

AGTHIA GROUP PJSC

**Reports and condensed consolidated
financial statements for nine-month
period ended 30 September 2021**

AGTHIA GROUP PJSC

Reports and condensed consolidated financial statements for the nine-month period ended 30 September 2021

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AGTHIA GROUP PJSC DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our nine-month report and condensed consolidated financial statements of Agthia Group PJSC ("Company") and its subsidiaries (together referred to as the "Group") for the period ended 30 September 2021.

In the third quarter of 2021, we continued delivering on our disciplined growth strategy. As of 1st of August 2021, we consolidated Ismailia Investments (Atyab) into our books, building on the recent acquisition of Nabil Foods. Leveraging on both complementary acquisitions, Agthia will strengthen its position at the forefront of the growing processed protein sector in the MENA region. On September 1st 2021, we announced the board's approval for a strategic acquisition of a 100% stake in BMB Group, the GCC's leading innovative healthy snacks and food company. Such an acquisition represents Agthia's second sizeable investment in the snacking and healthy food market following Al Foah transaction earlier this year.

On the integration front, our dedicated transformation office formulated the Group's "Integration Framework and Playbook" with an institutionalized modular model to be both comprehensive and tailored when applied to current / future acquisitions. The key pillars identified for a successful integration are: (i) smooth transition: One Agthia environment across people, processes, systems, (ii) productivity and efficiency, and (iii) value creation. While integration is a continuous journey requiring 2-3 years to realize full benefits, early results look promising: a) Al Foah integration is proceeding smoothly as we finalized the re-sizing and re-designing of the organizational setup, processes and modus operandi while unlocking cost synergies and productivity. b) Al Faysal integration in Q3 was more focused on processes while making sure the routine business is not disrupted. We are in advanced stages of seizing cross-distribution opportunities to take advantage of Al Faysal's wide network in Kuwait. c) For Nabil, we have started with unlocking potential commercial synergies with the overall Group via increasing distribution of its products in GCC. d) On Atyab, first 100 days plan has been completed and ready to start execution. Further integration will be in conjunction with Nabil for the purpose of creating a fully focused Protein business unit with significant synergies and value creation potential.

On September 27th 2021, shareholders approved the board's recommendation of 8.25 fils cash dividends per share, equivalent to AED 65.31 million for the first half of 2021. The approved dividend distribution marks Agthia Group's first interim dividend. The Group recently adopted a semi-annual dividend policy, which aligns with our commitment to maximizing shareholders' returns.

Third Quarter of 2021 Highlights

Group revenues of AED 795 million for the third quarter registered 62 percent y-o-y growth with the inclusion of Al Foah (since January 1st 2021), Al Faysal Bakery (January 27th 2021), Nabil Foods (April 1st 2021) and Atyab (August 1st 2021). With the addition of the 4 acquisitions, Protein business segment contributed 28%, Snacking business segment contributed 13%, Water / Beverage and other Food items segment contributed 30% and Agri business segment contributed 29% of the Q3 2021 Group's revenue.

Consumer business division (CBD), under which the newly acquired entities are consolidated, doubled versus last year. Recording AED 566 million in top-line, CBD now encompasses 71 percent of total group sales (14% higher contribution versus same period last year). This is in line with our growth strategy of diversifying our revenue streams towards higher growth categories.

- **Protein** (Nabil Foods, Atyab, Tomato Paste & Frozen Vegetables): The addition of *Nabil Foods* and *Atyab* collectively contributed incremental AED 195 million to our top line in Q3, noting *Atyab*'s inclusion for only 2 months post consolidation in August 2021. Total revenue for Protein in Q3 was AED 223 million including tomato paste & frozen vegetables.
- **Snacking** (Al Foah Dates, Bakery in UAE and Al Faysal Bakery in Kuwait): *Al Foah* Dates recorded net AED 86 million in top-line for the quarter, a 72 percent jump versus Q2 2021 in parallel with the start of harvest season in August and as we focused on improving sales mix with significantly higher retail sales. As we continue with our integration plan, we successfully managed to significantly increase Al Foah's bottom line on continued cost optimization and synergies. *Al Faysal Bakery* added AED 22 million to top-line (+2% y-o-y), with an improved profitability owing to favorable sales mix and cost optimization initiatives post integration.
- **Water & Other Food items** (Water, Beverage, Dairy & Trading items):
 - **Water & Beverage** revenues came in at AED 200 million, up 2 percent y-o-y despite the strategic decision of discontinuing the loss-making Beverage business. This is mainly driven by the witnessed recovery in the UAE bottled water business along with higher contribution from the international markets (KSA, Kuwait and Turkey). In the local market, higher sales were recorded versus the same period last year on higher volumes driven by the 5-gallon Home & Office Delivery (HOD) and better bottled water volumes in the food service channel post opening of hotels and restaurants. In the retail channel, Agthia's bottled water portfolio – Al Ain Water, Al Bayan, Alpin & Voss - continues to preserve market leadership at respective 26 percent and 23 percent volume and value shares even though the overall market size of bottled water in the UAE declined by 7.6 percent for MAT August 2021 versus last year¹. Our international markets performed well despite prolonged movement restrictions in KSA and Kuwait as we focused on expanding our footprint. We continue to concentrate on improving the cost structure, expanding distribution, and aligning the channel specific focus as a measure for the improvement of our Saudi operations. Profitability of the Water segment however was impacted by higher PET resin prices and packaging material costs.
 - **Other Food items** (Dairy and Trading Items): Focus continues to be on profitable sales. Other Food Items sales of AED 36 million in Q3 was lower versus same period last year (-16% y-o-y) but Dairy & Trading items collectively reported a positive net income versus a loss of AED 4.4 million last year.

Agri-business (ABD) revenues of AED 229 million were up 8% versus last year driven by the effected price increase as one of the tools deployed to proactively respond to the spike in grain prices. Global inflation in grain prices however continues to impact profitability which we are addressing through operational efficiencies and pricing adjustments.

Group net profit² for the 3 months period prevailed at AED 35 million (including AED 16.5 million M&A and business integration associated costs), versus net loss of AED 32 million in same period last year in which we recorded AED 59 million of one-offs related to a deep dive assessment of our books. Excluding Q3 2020 one-offs, higher net income versus last year was supported by (i) the consolidation of the 4 newly acquired entities, aggregately adding AED 30 million and (ii) cost optimization initiatives via integration and productivity enhancements, both of which more than offset higher grain costs, additional cost towards intangible assets amortization and extra advisory fees borne to support our M&A strategy.

¹ AC Nielsen retail audit August 2021 submission – Monthly Average Total (MAT) 2021

² Attributable to shareholders

Nine Months of 2021 Highlights

Group net revenues of AED 2.1 billion year-to-date registered a 34 percent y-o-y growth largely driven by the consolidation of the 4 newly acquired entities. With the addition of the 4 acquisitions, Protein business segment contributed 18%, Snacking business segment contributed 16%, Water / Beverage and other Food items segment contributed 34% and Agri business segment contributed 32% of the 9M 2021 Group's revenue.

