

Almarai Company (“the Company”) is pleased to announce its Condensed Consolidated Interim Financial Results for The Period Ended 30<sup>th</sup> September 2023 as below:

[Reasons of increase / \(decrease\) for the third quarter \(Q3\) 2023 compared with the corresponding quarter of the last year \(2022\).](#)

ELEMENT LIST	CURRENT QUARTER	SAME QUARTER FOR PREVIOUS YEAR (2022)	% CHANGE	PREVIOUS QUARTER	% CHANGE
Sales/Revenue	4,796,934	4,769,121	1	4,792,349	0
Gross Profit (Loss)	1,469,452	1,488,715	(1)	1,567,079	(6)
Operating Profit (Loss)	643,935	578,904	11	718,515	(10)
Net Profit (Loss) after Zakat and Tax	486,263	463,172	5	557,084	(13)
Total Comprehensive Income	468,750	420,666	11	487,909	(4)
Profit (Loss) per Share	0.49	0.47		0.57	

All figures are in (Thousands) Saudi Arabia, Riyals

1. The increase of 5% in the Consolidated Profit Attributable to the Company’s Shareholders for Q3 2023, as compared to the corresponding quarter of 2022, is due to:

- **Revenue (+1%):** A strong performance in core GCC markets resulted in year-on-year growth of 4%. This was led primarily by an expansion in the capacity of the Poultry category, followed by growth of the Dairy & Bakery category, thanks in part to another successful ‘back to school’ season.

However, the devaluation of the Egyptian pound and a marked reduction in demand of external alfalfa sales (mainly to East Asian countries) reduced the Group’s quarterly revenues by 3%, with no material impact on profitability.

- **Operating Profit (+11%):** Disciplined cost controls across the board, including General & Administration expenses, supported double-digit growth of 11% in operating profits. Stringent cost controls were applied across all areas of the business; however, the Group increased its investments in trade support and marketing activities to further engage with its end consumers.

Commodity costs continued to show signs of stabilization, although they remain at a higher level relative to historic norms (mainly corn, soya and alfalfa).

- **Net Profit Attributable to Shareholders (+5%):** Net profit for Q3 2023 grew at 5% compared to the same quarter in 2022. This was driven by positive revenue growth in core markets, strong cost controls in operations and stable commodity costs. This robust operational performance allowed the Group to offset higher funding costs caused by the increase in the SAIBOR interest rate and a one-off benefit for zakat provision in 2022.

**Contribution of individual business categories towards the 5% increase in the Consolidated Profit Attributable to Shareholders are as follows:**

- **Dairy & Juice Category:** The category profit decreased due to the devaluation of the Egyptian pound, higher investments in marketing activities and delayed phasing of commodity cost inflation, mainly alfalfa, corn and soya.
- **Bakery Category:** Net profit grew for Q3 2023, driven by positive volume growth. This was due to a successful 'back to school' season and leveraging of fixed costs.
- **Poultry Category:** Net Profit for Q3 2023 grew, thanks to volume growth made possible by the addition of extra capacity in early 2023.

#### Reasons for increase / (decrease) for Q3 2023 compared with the previous quarter (Q2 2023).

2. The decrease of 13% in the Consolidated Profit Attributable to the Company's Shareholders for the third quarter 2023 (SAR 486 million), as compared to the second quarter of 2023 (SAR 557 million) is due to seasonal adjustments in consumption patterns and higher consumption in Q2 due to Ramadan.

Reasons for increase / (decrease) for the nine months period ending 30<sup>th</sup> September 2023 (the period) compared with the corresponding period of 2022.

