	17,841,258
Less: Cash and bank balances	<b>(1,165,345)</b>	(1,068,230)
<b>Adjusted net debt</b>	<b>18,508,400</b>	16,773,028
Total equity	<b>9,460,458</b>	9,182,238
Less: Hedging reserve	<b>4,462</b>	(4,019)
<b>Adjusted equity</b>	<b>9,464,920</b>	9,178,219
<b>Adjusted net debt to adjusted equity ratio</b>	<b>1.96</b>	1.83

**18. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE**

There are no new standards issued, however, the adoption of the amendments to the existing standards had no significant financial impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods.

**PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE**

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after January 1, 2022 are listed below. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the condensed consolidated interim financial statements of the Group.

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;
- IFRS 17 Insurance Contracts and its amendments;
- Amendments to IAS 1 Classification of liabilities as current or non-current; and
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

**19. IMPACT OF COVID-19**

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activity. In response to the spread of COVID-19 and its resulting disruptions to the social and economic activities, the Group's management has assigned a task force to assess and monitor the possible impact on its business in Saudi Arabia and other geographies where Group operates. The management has also taken a series of preventive measures to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its operations. The Group's food processing and frozen food segments have reported favorable results and consequently management believes that COVID-19 had limited impact on the reported financial position and results for the period ended March 31, 2021.

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**19. IMPACT OF COVID-19 (continued)**

Currently, many countries, including countries where the Group is operating, are constantly addressing the continued increase in recorded cases of COVID-19 and the implications to the economy. COVID-19 is an evolving situation, the Group is monitoring closely any material impacts to the operations and continuity of business activities. The priority of the Group remains to protect the health, safety and welfare of employees, customers, and partners, as well as support the Government and its agencies as they work to reduce the impact of the outbreak

At this stage, the Group is unable to reliably estimate the future impact of COVID-19, given the lack of certainty on possible end date of the pandemic or vaccination of large part of community that could continue impacting the world economies. However, the Group is constantly monitoring the situation through its Task Force given with the responsibility to constantly access developing events, mitigate as much as possible negative impact and steer the organisation towards adapting to current realities. Accordingly, the potential risks around supply of material, manpower, inventory levels and minimum interruptions to the production facilities across all geographies are being constantly monitored and the stakeholders are being kept informed for any material deviations on a timely basis.

**20. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue by the Company's Board of Directors on April 28, 2021, corresponding to Ramadan 16, 1442H.