

Almarai Company Announces Its Condensed Consolidated Interim Financial Results for The Period Ended 31st March 2022 (Three Months)

Almarai Company (“the Company”) is pleased to announce its Condensed Consolidated Interim Financial Results for The Period Ended 31st March 2022 as below:

First Quarter of 2022 Highlights

1. The Revenue for the First quarter 2022 amounted to SAR 4,503.5 million, an increase of 23.6% as compared to the corresponding quarter of the last year (SAR 3,645.0 million).
2. The Gross Profit for the First quarter 2022 amounted to SAR 1,331.9 million, an increase of 7.8% as compared to the corresponding quarter of the last year (SAR 1,235.1 million).
3. The Operating Profit for the First quarter 2022 amounted to SAR 547.1 million, an increase of 8.9% as compared to the corresponding quarter of the last year (SAR 502.4 million).
4. The Consolidated Profit Attributable to Shareholders of the Company for the First quarter 2022 amounted to SAR 420.5 million, an increase of 8.9% as compared to the corresponding quarter of the last year (SAR 385.9 million) and an increase of 46.7% as compared to the previous quarter (SAR 286.5 million).
5. The Comprehensive Income Attributable to Shareholders of the Company for the First quarter 2022 amounted to SAR 365.9 million, a decrease of 3.6% as compared to the corresponding quarter of the last year (SAR 379.7 million) and an increase of 50.2% as compared to the previous quarter (SAR 243.6 million).
6. Total Equity Attributable to Shareholders as of 31st March 2022 amounted to SAR 16,324.8 million as compared to the corresponding date of last year (SAR 16,071.3 million), an increase of 1.6%. The book value of one share as of 31st March 2022, reached SAR 16.3.
7. The Earnings per Share (EPS) based on the Consolidated Profit Attributable to Shareholders of the Company for the Period ended on 31st March 2022 (Three Months) and the corresponding Period of last year reached SAR 0.43 and SAR 0.39, respectively. Diluted EPS for the Period ended on 31st March 2022 (Three Months) and the corresponding Period of last year are SAR 0.42 and SAR 0.39, respectively.¹

¹ Diluted EPS is calculated by dividing the Profit for the period attributable to Shareholders of the Company for the period by the number of issued Shares 1,000 million issued Shares as of 31st of March 2022.

Reasons of increase / (decrease) for First quarter 2022 compared with corresponding quarter of the last year

8. The increase of 8.9% in the Consolidated Profit Attributable to Shareholders of the Company as compared to the corresponding quarter of the last year is due to:
- **Revenues:** The revenues growth of 23.6 % was driven mainly by bakery, fresh dairy and dairy foods category. Positive revenue growth was evident in all categories due to improved trading conditions post covid-19 movement restrictions, opening of educational institutions and higher number of visitors in the region .
 - **Gross Profit:** Increased by 7.8%, at a lower rate to revenue growth due to higher input costs driven by higher corn, soya and dairy commodities. In addition, higher transportation charges further amplified the cost inflation.
 - **Selling and Distribution Expenses (S&D):** Increased by SAR 43.4 million, 7.2% which is in line with volume growth rate due to higher activity and pre-loading of Ramadan products, due to quarterly phasing.
 - **General and Administration Expenses (G&A):** Increased by SAR 7.5 million, in line with back office function activities to support the sales growth.
 - **Other Expenses:** Decreased by SAR 8.8 million, mainly due to lower losses (mainly timing in nature) from sale of dairy herd.
 - **Impairment of Financial Assets:** Increased by SAR 10 million in line with general increase in trade debtors.
 - **Finance Cost:** Funding costs are in line with last year as the benefit of a lower debt balance is off set with higher interest rate driven by higher SIBOR
 - **Contribution of various Business Categories towards the increase in the Consolidated Profit Attributable to Shareholders of 8.9% is as follows:**
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 - **Dairy & Juice Category:** The category Profit improved by 5.9% due to higher sales mix across the board. The higher sales growth was equally matched with higher cost inflation driven by feed and dairy commodities. In addition, EGP devaluation resulted in further additional charges however tighter cost controls across the board helped to report positive growth in the segment bottom line.
 - **Bakery Category:** The Category Profit Increased by 79.2% primarily due to higher sales, driven by single serve product mix due to opening of schools and leveraging economies of scale for bakery manufacturing.
 - **Poultry Category:** The category Profit increased by 9% driven mainly by revenue growth of 20%. The top line growth was supported by the Food Service segment, however profitability growth was impacted due to continual increase in cost of corn and soya for the quarter.
 - **Other Category:** The Category reported a loss of SAR 15.3 million for the current quarter which is mainly of a timing nature due to crop cycle in USA and Argentina.

