

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2023

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	7-13



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 2023 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

9 April 2023




PricewaterhouseCoopers, License No. 25,
Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia
T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

		31 March 2023 (Unaudited) SAR '000	31 December 2022 (Audited) SAR '000
Notes			
ASSETS			
Non-Current Assets			
		20,028,469	20,114,537
	Property, Plant and Equipment	545,600	552,415
	Long-term Prepayments	477,591	498,783
	Right-of-Use Assets	1,134,406	1,145,601
	Intangible Assets and Goodwill	1,575,499	1,564,899
	Biological Assets		
	Investments in Associate and Joint Venture	5,270	6,312
5	Derivative Financial Instruments	27,707	35,441
	Deferred Tax Assets	32,009	29,674
		23,826,551	23,947,662
Current Assets			
	Inventories	5,264,616	5,237,136
	Biological Assets	196,781	122,812
	Trade Receivables, Prepayments and Other Receivables	3,110,039	2,155,938
	Derivative Financial Instruments	22,551	47,899
	Equity Investment	-	15,607
5	Cash and Cash Equivalents	454,765	546,916
		9,048,752	8,126,308
		32,875,303	32,073,970
TOTAL ASSETS			
EQUITY AND LIABILITIES			
	Share Capital	10,000,000	10,000,000
6	Statutory Reserve	2,761,251	2,761,251
	Treasury Shares	(866,602)	(866,602)
	Other Reserves	(878,610)	(809,399)
	Retained Earnings	6,221,167	5,586,110
	Equity Attributable to Equity Holders of the Company	17,237,206	16,671,360
	Non-Controlling Interests	14,293	311,505
	TOTAL EQUITY	17,251,499	16,982,865
Non-Current Liabilities			
	Loans and Borrowings	6,134,536	8,448,944
7	Lease Liabilities	377,492	391,738
	Employee Retirement Benefits	1,095,228	1,056,581
	Derivative Financial Instruments	16,894	19,901
	Deferred Tax Liabilities	101,212	90,489
		7,725,362	10,007,653
Current Liabilities			
	Bank Overdrafts	72,057	87,130
	Loans and Borrowings	3,417,942	1,065,089
7	Lease Liabilities	66,673	75,092
	Zakat	195,571	168,596
	Income Tax Payable	32,348	17,503
	Trade and Other Payables	4,091,629	3,655,553
	Derivative Financial Instruments	22,222	14,489
		7,898,442	5,083,452
	TOTAL LIABILITIES	15,623,804	15,091,105
	TOTAL EQUITY AND LIABILITIES	32,875,303	32,073,970

The accompanying notes 1 to 12 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 Albader
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 2023

		31 March 2023 (Unaudited) SAR '000	31 March 2022 (Unaudited) SAR '000
	Notes		
Revenue	9	5,066,564	4,503,457
Cost of Sales		(3,448,713)	(3,171,541)
Gross Profit		1,617,851	1,331,916
Selling and Distribution Expenses		(678,841)	(647,428)
General and Administration Expenses		(113,199)	(104,787)
Other Expenses, net		(13,312)	(22,430)
Impairment Loss on Financial Assets		(9,956)	(10,165)
Operating Profit		802,543	547,106
Finance Cost, net		(120,488)	(89,540)
Share of Results of Associate and Joint Venture	5	(1,031)	(1,028)
Profit before Zakat and Income Tax		681,024	456,538
Zakat		(26,975)	(22,526)
Income Tax		(18,093)	(11,479)
Profit for the period		635,956	422,533
Profit for the period attributable to:			
Shareholders of the Company		635,057	420,457
Non-Controlling Interests		899	2,076
		635,956	422,533
Earnings per share (SAR), based on Profit for the period attributable to Shareholders of the Company			
- Basic	8	0.65	0.43
- Diluted	8	0.64	0.42

The accompanying notes 1 to 12 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 Albader
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 COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