Consumer business division (CBD) under which the newly acquired entities are consolidated, almost doubled versus last year. Recording AED 1.4 billion in top-line, the division now encompasses 67 percent of total group sales (13% higher contribution versus same period last year). This is in line with our growth strategy of diversifying our revenue streams towards higher growth categories.

- **Protein** (Nabil Foods, Atyab, Tomato Paste & Frozen Vegetables): The addition of *Nabil Foods* and *Atyab* collectively contributed AED 279 million to our top line in 9M, noting Nabil was included for 6 months and Atyab for 2 months post respective consolidation. Total revenue for Protein in 9M was AED 373 million including tomato paste & frozen vegetables.
- **Snacking** (Al Foah Dates, Bakery in UAE and Al Faysal Bakery in Kuwait): *Al Foah* Dates recorded net AED 273 million in top-line for the period since consolidation in January 2021. As we continue progressing with our integration plan, we managed to significantly increase Al Foah's bottom line on continued cost optimization and synergies throughout the period despite the impact of the oversupply of KSA dates on pricing in H1 2021. Al Faysal Bakery added AED 59 million to top-line, with an improved profitability owing to favorable sales mix and cost optimization initiatives.
- **Water & Other Food items** (Water, Beverage, Dairy & Trading items):
 - **Water & Beverage** recorded slightly lower sales for the period (3% less versus 9M 2020) were driven by the discontinuation of the beverage business since January 2021 which more than offset the improved water performance across both local and international markets. It is worth mentioning that higher sales were recorded in UAE bottled water, in both Q2 and Q3 2021 versus respective periods last year on the back of higher volumes specifically in the food service channel post opening of hotels and restaurants. Profitability however was impacted by higher PET resin prices and packaging material costs.
 - **Other Food items** (Dairy and Trading Items): Focus continues to be on profitable sales. Other Food Items sales of AED 122 million in 9M was lower (-15% y-o-y) versus same period last year which benefitted from consumer stocking in the Community Support Division. Nevertheless, together Dairy & Trading items reported higher margins at the net income level versus same period last year.

Agri-business (ABD) revenues were down 4 percent versus same period last year which was largely driven by (i) a one-time World Food Program order in Q1 2020 and (ii) lower wheat trading. On profitability, global inflation in grain prices and freight costs continued to put pressure on margins which we are addressing through operational efficiencies and pricing adjustments.

Group net profit³ for the 9 months period came in at AED 103 million (including AED 31 million M&A and business integration associated costs), versus AED 10 million in same period last year in which we recorded AED 83 million of one-offs related to a strategic assessment of our books (with the bulk being recorded in Q3 2020). Excluding last year one-offs, higher net income versus last year was supported by (i) the consolidation of the 4 newly acquired entities, aggregately adding AED 65 million and (ii) cost optimization initiatives via integration

³ Attributable to shareholders

and productivity enhancements, both of which more than counter the impact of higher grain costs, additional cost towards intangible assets amortization and extra M&A advisory fees.

Group total assets as of 30 September 2021 reached AED 5.5 billion, up 76 percent versus year-end 2020 driven by consolidating the assets of Al Foah, Al Faysal Bakery, Nabil Foods and Atyab during the period. **Group shareholders' equity** came in at AED 2.7 billion for the period post issuing additional 191.6 million shares to complete Al Foah and Nabil Foods acquisitions.

All in, we will continue focusing on delivering on our M&A strategy and ensuring a smooth integration of the acquired entities into the Group while maintaining our leading market positions and financial resilience. Looking forward, we remain committed to delivering enhanced value for the benefit of our stakeholders despite challenging market conditions.



Khalifa Sultan Al Suwaidi
Chairman
02 November 2021

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGTHIA GROUP PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agthia Group PJSC (the “Company”) and its subsidiaries (together referred to as (the “Group”) as at 30 September 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

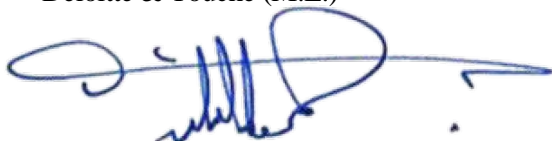
Scope of review

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*”. 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 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 interim financial information is not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration Number 717
2 November 2021
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 September 2021**

| | Notes | 30 September 2021 (unaudited) AED'000 | 31 December 2020 (audited) AED'000 |
|------------------------------------|-------|--|---|
| ASSETS | | | |
| Non-current assets | | | |
| Right-of-use assets | | 86,372 | 73,087 |
| Property, plant and equipment | 6 | 1,447,505 | 1,049,990 |
| Investment in a joint venture | 7 | 4,751 | - |
| Goodwill | 8 | 1,137,206 | 275,933 |
| Intangible assets | 9 | 340,920 | 79,510 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 3,016,754 | 1,478,520 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Inventories | 10 | 580,319 | 346,014 |
| Trade and other receivables | 11 | 783,804 | 527,769 |
| Government compensation receivable | 12 | 35,268 | 12,451 |
| Due from related parties | 18 | 393 | 408 |
| Cash and bank balances | 13 | 1,118,739 | 775,509 |
| | | <hr/> | <hr/> |
| Total current assets | | 2,518,523 | 1,662,151 |
| | | <hr/> | <hr/> |
| Total assets | | 5,535,277 | 3,140,671 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes form an integral part of these condensed consolidated financial statements.

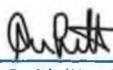
Condensed consolidated statement of financial position
as at 30 September 2021 (continued)

| | Notes | 30 September 2021 (unaudited) AED'000 | 31 December 2020 (audited) AED'000 |
|---|-------|--|---|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 14 | 791,577 | 600,000 |
| Share premium | 14 | 652,097 | - |
| Legal reserve | | 205,659 | 205,659 |
| Translation reserve | | (68,776) | (64,254) |
| Retained earnings | | 1,077,960 | 1,157,104 |
| Equity attributable to the owners of the Company | | 2,658,517 | 1,898,509 |
| Non-controlling interests | | 158,671 | 29,662 |
| Total equity | | 2,817,188 | 1,928,171 |
| Non-current liabilities | | | |
| Provision for employees' end of service benefits | | 122,112 | 81,225 |
| Bank borrowings | 15 | 949,461 | 237,488 |
| Lease liabilities | | 64,307 | 53,254 |
| Deferred government grant | 16 | 28,149 | - |
| Total non-current liabilities | | 1,164,029 | 371,967 |
| Current liabilities | | | |
| Bank borrowings | 15 | 451,701 | 298,558 |
| Lease liabilities | | 33,677 | 18,979 |
| Trade and other payables | 17 | 1,042,119 | 518,101 |
| Deferred government grant | 16 | 4,563 | - |
| Due to a related party | 18 | - | 4,895 |
| Contingent consideration | 26 | 22,000 | - |
| Total current liabilities | | 1,554,060 | 840,533 |
| Total liabilities | | 2,718,089 | 1,212,500 |
| Total equity and liabilities | | 5,535,277 | 3,140,671 |

To the best of our knowledge, the condensed consolidated financial statements present fairly in all material respects the financial condition, financial performance and cash flows of the Group as of, and for, the period / year presented therein.

