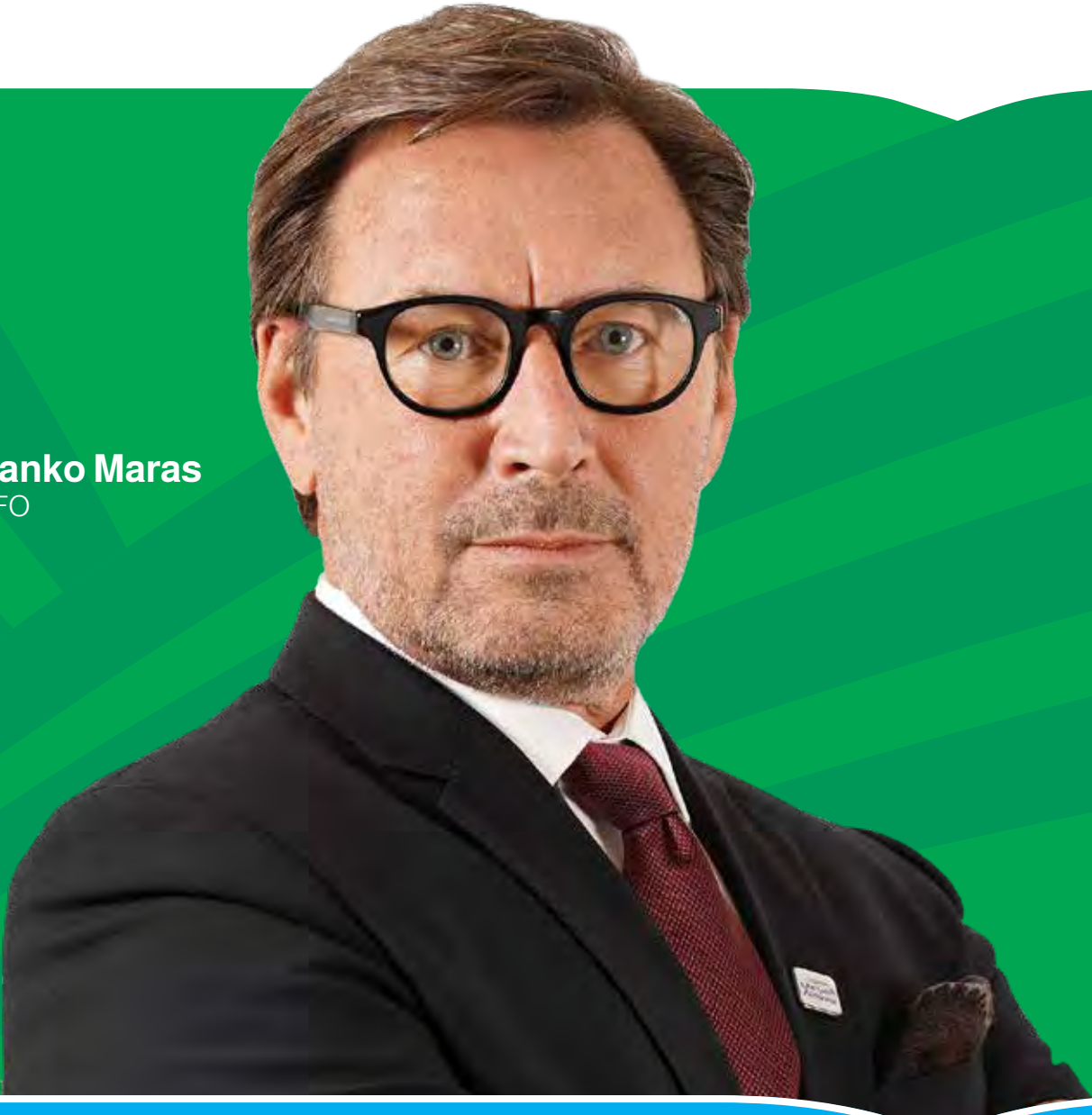


CFO's Review

Danko Maras
CFO



“ Almarai delivered topline growth and addressed profitability for the year, achieving a solid overall performance despite the challenging operating environment and increasing costs having a material impact on our results. With growth in the majority of our markets and all our segments in Q4, as trading conditions normalized towards year-end, we are in a strong position to build on this positive momentum and capitalize on opportunities heading into 2022.

Rising revenues and effective cost management

Revenues for the year were SAR 15,850 million, up 3% from SAR 15,357 million in the previous year. Topline growth in our GCC markets was adverse due to the base year effect of higher food purchases in 2020, due to COVID-19 related movement restrictions. However, robust growth in our Egypt and Jordan consumer markets, as well as higher alfalfa sales as part of our de-stocking program, helped to deliver the positive overall topline growth at Group level.

Revenue (SAR million)

2021 15,850

2020 15,357

Operating profit was significantly impacted by a substantial increase in cost inflation for global dairy and farm commodities, resulting in nearly SAR 420 million of additional cost during 2021, as well as the shift towards a more market driven supply chain structure driven by a reduction in subsidies of SAR 157 million. Whilst Almarai was able to mitigate the impact by effectively controlling operating cost, operating profit for the year dropped by 20% to SAR 2,015 million, while gross profit also decreased to SAR 5,059 million in 2021.

Almarai's net income attributable to shareholders of the Company of SAR 1,564 million, down 21% year on year as a result of these cost and regulatory headwinds, was supported by a significant reduction in funding costs. Financing costs for the Group decreased by SAR 150 million due to a lower net debt level, as well as lower funding rates driven by favorable market conditions throughout the year and effective rate management.

Record free cash flow and balance sheet strength

Despite the challenges faced on the profitability front, the Group fared well in cashflow generation, with net cash generated from operating activities of SAR 4,915 million, an increase of 17% from 2020. This was largely the result of stable business performance and improved working capital management, mainly for inventory and vendor management.