	31 March 2023 (Unaudited) SAR '000	31 March 2022 (Unaudited) SAR '000
Notes		
Profit for the period	635,956	422,533
Items that will not be reclassified to profit or loss:		
Change in the Fair Value of Equity Investment through OCI	4,174	5,003
Items that are or may be reclassified subsequently to profit or loss:		
Foreign Currency Translation Differences	(86,162)	(101,798)
Movement in Fair Value on Cash Flow Hedges	8,060	20,236
Settlement of Cash Flow Hedges transferred to Profit or Loss	(45,868)	(23,097)
Other Comprehensive Loss for the period, net of Income Tax	(119,796)	(99,656)
Total Comprehensive Income for the period	516,160	322,877
Total Comprehensive Income / (Loss) for the period attributable to:		
Shareholders of the Company	548,811	365,911
Non-Controlling Interests	(32,651)	(43,034)
	516,160	322,877

The accompanying notes 1 to 12 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 Albader
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 CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

	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 2022 (Audited)	10,000,000	2,585,270	(875,157)	(622,389)	5,031,770	16,119,494	498,919	16,618,413
Profit for the period	-	-	-	-	420,457	420,457	2,076	422,533
Other Comprehensive Loss for the period	-	-	-	(54,571)	-	(54,571)	(45,085)	(99,656)
Total Comprehensive (Loss) / Income	-	-	-	(54,571)	420,457	365,886	(43,009)	322,877
Share Based Payment Transactions	-	-	-	4,018	-	4,018	-	4,018
Purchase of Additional Shares in MFI	-	-	-	(164,609)	-	(164,609)	(85,391)	(250,000)
Balance as at 31 March 2022 (Unaudited)	10,000,000	2,585,270	(875,157)	(837,551)	5,452,227	16,324,789	370,519	16,695,308
Balance as at 1 January 2023 (Audited)	10,000,000	2,761,251	(866,602)	(809,399)	5,586,110	16,671,360	311,505	16,982,865
Profit for the period	-	-	-	-	635,057	635,057	899	635,956
Other Comprehensive Loss for the period	-	-	-	(86,246)	-	(86,246)	(33,550)	(119,796)
Total Comprehensive (Loss) / Income	-	-	-	(86,246)	635,057	548,811	(32,651)	516,160
Share Based Payment Transactions	-	-	-	7,474	-	7,474	-	7,474
Purchase of Additional Shares in IDJ (Refer Note 1)	-	-	-	9,561	-	9,561	(264,561)	(255,000)
Balance as at 31 March 2023 (Unaudited)	10,000,000	2,761,251	(866,602)	(878,610)	6,221,167	17,237,206	14,293	17,251,499

The accompanying notes 1 to 12 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 Albader
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 CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