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 2 November 2021 and signed on its behalf:


Khalifa Sultan Al Suwaidi
Chairman


Alan Smith (Nov 1, 2021 15:53 GMT+4)
Alan Smith
Chief Executive Officer


Ammar Al Ghouli
Chief Financial Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of profit or loss (unaudited)
for the nine-month period ended 30 September 2021**

| | Note | Three-month period ended 30 September | | Nine-month period ended 30 September | |
|--|------|--|-----------------|---|-----------------|
| | | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 |
| Revenue | 19 | 795,137 | 492,055 | 2,113,504 | 1,581,727 |
| Cost of sales | 19 | (561,251) | (341,726) | (1,489,536) | (1,097,837) |
| Gross profit | | 233,886 | 150,329 | 623,968 | 483,890 |
| Selling and distribution expenses | | (116,396) | (84,269) | (322,755) | (271,665) |
| General and administrative expenses | | (74,816) | (83,067) | (201,916) | (186,440) |
| Research and development cost | | (2,336) | (1,800) | (6,861) | (5,700) |
| Share of loss from investment in a joint venture | | (574) | - | (3,316) | - |
| Other income/ (expense), net | | 9,528 | (13,124) | 32,396 | (11,509) |
| Operating profit/ (loss) | | 49,292 | (31,931) | 121,516 | 8,576 |
| Finance income | | 4,063 | 4,807 | 12,080 | 15,945 |
| Finance expense | | (5,895) | (4,177) | (13,557) | (12,242) |
| Profit/ (loss) for the period before income tax and zakat | | 47,460 | (31,301) | 120,039 | 12,279 |
| Income tax and zakat expense | | (5,360) | (750) | (7,197) | (1,351) |
| Profit/ (loss) for the period | | 42,100 | (32,051) | 112,842 | 10,928 |
| Attributable to: | | | | | |
| Owners of the Company | | 35,377 | (32,392) | 103,297 | 9,871 |
| Non-controlling interests | | 6,723 | 341 | 9,545 | 1,057 |
| | | 42,100 | (32,051) | 112,842 | 10,928 |
| Basic and diluted earnings/ (loss) per share (AED) | 20 | 0.045 | (0.054) | 0.139 | 0.016 |

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income (unaudited)
for the nine-month period ended 30 September 2021**

| | Three-month period ended 30 September | | Nine-month period ended 30 September | |
|--|--|-----------------|---|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| Profit/ (loss) for the period | 42,100 | (32,051) | 112,842 | 10,928 |
| Other comprehensive income: | | | | |
| <i>Item that may be subsequently reclassified to profit or loss</i> | | | | |
| Foreign currency translation difference on foreign operations | (889) | (2,892) | (4,258) | (8,619) |
| <i>Item that will not be subsequently reclassified to profit or loss</i> | | | | |
| Re-measurement of employees' end of service benefits | - | 12 | 1,670 | (4,976) |
| Other comprehensive loss | (889) | (2,880) | (2,588) | (13,595) |
| Total comprehensive income/ (loss) for the period | 41,211 | (34,931) | 110,254 | (2,667) |
| Attributable to: | | | | |
| Owners of the Company | 34,541 | (35,408) | 100,439 | (3,381) |
| Non-controlling interests | 6,670 | 477 | 9,815 | 714 |
| | 41,211 | (34,931) | 110,254 | (2,667) |

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity
for the nine-month period ended 30 September 2021**

| | Share Capital AED'000 | Share premium AED'000 | Legal reserve AED'000 | Translation reserve AED'000 | Retained earnings AED'000 | Attributable to Owners of the Company AED'000 | Non- controlling interests AED'000 | Total AED'000 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------------|---------------------------------|--|---|------------------|
| Balance as at 31 December 2019 (audited) | 600,000 | - | 202,212 | (57,475) | 1,216,448 | 1,961,185 | 28,535 | 1,989,720 |
| Profit for the period | - | - | - | - | 9,871 | 9,871 | 1,057 | 10,928 |
| <i>Other comprehensive income / (loss) for the period:</i> | | | | | | | | |
| Foreign currency translation difference on foreign operations | - | - | - | (8,306) | - | (8,306) | (313) | (8,619) |
| Re-measurement of employees' end of service benefits | - | - | - | - | (4,946) | (4,946) | (30) | (4,976) |
| <i>Total comprehensive income / (loss) for the period</i> | - | - | - | (8,306) | 4,925 | (3,381) | 714 | (2,667) |
| Dividend for the year 2019 (note 25) | - | - | - | - | (90,000) | (90,000) | - | (90,000) |
| Balance as at 30 September 2020 (unaudited) | 600,000 | - | 202,212 | (65,781) | 1,131,373 | 1,867,804 | 29,249 | 1,897,053 |
| Balance as at 31 December 2020 (audited) | 600,000 | - | 205,659 | (64,254) | 1,157,104 | 1,898,509 | 29,662 | 1,928,171 |
| Profit for the period | - | - | - | - | 103,297 | 103,297 | 9,545 | 112,842 |
| <i>Other comprehensive income / (loss) for the period:</i> | | | | | | | | |
| Foreign currency translation difference on foreign operations | - | - | - | (4,522) | - | (4,522) | 264 | (4,258) |
| Re-measurement of employees' end of service benefits | - | - | - | - | 1,664 | 1,664 | 6 | 1,670 |
| <i>Total comprehensive (loss)/ income for the period</i> | - | - | - | (4,522) | 104,961 | 100,439 | 9,815 | 110,254 |
| Dividend for the year 2020 (note 25) | - | - | - | - | (184,105) | (184,105) | - | (184,105) |
| Issuance of share capital and share premium (note 14) | 191,577 | 652,097 | - | - | - | 843,674 | - | 843,674 |
| Non-controlling interests acquired (note 26) | - | - | - | - | - | - | 119,194 | 119,194 |
| Balance as at 30 September 2021 (unaudited) | 791,577 | 652,097 | 205,659 | (68,776) | 1,077,960 | 2,658,517 | 158,671 | 2,817,188 |

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of cash flows (unaudited)
for the nine-month period ended 30 September 2021**