Net cash used in investment activities reached SAR 1,814 million in 2021 against SAR 1,373 million for 2020, adjusted for time deposit redemption of SAR 585 million. The investing activities resulted in slightly higher investment compared to last year, due to acquisition of Binghatti Manufacturing facility in the UAE.

Free Cash Flow (SAR million)

2021 3,101

2020 2,830

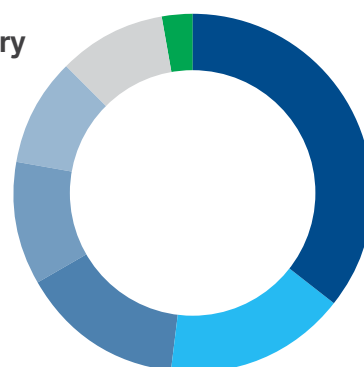
The positive free cashflow of SAR 3,101 million for 2021, an increase of SAR 271 million compared to 2020, was the highest ever free cashflow generated in Almarai history. Representing 20% of the net revenue, also a record achievement, the positive free cashflow was driven by improved working capital management and stable operating performance.

Segmental results

The Dairy and Juice segment recorded 2% growth over 2020, driven by strong performance in long-life dairy segment, which grew by 7% year on year. This was followed by fresh Dairy and Fresh Juice segments, which both recorded growth. The only exception to growth was the Foods segment, which reported a decline of 8% due to base year effect of one-off purchases done during COVID-19 related restrictions in 2020. The Dairy and Juice segment posted 18% lower net profit attributable to the shareholders of the company for the year, due to usage of 100% imported alfalfa, higher commodity costs and a lower subsidy.

Revenue by Category (SAR million)

Fresh Dairy	5,723	36%
Foods	2,274	14%
Poultry	2,302	15%
Bakery	1,800	11%
Long Life Dairy	1,634	10%
Fruit Juice	1,510	10%
Other Sales	618	4%



Revenues up by

3%

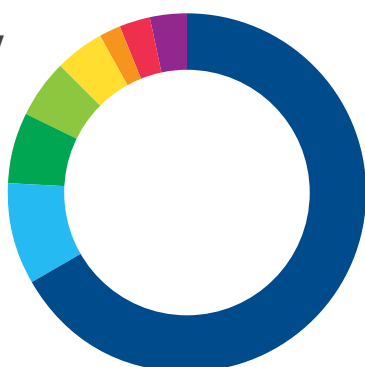
The Bakery segment accelerated growth in the second half of the year, as schools were partially opened after summer break. The volume growth in the second half was further supported by positive product mix of single serve, resulting in 4% growth for the full year.

The Poultry segment delivered slightly positive full-year revenue, as pricing adjustments across the category helped overcome unfavorable channel mix due to opening of hotels and restaurants during the year. However, net profit for the Poultry segment decreased by 37% due to reduction in subsidy and higher feed commodity costs.

Sales by Geography

(SAR million)

■ KSA	10,223	65%
■ UAE	1,381	9%
■ Egypt	1,263	8%
■ Kuwait	784	5%
■ Oman	616	4%
■ Jordan	545	3%
■ Bahrain	340	2%
■ Others	697	4%



Geographic results

Accounting for 65% value share of Almarai sales at a country level, Saudi Arabia remains the major contributor for sales of the Group. Full year revenue in the Kingdom dropped by 1% to SAR 10,223 million for 2021.

The UAE was the second-largest market for Almarai, representing 9% of its total sales, at SAR 1,381 million, also down 1% compared to 2020.

The slight drop in these core markets was offset by significant growth in non-GCC countries, which increased 34% overall in 2021. This positive result was driven mainly by growth in Egypt (+29%), Jordan (+39%) and exports (+69%) for the year.

	For the year ended 31 December				
	2021 SAR million	2020 SAR million	2019 SAR million	2018 SAR million	2017** SAR million
Operational Performance					
Revenue	15,850	15,357	14,351	13,558	13,936
Gross Profit	5,059	5,536	5,367	5,327	5,584
Operating Profit	2,015	2,522	2,473	2,521	2,583
Profit Attributable to Shareholders	1,564	1,984	1,812	2,012	2,182
Balance Sheet					
Net Working Capital	3,043	3,623	3,048	2,988	1,429
Property Plant and Equipment	20,873	21,113	21,951	21,978	22,402
Right of Use Assets	465	470	461	548	-
Biological Assets - Non Current	1,469	1,392	1,381	1,367	1,283
Intangible Assets and Goodwill	1,129	1,218	1,129	1,038	1,047
Investments in Associates and Joint Ventures	89	90	88	-	129
Net Debt	9,201	10,749	11,955	12,743	10,910
Total Equity	16,618	16,234	15,259	14,463	14,881
Total Assets	31,754	32,344	33,148	32,783	31,896
Total Liabilities	15,136	16,111	17,889	18,320	17,015
Cash Flow					
Cash Flow Generated from Operating Activities	4,915	4,203	4,732	3,669	4,614
CAPEX	(1,364)	(824)	(1,517)	(1,919)	(2,797)
Free Cash Flows*	3,101	2,830	2,602	1,332	1,304
Key Indicators					
EBIT to Sales	12.7%	16.4%	17.2%	18.6%	18.5%
Return on Net Operating Assets	7.4%	9.1%	8.9%	9.4%	10.5%
Net Debt to Equity Ratio	55.4%	66.2%	78.3%	88.1%	73.3%
EPS - Basic	1.59	2.02	1.83	1.98	2.13
DPS	1.0	1.0	0.85	0.85	0.75

* Net of Investments

** The amounts presented for the year 2017 is from the audited Consolidated Financial Statements of respective year.