		31 March 2023 (Unaudited) SAR '000	31 March 2022 (Unaudited) SAR '000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		635,956	422,533
Adjustments for non-cash items:			
Depreciation and Amortisation		609,129	561,007
Gain Arising from Changes in Fair Value less Cost to Sell of Crops		(264)	(9,744)
Provision for Employee Retirement Benefits		52,461	49,075
Provision for Trade Receivables		9,956	10,165
Share Based Payment Expense		7,474	4,018
Finance Cost, net		120,488	89,540
Other Expenses, net		13,312	22,430
Share of Results of Associate and Joint Venture	5	1,031	1,028
Zakat		26,975	22,526
Income Tax		18,093	11,479
		<u>1,494,611</u>	<u>1,184,057</u>
Changes in working capital:			
Inventories		(81,974)	(35,526)
Biological Assets		(55,258)	(28,863)
Trade Receivables, Prepayments and Other Receivables		(1,018,115)	(696,993)
Trade and Other Payables		583,779	120,661
Employee Retirement Benefits Paid		(13,782)	(13,859)
Zakat and Income Tax Paid		-	(236)
Net Cash Generated from Operating Activities		<u>909,261</u>	<u>529,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Subsidiary, net of Cash Acquired		-	(68,550)
Proceeds from Sale of Equity Investment	5	19,782	-
Additions to Property, Plant and Equipment		(513,439)	(334,918)
Proceeds from the Disposal of Property, Plant and Equipment		33,712	5,504
Additions to Intangible Assets		(8,078)	(14,421)
Additions to Biological Assets		(228,068)	(201,117)
Proceeds from the Disposal of Biological Assets		56,305	61,821
Net Cash Used in Investing Activities		<u>(639,786)</u>	<u>(551,681)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Loans and Borrowings		3,534,562	1,488,261
Repayment of Loans and Borrowings		(3,482,339)	(1,204,632)
Purchase of Additional Stake in a Subsidiary	1	(255,000)	(250,000)
Finance Cost Paid		(126,396)	(89,475)
Principal Element of Lease Payments		(27,912)	(32,638)
Interest Element of Lease Payments		(899)	(1,213)
Net Cash Used in Financing Activities		<u>(357,984)</u>	<u>(89,697)</u>
Net Change in Cash and Cash Equivalents		<u>(88,509)</u>	<u>(112,137)</u>
Cash and Cash Equivalents as at 1 January		546,916	580,913
Effect of Movements in Exchange Rates on Cash and Cash Equivalents		(3,642)	(3,279)
Cash and Cash Equivalents as at 31 March		<u>454,765</u>	<u>465,497</u>

The accompanying notes 1 to 12 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 Albader
Chief Executive Officer


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 2023

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”, “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 is operated through International Dairy and Juice Limited (“IDJ”). 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 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 2023

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

The Group owns 100% shareholding in Bakemart FZ L.L.C and Bakemart L.L.C, based in UAE and Bakemart W.L.L based in Bahrain (collectively “Bakemart”). Bakemart is primarily engaged in frozen bakery business in UAE and Bahrain.

During the current quarter, the Group received an additional subsidy of Saudi Riyals (“SAR”) 114 million related to food security measures to secure import of feed materials in KSA, out of which SAR 76.7 million has been recognised in the Condensed Consolidated Statement of Profit or Loss in line with the accounting policy mentioned in Note 5.23 to the last annual Consolidated Financial Statements for the year ended 31 December 2022. The unrecognized portion amounting to SAR 37.3 million is recorded in ‘trade and other payables’.

The Group’s business performance is generally better during the month of Ramadan due to seasonal adjustment in consumption patterns. As certain days of Ramadan falling during the current quarter, the Group’s financial performance is significantly improved as compared to the corresponding quarter of the last year.

Acquisitions:

On 26 Rajab 1444 A.H. (17 February 2023), the Group acquired the remaining share of 48% in IDJ, owned by PepsiCo, for a total consideration of SAR 255 million paid in cash, resulting in an increase in its shareholding from 52% to 100%. Immediately prior to the purchase, the carrying amount of the existing 48% non-controlling interest (‘NCI’) owned by PepsiCo was SAR 264.6 million. The purchase was accounted for as an equity transaction with owners with no impact on the profit or loss account for the period ended 31 March 2023. The difference of SAR 9.6 million between the carrying value of NCI and consideration paid was recorded under equity as part of other reserves.

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.

Devaluation of Egyptian Currency

During the quarter ended 31 March 2023, the Egyptian Pound recorded an average 20% devaluation in rate against the SAR (31 March 2022: 17%). As a result, currency translation adjustment has been recorded in relation to the translation of foreign operations in Egypt.

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 Chartered and Professional Accountants (‘SOCPA’) and should be read in conjunction with the Group’s last annual Consolidated Financial Statements for the year ended 31 December 2022. 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 2022.

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 Consolidated Statement of Financial Position:

- Derivative financial instruments are measured at fair value.
- Equity Investment at Fair Value through Other Comprehensive Income (‘FVOCI’) is measured at fair value.
- The employee retirement benefit is recognised at the present value of future obligations using the Projected Unit Credit Method.
- Biological Assets, where fair value is reliably measurable, have been measured at fair value.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

2. BASIS OF PREPARATION (Continued...)

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.