| | Notes | Nine-month period ended 30 September | |
|--|-------|---|-----------------|
| | | 2021 AED'000 | 2020 AED'000 |
| Cash flows from operating activities | | | |
| Profit for the period | | 112,842 | 10,928 |
| <i>Adjustments for:</i> | | | |
| Depreciation of property, plant and equipment | 6 | 113,047 | 81,886 |
| Amortisation of intangible assets | 9 | 8,364 | 1,846 |
| Amortisation of right-of-use assets | | 24,840 | 19,192 |
| Finance income | | (12,080) | (15,945) |
| Interest expense | | 10,504 | 9,437 |
| Provision for employees' end of service benefits | | 10,905 | 9,307 |
| Movement in allowance for impairment losses of trade receivables | 11 | 6,025 | 58,271 |
| Provision for slow moving inventory | 10 | 8,568 | 15,432 |
| Gain on sale of property, plant and equipment | | (584) | (273) |
| Interest expense on lease liabilities | | 2,890 | 2,419 |
| Property, plant and equipment impairment | | - | 7,970 |
| Share of loss from investment in a joint venture | | 3,316 | - |
| Income tax and zakat expenses | | 7,197 | 1,351 |
| Net cash from operating activities before movement in working capital | | 295,834 | 201,821 |
| <i>Change in:</i> | | | |
| Inventories | | (10,318) | (37,760) |
| Trade and other receivables | | 156,726 | (45,414) |
| Due from related parties | | 8,099 | (8,947) |
| Government compensation receivable | | (22,817) | 1,622 |
| Due to a related party | | (4,895) | (9,285) |
| Deferred government grant | | (8,555) | - |
| Trade and other payables | | 78,602 | 66,412 |
| Cash generated from operating activities | | 492,676 | 168,449 |
| Payment of employees' end of service benefits | | (10,351) | (9,105) |
| Income tax paid | | (390) | - |
| Net cash generated from operating activities | | 481,935 | 159,344 |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment | 6 | (80,699) | (51,976) |
| Investment in fixed deposits, net | | (115,985) | (63,609) |
| Investment in subsidiaries, net of cash acquired | 26 | (718,363) | - |
| Interest received | | 13,077 | 14,732 |
| Proceeds from sale of property, plant and equipment | | 906 | 3,212 |
| Net cash used in investing activities | | (901,064) | (97,641) |
| Cash flows from financing activities | | | |
| Dividend paid | 25 | (118,800) | (90,000) |
| Bank borrowings, net | | 99,328 | (101,467) |
| Proceeds from long term loans | 15 | 700,950 | 248,558 |
| Settlement for long term loans | | - | (19,318) |
| Interest paid | | (9,564) | (11,982) |
| Repayment of principal amount of lease liabilities | | (28,069) | (19,630) |
| Net cash generated from financing activities | | 643,845 | 6,161 |
| Increase in cash and cash equivalents | | 224,716 | 67,864 |
| Effect of foreign exchange | | (1,894) | (1,928) |
| Cash and cash equivalents as at 1 January | | 155,471 | 28,833 |
| Cash and cash equivalents as at 30 September | 13 | 378,293 | 94,769 |
| Non-cash transaction | | | |
| Acquisition of subsidiaries through issuance of shares | 14 | <u>843,674</u> | = |

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements for the nine-month period ended 30 September 2021

1 General information

Agthia Group PJSC (“the Company”) was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 62.9% of the Company’s shares. Pursuant to Law No (02) of 2018 and Executive Council Resolution No. (33) of 2020, SENAAT became wholly owned by Abu Dhabi Development Holding Company “Public Joint Stock Company” (ADQ) which is wholly owned by the Government of Abu Dhabi.

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of a contingency plan, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets . The Group business operations currently remain largely unaffected as the food and beverage industry in general is exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported condensed consolidated financial results for the period ended 30 September 2021. The Group management continues to monitor the situation closely.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector.

The registered office of the Company is at Al Reem Island, Sky Towers, 17th Floor, P.O. Box 37725, Abu Dhabi, United Arab Emirates.

The principal activities, country of incorporation and operation, and ownership interest of the Company in its sizable subsidiaries are set out below:

| Name of the subsidiary | Place of incorporation and operation | Share of equity (%) | | Principal activities |
|--|--------------------------------------|---------------------|------------------|---|
| | | 30 September 2021 | 31 December 2020 | |
| Grand Mills Company PJSC | UAE | 100 | 100 | Production and sale of flour and animal feed. |
| Al Ain Food and Beverages PJSC | UAE | 100 | 100 | Production and sale of bottled water, beverages, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products. |
| Agthia Group Egypt LLC | Egypt | 100 | 100 | Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables. |
| Agthia Gurup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi | Turkey | 100 | 100 | Production, bottling and sale of bottled water. |
| Al Bayan Purification and Potable Water LLC | UAE | 100 | 100 | Production, bottling and sale of bottled water. |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

1 General information (continued)

| Name of the subsidiary | Place of incorporation and operation | Share of equity (%) | | Principal activities |
|--|--------------------------------------|---------------------|------------------|--|
| | | 30 September 2021 | 31 December 2020 | |
| Shaklan Plastic Manufacturing Co. LLC | UAE | 100 | 100 | Production of plastic bottles and containers. |
| Al Manal Purification and Bottling of Mineral Water LLC | Oman | 100 | 100 | Production, bottling and sale of bottled water. |
| Delta Alagthia for Manufacturing Company Limited | KSA | 100 | 100 | Production, bottling and sale of bottled water. |
| Al Rammah National for General Trading and Contracting Company WLL | Kuwait | 50 | 50 | Production, bottling and sale of bottled water. |
| Gulf National Forage Company LLC | UAE | 51 | 51 | Import and wholesale of fodder. |
| Al Foah Company LLC (note 26) | UAE | 100 | - | Sourcing, processing and trading of dates related products |
| Al Faysal Bakery and Sweets Company WLL (note 26) | Kuwait | 100 | - | Manufacturing and trading in bakery and foodstuff |
| Al Nabil Food Industries LLC (note 26) | Jordan | 80 | - | Manufacturing and trading in processed protein food products |
| Ismailia Agricultural and Industrial Investment (Furat) (note 26) | Egypt | 75.02 | - | Manufacturing and trading in processed protein food products |

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group’s future transactions or arrangements.

New and revised IFRSs

Effective for annual periods beginning on or after

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) 1 January 2021

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2021.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

| <u>New and revised IFRSs</u> | <u>Effective for annual periods beginning on or after</u> |
|---|--|
| IFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to IAS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| Amendments to IFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to IAS 16 <i>Property, Plant and Equipment</i> related to proceeds before intended use | 1 January 2022 |
| Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract</i> | 1 January 2022 |
| Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41 | The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided. |
| Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i> | Effective date deferred indefinitely. Adoption is still permitted. |

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

3 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” and also comply with the applicable requirements of UAE laws and regulations.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)****3 Basis of preparation (continued)**

These condensed consolidated financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all values are rounded to the nearest thousand (AED'000) except when otherwise stated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except when otherwise stated.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2020. In addition, results for the nine-months period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

4 Summary of significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2020, and the notes attached thereto except for the below:

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these condensed consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)****4 Summary of significant accounting policies (continued)****Investments in joint ventures (continued)**

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's condensed consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Government compensation and grants

Compensation pertains to funds that compensate the Group for selling flour and animal feed at subsidised prices within the Emirate of Abu Dhabi and are recognised in the consolidated statement of profit or loss, as a deduction from the cost of sales, on a systematic basis in the same period in which the sales transaction is affected.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)****4 Summary of significant accounting policies (continued)****Government compensation and grants (continued)**

Grants from Abu Dhabi Government are provided to the Group to finance some of the operational and capital expenditures of the Group and are recognised at their nominal value where there is reasonable assurance that grants will be received. The nominal value is deemed to be the cost to the donor. There are no explicit conditions attached to the government grants received except that these should be utilised by the Group for the purpose these are provided for.

Any surplus of government grants which is not utilised in the year it is received by the Group, is deferred to the subsequent period. This deferred government grant is included in current liabilities. Any excess expenditure over government grants received is recorded as balance receivable from government in the consolidated statement of financial position.