ELEMENT LIST	CURRENT PERIOD	SAME PERIOD FOR PREVIOUS YEAR (2022)	% CHANGE
Sales/Revenue	14,655,847	13,883,025	6
Gross Profit (Loss)	4,654,382	4,290,237	9
Operating Profit (Loss)	2,164,993	1,772,309	22
Net Profit (Loss) after Zakat and Tax	1,678,404	1,403,989	20
Total Comprehensive Income	1,505,470	1,282,309	17
Total Share Holders Equity (after Deducting Minority Equity)	17,492,195	16,271,937	8
Profit (Loss) per Share	1.71	1.43	

All figures are in (Thousands) Saudi Arabia, Riyals

3. The 20% increase in Consolidated Profits Attributable to the Company's Shareholders for nine months ending Q3 2023 - as compared to nine months ending Q3 2022 - is due to:

- **Revenue (+6%):** Revenues have consistently grown in Almarai's core GCC markets for each of the past three quarters in 2023. This consistent growth has been driven mainly by the Group's Poultry, Dairy and Bakery categories. However, the growth has been partly offset by the significant devaluation of the Egyptian pound and lower external sales of alfalfa due to weaker global demand, resulting in overall group revenue growth of 6%.
- **Operating Profit (+22%):** Disciplined cost controls, the stabilization of commodity costs and a sharp focus on operational excellence resulted in operating profit growth of 22% for the first three quarters of the year.
- **Net Profit Attributable to Shareholders (+20%):** On a year-to-date basis, top line growth has been driven by capacity expansion and market share gains across multiple categories. In addition to revenue growth, tight controls on overheads were applied, despite having higher funding costs due to the higher SAIBOR rate. This resulted in net profit growth of 20% for the first nine months of the year.

It should be noted that net Profit growth was also supported by the full consolidation of the Group's Egypt and Jordan operations earlier in the year.

**Contribution of individual Business Categories towards the 20% increase in the Consolidated Profit Attributable to Shareholders is as follows:**

- **Dairy & Juice Category:** The category profit is higher than last year due to an improved sales mix across the board. In addition, tighter cost controls assisted in maintaining bottom line growth.
- **Bakery Category:** The category profit increased due to top line growth, driven by single serve product mix, product innovation and leveraging economies of scale for bakery manufacturing.
- **Poultry Category:** The increase in profit for the poultry category was underpinned by higher revenue growth, made possible by additional capacity availability relative to 2022. The top-line growth was supported by volume growth in the Foodservice segment and bottom-line growth was supported by operational efficiencies.

4. **Auditors' Opinion:** (Unmodified Opinion).
5. For more information, please see note 2.1 in the condensed consolidated interim financial statements for the Nine Months period ended 30<sup>th</sup> September 2023.

## 6. Other Notes:

Quarterly Results				Period Results		
ELEMENT LIST	CURRENT QUARTER	SAME QUARTER FOR PREVIOUS YEAR (2022)	% CHANGE	CURRENT PERIOD	SAME PERIOD FOR PREVIOUS YEAR (2022)	% CHANGE
EBITDA	1,062,221	942,301	13	3,413,128	2,866,795	19
<b>Cash Flows</b>				<b>Cash Flows</b>		
OCF	329,722	1,390,019	(76)	2,744,978	2,754,128	(0)
ICF*	(836,509)	(458,530)	82	(2,121,377)	(1,467,275)	45
FCF*	(506,787)	931,489	(154)	623,601	1,286,853	(52)
<b>Margins</b>				<b>Margins</b>		
Gross Profit %	31	31	(60) bps	32	31	90 bps
Operating Profit %	13	12	130 bps	15	13	200 bps
Net Profit %	10	10	40 bps	12	10	140 bps
All figures are in (Thousands) Saudi Arabia, Riyals						
*Adjusted for term deposit						

## 7. General Comments:

Stable trading conditions and a positive 'back to school' season have resulted in another strong profit contribution for Q3 2023.

Almarai started the roll out of its new Seafood category in Q3 2023, in addition to the launch of other new products. The expansion of its product portfolio and continual focus on operational efficiency will assist Almarai as it overcomes existing structural challenges, which include issues such as the devaluation of the Egyptian pound. Furthermore, a marked increase in investments in marketing activities will help the Group to continue to meet the evolving needs of its consumers and further consolidate its Market share leadership.

8. The Condensed Consolidated Interim Financial Statements for the nine months ended 30<sup>th</sup> September 2023 will be available through the following link on the Almarai Website, and Almarai IR App.

[Financial Reports and Info | Almarai](#)

9. The conference call for analysts and investors will be on 10<sup>th</sup> October 2023 at 3:00 p.m. KSA time.

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

[Earning Presentations | Almarai](#)