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 2023 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
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

5. INVESTMENTS

	Nature	Principal activity	Place of Incorporation	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2023 (Unaudited) SAR '000	31 December 2022 (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%	5,066	6,108
Almarai Company W.L.L.	Joint Venture	Dormant	Qatar	50.0%	50.0%	204	204
						<u>5,270</u>	<u>6,312</u>
Equity Investment (Refer note 5.2)							
Mobile Telecommunications Company Saudi Arabia - ("Zain")				-	0.2%	<u>-</u>	<u>15,607</u>

5.1. Movement in Investment in Associate is as follows:

	31 March 2023 (Unaudited) SAR '000	31 December 2022 (Audited) SAR '000
Maria Fondomonte S.A.		
Opening balance	6,108	88,545
Share of Results for the period / year	(1,031)	716
Impairment during the period / year (Refer note 5.3)	-	(82,921)
Currency Translation Difference	(11)	(232)
Closing balance	<u>5,066</u>	<u>6,108</u>

5.2. During the quarter, the Group sold its remaining shareholding in Zain i.e. 1.6 million shares for a cash consideration of SAR 19.8 million.

5.3. On 22 Safar 1441 A.H. (21 October 2019) the Group acquired 49% equity interest in Maria Fondomonte S.A. (the "Associate") to strengthen its dairy herd feed supply. The Group reviewed this investment for impairment on account of breach of certain clauses set forth in the shareholders' agreement (the "Agreement") dated 21 October 2019. Based on fair valuation of Group's equity stake in the Associate, an impairment loss of SAR 82.9 million was recognised in 'Other expenses' in the Consolidated Statement of Profit or Loss during the year ended 31 December 2022. The Group has also initiated legal action under the Agreement to recover its investment in the Associate. There is no further impairment during the quarter and the Group will continue to reassess the carrying value of this investment at each reporting period and adjust or reverse the impairment in subsequent periods accordingly.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

6. SHARE CAPITAL

The Company's share capital as at 31 March 2023 amounted to SAR 10.0 billion (2022: SAR 10.0 billion), consisting of 1.0 billion (2022: 1.0 billion) fully paid and issued shares of SAR 10 each.

7. LOANS AND BORROWINGS

	31 March 2023 (Unaudited) SAR '000	31 December 2022 (Audited) SAR '000
Non-Current Liabilities		
Islamic Banking Facilities (Murabaha)	4,855,265	5,232,256
Saudi Industrial Development Fund ("SIDF")	882,994	875,524
Banking Facilities of Non-GCC Subsidiaries	64,825	89,007
Supranational (Murabaha)	255,936	304,017
Agricultural Development Fund ("ADF")	75,516	75,337
	<u>6,134,536</u>	<u>6,576,141</u>
International Sukuk	-	1,872,803
	<u>6,134,536</u>	<u>8,448,944</u>
Current Liabilities		
Islamic Banking Facilities (Murabaha)	510,309	506,674
Saudi Industrial Development Fund ("SIDF")	286,219	283,713
Banking Facilities of Non-GCC Subsidiaries	120,598	124,245
Supranational (Murabaha)	93,225	96,636
Agricultural Development Fund ("ADF")	528,351	27,758
	<u>1,538,702</u>	<u>1,039,026</u>
International Sukuk	1,879,240	26,063
	<u>3,417,942</u>	<u>1,065,089</u>
Total Loan and Borrowings	<u>9,552,478</u>	<u>9,514,033</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 2023, 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 2023 (Unaudited) SAR '000	31 March 2022 (Unaudited) SAR '000
Profit for the period attributable to the Shareholders of the Company	635,057	420,457
Number of shares '000'		
Weighted average number of ordinary shares for the purpose of basic earnings	982,006	981,831
Weighted average number of ordinary shares repurchased	17,994	18,169
Weighted average number of ordinary shares for the purpose of diluted earnings	<u>1,000,000</u>	<u>1,000,000</u>

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

8. EARNINGS PER SHARE (Continued...)

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Earnings per Share (SAR), based on Profit for the period attributable to Shareholders of the Company		
- Basic	0.65	0.43
- Diluted	0.64	0.42

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 Equity Participation Program.