Grants related to assets

Non-monetary government grants related to assets are recognised at the carrying amount of the assets and presented as deferred government grant in the condensed consolidated statement of financial position. The grant is amortised over the life of the depreciable assets and is offset with the relevant depreciation expense of the assets.

Grants related to operations

Other government grants, which relate to operational expenditures, are recognised in condensed consolidated statement of profit or loss over the periods necessary to match them with the costs that they are intended to compensate, on a systematic basis. Grants related to income are shown net of the related expenses when reporting these in profit or loss.

5 Changes in judgements and estimation uncertainty

The preparation of these unaudited interim condensed consolidated financial information, in conformity with IAS 34 requires management to make judgements, 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. 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 that applied to the Group's annual financial statements for the year ended 31 December 2020, except as given below.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)****5 Changes in judgements and estimation uncertainty (continued)****Determination of acquisition date in a business combination**

One of the critical steps in a business combination is to identify the acquisition date. As per IFRS 3 “Business Combinations”, the acquisition date is defined as the date on which the acquirer obtains control of the acquiree. The acquisition date is critical because it determines when the acquirer recognizes and measures the consideration transferred, the assets acquired, and liabilities assumed. The acquiree’s results are consolidated from this date. In a business combination affected by a sale and purchase agreement, the acquisition date is generally the specified closing or completion date. It is often readily apparent from the structure of the business combination and the terms of the sale and purchase agreement (if applicable) but this is not always the case.

IFRS 3 explains that the date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets, and assumes the liabilities of the acquiree - the closing date. However, the acquirer should consider all pertinent facts and circumstances in identifying the acquisition date, including the possibility that control is achieved on a date that is either earlier or later than the closing date.

During 2021, the Group entered into several new business combination transactions (Note 26). Management has considered all legal aspects of the sale and purchase agreements and the pertinent facts and circumstances around each transaction in order to determine the acquisition dates of these transactions in accordance to IFRS 3.

For convenience, management has consolidated the acquirees as of the beginning of the month in which the acquisition date was determined and assessed that this assumption had no material impact on the condensed consolidated financial statements.

6 Property, plant and equipment

During the nine-month period ended 30 September 2021, the Group acquired the following property, plant and equipment through business acquisitions (note 26):

1. Property, plant and equipment amounting to AED 181,259 thousand through the acquisition of Al Foah Company LLC.
2. Property, plant and equipment (including land grant) amounting to AED 41,120 thousand through the acquisition of Al Faysal Bakery and Sweets Company WLL.
3. Property, plant and equipment amounting to AED 117,458 thousand through the acquisition of Al Nabil Food Industries LLC.
4. On a provisional basis, property, plant and equipment amounting to AED 92,441 thousand through the acquisition of Ismailia Agricultural and Industrial Investment (Furat).

During the nine-month period ended 30 September 2021, property, plant and equipment additions amounted to AED 80,699 thousand (30 September 2020 AED 51,976 thousand).

Assets with a carrying amount of AED 320 thousand were disposed during the nine-month period ended 30 September 2021 (30 September 2020: AED 2,939 thousand), resulting in a gain of AED 584 thousand (30 September 2020: gain of AED 273 thousand) which is included in other income, net.

Depreciation charge on property, plant and equipment during the nine-month period ended 30 September 2021 amounted to AED 113,047 thousand (30 September 2020: AED 81,886 thousand).

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)****7 Investment in a joint venture**

Investment in joint venture represents 50% ownership interest in Palmera for Dates Cultivation and Trading LLC (incorporated in Jordan) acquired in 2021 through the acquisition of Al Foah Company LLC (refer note 26). The joint venture is accounted for using the equity method in these condensed consolidated financial statements.

8 Goodwill

During the nine-month period ended 30 September 2021, the Group recognised the following goodwill through business acquisitions (note 26):

1. Goodwill amounting to AED 102,465 thousand recognised through the acquisition of Al Foah Company LLC.
2. Goodwill amounting to AED 97,305 thousand recognised through the acquisition of Al Faysal Bakery and Sweets Company WLL.
3. Goodwill amounting to AED 264,092 thousand recognised through the acquisition of Al Nabil Food Industries LLC.
4. On a provisional basis, goodwill amounting to AED 397,411 thousand recognised through the acquisition of Ismailia Agricultural and Industrial Investment (Furat).

For the purpose of impairment testing goodwill is allocated to the Group's cash generating units where the Group's goodwill is monitored for internal management purposes. Impairment testing is conducted at least on an annual basis or when an indication that the asset has been impaired. During the nine-month period ended 30 September 2021, there were no impairment indicators for the goodwill across all cash generating units.

9 Intangible assets

During the nine-month period ended 30 September 2021, the Group recognised the following intangible assets through business acquisitions (note 26):

1. Intangible assets amounting to AED 18,400 thousand through the acquisition of Al Foah Company LLC.
2. Intangible assets amounting to AED 33,000 thousand through the acquisition of Al Faysal Bakery and Sweets Company WLL.
3. Intangible assets amounting to AED 119,071 thousand through the acquisition of Al Nabil Food Industries LLC.
4. On a provisional basis, intangible assets amounting to AED 99,265 thousand through the acquisition of Ismailia Agricultural and Industrial Investment (Furat).

The amortisation charge on intangible assets during the nine-month period ended 30 September 2021 amounted to AED 8,364 thousand (30 September 2020: AED 1,846 thousand).

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

10 Inventories

During the nine-month period ended 30 September 2021, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 8,568 thousand (30 September 2020: AED 15,432 thousand). The charge is included in cost of sales.

Furthermore, the Group has written off previous provisions for slow, non-moving and obsolete inventory of AED 14,436 thousand (30 September 2020: AED 6,778 thousand).

11 Trade and other receivables

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---------------------------------|--|---|
| Trade receivables | 730,563 | 550,638 |
| Allowance for impairment losses | (134,147) | (116,345) |
| | <hr/> | <hr/> |
| | 596,416 | 434,293 |
| Other receivables | 89,757 | 61,349 |
| Prepayments and advances | 97,631 | 32,127 |
| | <hr/> | <hr/> |
| | 783,804 | 527,769 |
| | <hr/> <hr/> | <hr/> <hr/> |

The movement in the allowance for impairment losses in respect of trade receivables during the nine-month period / year was as follows:

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Balance at beginning of the period / year | 116,345 | 55,865 |
| Acquired through acquisitions during the period (note 26) | 22,592 | - |
| Charge for the period / year | 6,025 | 62,066 |
| Written off for the period / year | (10,815) | (1,586) |
| | <hr/> | <hr/> |
| Balance at end of the period / year | 134,147 | 116,345 |
| | <hr/> <hr/> | <hr/> <hr/> |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

12 Government compensation receivables

Government compensation receivables pertains to subsidy funds that compensate the Group for selling flour and animal feed in the Emirate of Abu Dhabi.