Reasons of increase / (decrease) for First quarter 2022 compared with previous quarter

9. The increase of 46.7% in the Consolidated Profit Attributable to Shareholders of the Company for the First quarter 2022 (SAR 420.5 million) as compared to the previous quarter (SAR 286.5 million) is due to seasonal adjustment in consumption patterns and phasing of Ramadan.

10. **Auditors' Opinion:** (Unmodified Opinion).

11. Items, elements and notes of the comparatives Consolidated Interim Financial Statements have been redisplayed, regrouped and reclassified to meet with the applied accounting policies for the current period which have been prepared according to the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia. For more information, please see the notes 2.1 in the condensed consolidated interim financial statements for the three months period ended 31 March 2022.

12. **Other Notes:**

- **Revenue by Region:** For First quarter of 2022 as compared to the corresponding quarter of last year, the Revenue increased in Saudi Arabia, in other GCC and Other Countries by 22.7%, 24.7% and 27.2% respectively.
- **EBITDA:** For First quarter 2022 Earnings before Interest, Taxes and Zakat, Depreciation and Amortization (EBITDA) reached SAR 948.7 million, an increase of 5.7% as compared to the corresponding quarter of last year (SAR 897.8 million).
- **Profit Margins:** For First quarter of 2022, The Gross Profit, Operating Profit and Consolidated Profit Attributable to Shareholders of the Company are representing 29.6%, 12.1%, and 9.3% of Revenue as compared to the corresponding quarter of last year of 33.9%, 13.8%, and 10.6%, respectively.
- A summary of the Statement of Cash Flows for the Three Months ended 31st March 2022 is as follows:
 - The Cash Generated from Operating Activities (OCF) reached SAR 529.2 million a decrease of 38.6%, as compared to last year (SAR 866.0 million). The OCF represents 11.8% of Revenue as compared to 23.8% for the last year.
 - The Cash used in Investing Activities reached SAR 551.7 million as compared to the same last year (SAR 299.1 million), an increase of 85.4%. Investing Activities represent 12.3% of revenue as compared to 8.2% for the last year.
 - The free cash flow (FCF) reached SAR (22.4) million as compared to the last year (SAR 566.9 million), a decrease of 104%. The FCF represent (0.5) % of revenue as compared to 15.5% for the last year. This was driven by timing difference in our working capital, driven by higher credit sales due to phasing of Ramadan activities in our OCF and higher capital expenditure in the quarter due to one-off purchase of a new business in bakery operations.

13. General Comments:

Improved Trading conditions has resulted in a very strong quarterly performance for Q1 2022. We expect the positive momentum to continue, albeit at a lower rate in coming quarters as we will enter normalized trading patterns in 2nd half of the year, from a comparison perspective.

The key risk remains surging cost inflation for dairy and feed commodities which have not shown any signs of easing in 2022. Almarai will continue to manage this risk by better hedging activities and by leveraging its stock cover, where relevant.

14. The Consolidated Financial statements for the Twelve Months ended 31st March 2022 will be available through the following link on Almarai Website, and Almarai IR App.

<https://www.almarai.com/en/corporate/investors/annual-report-financial-statement/>

15. Conference call for analysts and investors will be on **13th April 2022** at **3:00 p.m.** KSA time.

The presentation accompanying the conference call will be available on Almarai website within the Investors section under Earning Presentations at:

<https://www.almarai.com/en/corporate/investors/earning-presentations/>