9. SEGMENT REPORTING

The Group's principal business activities involve manufacturing and trading of dairy and juice products under Almarai, 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 2023 and 31 March 2022, 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	Arable, Horticulture, Infant Nutrition and Food Services

	Dairy and Juice SAR '000	Bakery SAR '000	Poultry SAR '000	Other Activities SAR '000	Total SAR '000
31 March 2023 (Unaudited)					
Revenue	3,471,287	622,058	848,032	408,310	5,349,687
Third Party Revenue	3,448,786	622,058	848,032	147,688	5,066,564
Depreciation and Amortisation	(388,933)	(52,050)	(118,103)	(50,043)	(609,129)
Share of Results of Associates and Joint Venture	-	-	-	(1,031)	(1,031)
Profit/ (Loss) for the period	429,960	88,468	133,475	(15,947)	635,956
Profit/ (Loss) attributable to Shareholders of the Company	429,714	88,468	132,822	(15,947)	635,057
Total Assets	21,798,645	1,990,603	6,122,964	2,963,091	32,875,303
Total Liabilities	13,568,916	550,577	757,420	746,891	15,623,804
31 December 2022 (Audited)					
Total Assets	21,099,251	1,977,247	6,093,457	2,904,015	32,073,970
Total Liabilities	13,319,855	530,389	551,319	689,542	15,091,105
31 March 2022 (Unaudited)					
Revenue	3,139,517	571,275	659,468	222,859	4,593,119
Third Party Revenue	3,116,247	571,275	659,468	156,467	4,503,457
Depreciation and Amortisation	(364,166)	(50,522)	(103,338)	(42,981)	(561,007)
Share of Results of Associates and Joint Venture	-	-	-	(1,028)	(1,028)
Profit/ (Loss) for the period	308,661	68,253	60,899	(15,280)	422,533
Profit/ (Loss) attributable to Shareholders of the Company	307,121	68,253	60,363	(15,280)	420,457
Total Assets	21,434,426	2,160,033	5,666,890	3,011,766	32,273,115
Total Liabilities	13,765,257	487,537	570,710	754,303	15,577,807

ALMARAI COMPANY
A SAUDIJOINT STOCK COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

9. SEGMENT REPORTING (Continued..)

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 December 2021 (Audited)					
Total Assets	21,287,251	1,998,297	5,548,292	2,920,462	31,754,302
Total Liabilities	13,404,191	443,640	616,534	671,524	15,135,889

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 2023 (Unaudited)					
Saudi Arabia	2,183,435	473,738	704,997	73,142	3,435,312
Other GCC Countries	746,795	137,550	114,048	8,384	1,006,777
Other Countries	518,556	10,770	28,987	66,162	624,475
Total	3,448,786	622,058	848,032	147,688	5,066,564

**For the three-month period
ended 31 March 2022 (Unaudited)**

Saudi Arabia	1,943,422	443,334	545,674	50,371	2,982,801
Other GCC Countries	663,336	122,889	86,685	10,330	883,240
Other Countries	509,489	5,052	27,109	95,766	637,416
Total	3,116,247	571,275	659,468	156,467	4,503,457

10. DIVIDENDS

The Board of Directors have proposed, for shareholders' approval at the General Assembly Meeting to be held on 11 April 2023, a dividend of SAR 1.0 billion (SAR 1 per share) for the year ended 31 December 2022.

11. 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.

12. BOARD OF DIRECTORS APPROVAL

These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors on behalf of the Shareholders on 18 Ramadan 1444 A.H. (9 April 2023).