The movement in the government compensation receivable during the nine-month period/ year is as follows:

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|-----------------------------------|--|---|
| Opening balance | 12,451 | 27,782 |
| Compensation for the period/ year | 89,979 | 120,440 |
| Amounts received | (67,162) | (135,771) |
| | <hr/> | <hr/> |
| Closing balance | 35,268 | 12,451 |
| | <hr/> <hr/> | <hr/> <hr/> |

13 Cash and bank balances

| | 30 September 2021 AED'000 (unaudited) | 30 September 2020 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|--|---|
| Cash on hand | 8,189 | 3,959 | 2,992 |
| Current and savings accounts | 399,523 | 126,660 | 177,475 |
| | <hr/> | <hr/> | <hr/> |
| Cash and bank balances | 407,712 | 130,619 | 180,467 |
| Restricted cash | (24,971) | (25,000) | (24,996) |
| Bank overdrafts | (4,448) | (10,850) | - |
| | <hr/> | <hr/> | <hr/> |
| Cash and cash equivalents in the condensed consolidated statement of cash flows | 378,293 | 94,769 | 155,471 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Cash and bank balances | 407,712 | 130,619 | 180,467 |
| Fixed deposits | 711,027 | 625,199 | 595,042 |
| | <hr/> | <hr/> | <hr/> |
| Cash and bank balances in the condensed consolidated statement of financial position | 1,118,739 | 755,818 | 775,509 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

13 Cash and bank balances (continued)

Fixed deposits are for a period not more than one year and not less than three months (30 September 2020: not more than one year and not less than three months). Interest earned on these deposits are at prevailing market rates. The carrying amounts on these deposits are approximate to their fair value.

Restricted cash represents amounts mainly set aside for payment of dividend distribution from 2009 to 2014. Equivalent amount has been recorded as liability in trade and other payables. This restricted cash balance has not been included in the cash and cash equivalents for the purpose of condensed consolidated statement of cash flows.

Balances with banks are assessed to have low credit risk of default. Accordingly, management estimates the loss allowance on balances with banks at the end of the reporting period to an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, management anticipates that there is no impairment, and hence have not recorded any loss allowances on these balances.

14 Share capital

Share capital includes issued and fully paid 791,577 thousand shares (31 December 2020: 600,000 thousand shares) at a par value of AED 1 each.

| | 2021 | 2020 |
|---|------------------|-----------|
| | AED'000 | AED'000 |
| Authorised share capital (ordinary shares of AED 1 each) | 1,200,000 | 1,200,000 |
| Issued and fully paid share capital | 791,577 | 600,000 |

During the period, the Company issued 191,577 thousand new shares with nominal value of AED 1 each as the acquisition price of Al Foah Company LLC and Al Nabil Food Industries LLC with an aggregate principal amount of AED 450,000 thousand (at a conversion price of AED 3.75 per share) and AED 393,674 thousand (at a conversion price of AED 5.5 per share) respectively (refer note 26), the Company's issued and fully paid share capital increased from 600,000 thousand shares to 791,577 thousand shares.

During the period share premium movement was as follows:

| | 30 September |
|---|---------------------|
| | 2021 |
| | AED'000 |
| | (unaudited) |
| Opening balance | - |
| Issuance of share premium for the acquisition of Al Foah Company LLC (note 26) | 330,000 |
| Issuance of share premium for the acquisition of Al Nabil Food Industries LLC (note 26) | 322,097 |
| Closing balance | 652,097 |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

15 Bank borrowings

The Group's interest / profit bearing loans and borrowings were as follows:

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--------------------------------|--|---|
| Current liabilities: | | |
| Credit facilities | 360,797 | 230,651 |
| Short term loans | 63,683 | 55,936 |
| Bank overdrafts | 4,448 | - |
| Term loans | 22,773 | 11,971 |
| | <u>451,701</u> | <u>298,558</u> |
| Non-current liabilities | | |
| Term loans | <u>949,461</u> | <u>237,488</u> |
| | | |
| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
| Current liabilities: | | |
| Within UAE | 390,820 | 260,031 |
| Outside UAE | 60,881 | 38,527 |
| | <u>451,701</u> | <u>298,558</u> |
| Non-current liabilities | | |
| Within UAE | 884,620 | 183,670 |
| Outside UAE | 64,841 | 53,818 |
| | <u>949,461</u> | <u>237,488</u> |

During the nine-month period ended 30 September 2021, the Group availed two long-term loans of AED 700,950 thousand for a tenure of five years repayable in 2026. Both loans payment term is a bullet repayment of principal amounts at maturity. Loans carry interest rate of 3 months LIBOR/ EIBOR + Margin per annum. Loans are secured against corporate guarantee.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

15 Bank borrowings (continued)

Loans assumed through a business acquisition

Upon the acquisition of Al Nabil Food Industries LLC (Note 26), the Group has consolidated a liability of bank loans in Jordanian Dinar and US Dollar amounting to AED 33,623 thousand as of 30 September 2021. The loans carry an interest rate ranging from 3% to 6.5% and are repayable over a period ranging from 48 to 60 months. Loans are guaranteed by a warehouse's land and building for the amount of JD 4,400 thousand (AED 22,791 thousand), promissory notes in favour of the Central Bank of Jordan, mortgages on a factory land and building in the amount of JD 4,000 thousand (AED 20,720 thousand), pledge on machines in the amount of JD 1,000 thousand (AED 5,180 thousand). The facilities are coupled with the endorsement of Al Nabil Food Industries LLC "All Risks" insurance policy for an amount of approximately JD 31,000 thousand (AED 160,574 thousand) in favour of the lending banks.

16 Deferred government grant

The Government of Abu Dhabi provides an annual budget for capital expenditure in accordance with an approved budget. The capital grants are recorded as deferred government grants in the consolidated statement of financial position, and classified as current and non-current liabilities (note 26).

17 Trade and other payables

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|-------------------|--|---|
| Trade payables | 514,082 | 150,031 |
| Accrued expenses | 293,538 | 222,231 |
| Dividends payable | 65,305 | - |
| Other payables | 169,194 | 145,839 |
| | <hr/> 1,042,119 <hr/> | <hr/> 518,101 <hr/> |

18 Balances and transactions with related parties

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of a related party as defined in IAS 24 Related Party Disclosures.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties comprise major shareholders, key management personnel, Board of Directors and their related companies.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

18 Balances and transactions with related parties (continued)

a) Key management personnel compensation

Key management personnel compensation for the period was as follows:

| | Three month-period ended | | Nine month-period ended | |
|--------------------------------|--|--|--|--|
| | 30 September 2020 AED'000 (unaudited) | 30 September 2019 AED'000 (unaudited) | 30 September 2020 AED'000 (unaudited) | 30 September 2019 AED'000 (unaudited) |
| Short term employment benefits | 4,360 | 3,493 | 14,651 | 12,845 |
| Long term employment benefits | 1,167 | 281 | 4,148 | 2,726 |
| | 5,527 | 3,774 | 18,799 | 15,571 |

b) Amounts due to a related party

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Al Foah Company LLC – affiliated company (subsidiary in 2021, refer to note 26) | - | 4,895 |

c) Amounts due from related parties

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Dubai Cable Company (Private) Limited - affiliated company | 157 | 172 |
| Emirates Iron & Steel Company LLC – affiliated company | 236 | 165 |
| General Holding Corporation PJSC (SENAAT) – parent company | - | 71 |
| | 393 | 408 |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

18 Balances and transactions with related parties (continued)

d) Transactions with related parties

| | Three month-period ended | | Nine month-period ended | |
|--------------------|--|--|--|--|
| | 30 September 2021 AED'000 (unaudited) | 30 September 2020 AED'000 (unaudited) | 30 September 2021 AED'000 (unaudited) | 30 September 2020 AED'000 (unaudited) |
| Sales | 189 | 23,824 | 600 | 24,647 |
| Purchases | - | 491 | - | 4,685 |
| Expenses recharged | - | - | - | (15) |

During the nine-month period ended 30 September 2021, the Company has acquired 100% of the shares of Al Foah Company LLC from a related party and 80% of the shares of Al Nabil Food Industries LLC out of which 60% was also from a related party.

19 Revenue and cost of sales

Revenues for the period ended 30 September 2021 amounting to AED 2,113,504 thousand (period ended 30 September 2020: 1,581,727 thousand) includes revenues from newly acquired subsidiaries (note 26) amounting to AED 611,416 thousand (period ended 30 September 2020: Nil) with a related cost of sales amounting to AED 429,519 thousand (period ended 30 September 2020: Nil).

20 Basic and diluted earnings per share

| | Three month-period ended | | Nine month-period ended | |
|---|--|-------------------------------------|--|-------------------------------------|
| | 30 September 2021 (unaudited) | 30 September 2020 (unaudited) | 30 September 2021 (unaudited) | 30 September 2020 (unaudited) |
| Profit/ (loss) for the period attributable to the Owners of the Company (AED'000) | 35,377 | (32,392) | 103,297 | 9,871 |
| Weighted average number of ordinary shares in issue throughout the period ('000) | 791,577 | 600,000 | 742,625 | 600,000 |
| Basic and diluted earnings/ (loss) per share (AED) | 0.045 | (0.054) | 0.139 | 0.016 |

Basic and diluted earnings per share are calculated by dividing the profit for the period attributed to the owners of the Company by the weighted average number of shares in issue throughout the period.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

21 Segmental analysis

The Group has two reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

Agri Business Division ("ABD")

- Flour and Animal Feed includes manufacturing and distribution of flour and animal feed.

Consumer Business Division ("CBD")

- Water and Food segment includes manufacturing, bottling, and distribution of drinking water, beverages, juices, dairy and trading products.
- Protein and Frozen Vegetables segment includes manufacturing, packaging, distribution and trading of tomato and chili paste, fruit concentrate, frozen vegetables and processed protein products.
- Snacks segment includes manufacturing, packaging, distribution of dates and bakery products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as 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.

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

21 Segmental analysis (continued)

| | Agri Business Division (“ABD”) | | Consumer Business Division (“CBD”) | | | | | | | | Total Business Divisions | |
|--------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | Water and Food | | Protein and FV | | Snacks | | Total CBD | | | |
| | 30 Sep 2021 AED’000 Unaudited | 30 Sep 2020 AED’000 Unaudited | 30 Sep 2021 AED’000 Unaudited | 30 Sep 2020 AED’000 Unaudited | 30 Sep 2021 AED’000 Unaudited | 30 Sep 2020 AED’000 Unaudited | 30 Sep 2021 AED’000 Unaudited | 30 Sep 2020 AED’000 Unaudited | 30 Sep 2021 AED’000 Unaudited | 30 Sep 2020 AED’000 Unaudited | 30 Sep 2021 AED’000 Unaudited | 30 Sep 2020 AED’000 Unaudited |
| Revenues | 711,477 | 741,531 | 745,629 | 778,110 | 384,845 | 114,237 | 338,712 | 13,457 | 1,469,186 | 905,804 | 2,180,663 | 1,647,335 |
| Intra-group | (19,333) | (23,377) | (31,018) | (25,109) | (12,098) | (17,122) | (4,710) | - | (47,826) | (42,231) | (67,159) | (65,608) |
| External revenues | 692,144 | 718,154 | 714,611 | 753,001 | 372,747 | 97,115 | 334,002 | 13,457 | 1,421,360 | 863,573 | 2,113,504 | 1,581,727 |
| Gross profit | 144,006 | 172,513 | 289,684 | 299,776 | 99,715 | 18,504 | 98,295 | 1,545 | 487,694 | 319,825 | 631,700 | 492,338 |
| Reportable segment profit/ (loss) | 76,677 | 95,922 | 39,818 | (31,224) | 29,561 | 7,541 | 37,345 | (120) | 106,724 | (23,803) | 183,401 | 72,106 |
| <i>Material non-cash items</i> | | | | | | | | | | | | |
| Impairment loss on trade receivables | 2,139 | 8,212 | 3,009 | 50,688 | 570 | - | 307 | - | 3,886 | 50,688 | 6,025 | 58,900 |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

21 Segmental analysis (continued)

Reconciliations of reportable segments' profit or loss, segments assets and liabilities are as follows:

| | Nine-month period ended | |
|---|--|--|
| | 30 September 2021 (unaudited) AED'000 | 30 September 2020 (unaudited) AED'000 |
| Total profit for reportable segments | 183,401 | 72,106 |
| <i>Unallocated amounts</i> | | |
| Other operating expenses | (74,412) | (69,531) |
| Net finance income | 3,853 | 8,353 |
| Consolidated profit for the period | 112,842 | 10,928 |
| Non-controlling interests | (9,545) | (1,057) |
| Consolidated profit for the period attributable to the Owners of the Company | 103,297 | 9,871 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 30 September 2021 (unaudited) AED'000 | 31 December 2020 (audited) AED'000 |
| Segment Assets | | |
| Agri Business Division | 559,155 | 526,521 |
| Consumer Business Division | 2,778,318 | 1,506,557 |
| Total assets for reportable segments | 3,337,473 | 2,033,078 |
| Other unallocated amounts | 2,197,804 | 1,107,593 |
| Total assets | 5,535,277 | 3,140,671 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Segment Liabilities | | |
| Agri Business Division | 168,423 | 184,334 |
| Consumer Business Division | 1,122,954 | 505,710 |
| Total liabilities for reportable segments | 1,291,377 | 690,044 |
| Other unallocated amounts | 1,426,712 | 522,456 |
| Total liabilities | 2,718,089 | 1,212,500 |
| | <hr/> <hr/> | <hr/> <hr/> |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

22 Seasonality of results

The Group's dates business, included in the Food segment under the Consumer Business Division, is subject to seasonality coinciding with the harvesting and collection season and hence tend to peak during the period from September to April in UAE and other key geographic areas.

Other than the above, for the nine-month period ended 30 September 2020, no significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the nine-month period ended 30 September 2021 and 2020.

23 Contingent liabilities and commitments

| | 30 September 2021 (unaudited) AED'000 | 31 December 2020 (audited) AED'000 |
|---------------------|--|---|
| Bank guarantees | 75,598 | 73,648 |
| Letters of credit | 90,762 | 129 |
| Capital commitments | 40,894 | 59,913 |

The above guarantees and letters of credits were issued in the normal course of business. These include deferred payment credit, performance bonds, tender bonds, deferred payment bills, inward bill and margin deposit guarantees.

24 Fair value of financial instruments

The Group does not have any financial instruments being measured at fair value at each period / year presented of its condensed consolidated statement of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants as at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value hierarchy levels have been defined as follows:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

24 Fair value of financial instruments (continued)

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Group's management considers that the fair values of its financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the condensed consolidated statement of financial position.

25 Dividends

At the Annual General Meeting held on 8 April 2021, the shareholders' approved cash dividends of AED 118,800 thousand for the year ended 31 December 2020 and were paid during the period (at the Annual General Meeting held on 16 April 2020, the shareholders' approved cash dividends of AED 90,000 thousand for the year ended 31 December 2019) which represents 16.5% of the 720,000 thousand issued share capital at the time of dividend declaration (2019: 15% of the 600,000 thousand issued share capital at the time of dividend declaration).

At the Extraordinary General Meeting was held on 27 September 2021, the shareholders' approved cash interim dividends of AED 65,305 thousand for the six-month period ended 30 June 2021 which represents 8.25% of the 791,577 thousand issued share capital at the time of dividend declaration. Dividends were paid subsequent to the reporting period and disclosed in these condensed consolidated financial statements as dividends payable (refer note 17)

26 Business combinations

a) Al Foah Company LLC acquisition

On 5 January 2021, the Company acquired 100% of the shares of Al Foah Company LLC ("Al Foah"), a limited liability company based in United Arab Emirates that specialises in sourcing, processing and trading of dates and date related products. The Group has acquired Al Foah to diversify its portfolio mix and to expand within new markets. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the amounts of Al Foah for the period from the acquisition date. Fair values of the identifiable assets and liabilities of Al Foah as at the date of acquisition were:

| | Fair value on acquisition (unaudited) AED'000 |
|--|--|
| Assets | |
| Property, plant and equipment (note 6) | 181,259 |
| Brand names | 12,400 |
| Customer contracts | 6,000 |
| Inventories | 118,969 |
| Trade and other receivables | 147,225 |
| Cash and bank balances | 46,494 |
| Due from related parties | 144,767 |
| Other assets | 10,228 |
| | <hr/> |
| Total assets | 667,342 |
| | <hr/> <hr/> |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

26 Business combinations (continued)

a) Al Foah Company LLC acquisition (continued)

| | Fair value on acquisition (unaudited) AED'000 |
|---|--|
| Liabilities | |
| Employees' end of service benefits | (34,043) |
| Deferred government grants | (41,267) |
| Trade and other payables | (242,229) |
| Other liabilities | (2,268) |
| | <hr/> |
| Total liabilities | (319,807) |
| | <hr/> <hr/> |
| Total identifiable net assets at fair value | 347,535 |
| | <hr/> <hr/> |
| Goodwill arising on acquisition | 102,465 |
| | <hr/> <hr/> |
| Purchase considerations satisfied through issuing 120,000 thousand common shares (note 14) | 450,000 |
| | <hr/> <hr/> |
| <i>Analysis of cash flow on acquisition were:</i> | |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 46,494 |
| | <hr/> <hr/> |

b) Al Faysal Bakery and Sweets Company WLL acquisition

On 26 January 2021, the Company acquired 100% of the shares of Al Faysal Bakery and Sweets Company WLL ("Al Faysal"), a limited liability company based in the State of Kuwait that specialises in the manufacture and trading of bakeries and foodstuff. The Group has acquired Al Faysal because it is expanding both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the amounts of Al Faysal as at the acquisition date. Fair values of the identifiable assets and liabilities of Al Faysal as at the date of acquisition were:

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

26 Business combinations (continued)

b) Al Faysal Bakery and Sweets Company WLL acquisition (continued)

| | Fair value on acquisition (unaudited) AED'000 |
|---|--|
| Assets | |
| Property, plant and equipment (note 6) | 14,120 |
| Brand names | 9,000 |
| Licenses | 24,000 |
| Land grant (note 6) | 27,000 |
| Inventories | 4,886 |
| Trade and other receivables | 12,579 |
| Cash and bank balances | 16,118 |
| Other assets | 6,327 |
| | <hr/> |
| Total assets | 114,030 |
| | <hr/> <hr/> |
| Liabilities | |
| Employees' end of service benefits | (7,614) |
| Borrowings | (4,142) |
| Trade and other payables | (10,835) |
| Contingent consideration* | (22,000) |
| Other liabilities | (5,839) |
| | <hr/> |
| Total liabilities | (50,430) |
| | <hr/> <hr/> |
| Total identifiable net assets at fair value | 63,600 |
| | <hr/> <hr/> |
| Goodwill arising on acquisition | 97,305 |
| | <hr/> <hr/> |
| Purchase considerations satisfied | 160,905 |
| | <hr/> <hr/> |
| <i>Analysis of cash flow on acquisition were:</i> | |
| Net cash acquired with the subsidiary | 16,118 |
| Cash considerations paid | (160,905) |
| | <hr/> <hr/> |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | (144,787) |
| | <hr/> <hr/> |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

26 Business combination (continued)

b) Al Faysal Bakery and Sweets Company WLL acquisition (continued)

* As part of the SPA with the previous owners of Al Faysal dated 25 November 2020, part of the consideration was determined to be contingent, based on the performance of the acquired entity. As at 30 September 2021, the fair value for the contingent consideration amounted to AED 22,000 thousand given the performance indicators of Al Faysal against the target.

c) Al Nabil Food Industries Limited

On 1 April 2021, the Company obtained control of 80% of the shares of Al Nabil Food Industries LLC (“Al Nabil”), a limited liability company based in Jordan that specialises in the manufacture and trading of processed protein products. The Group has acquired Al Nabil to diversify its portfolio and expand its existing customer base. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the fair values of the identifiable assets and liabilities of Al Nabil as at the acquisition date.

Fair values of the identifiable assets and liabilities of Al Nabil as at the date of acquisition were:

| | Fair value on acquisition (unaudited) AED’000 |
|--|--|
| Assets | |
| Property, plant and equipment (note 6) | 117,458 |
| Brand name | 104,003 |
| Customer relationships | 15,068 |
| Inventories | 51,954 |
| Trade and other receivables | 81,546 |
| Cash and bank balances | 57,558 |
| Other non-current assets | 5,662 |
| Other current assets | 4,180 |
| | <hr/> |
| Total assets | 437,429 |
| | <hr/> <hr/> |
| Liabilities | |
| Bank borrowings | (48,612) |
| Trade and other payables | (63,900) |
| Other non-current liabilities | (2,802) |
| Other current liabilities | (2,719) |
| | <hr/> |
| Total liabilities | (118,033) |
| | <hr/> <hr/> |
| Total identifiable net assets at fair value | 319,396 |
| | <hr/> <hr/> |

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

26 Business combination (continued)

c) Al Nabil Food Industries Limited (continued)

| | AED'000 |
|--|----------------|
| Total identifiable net assets at fair value | 319,396 |
| Goodwill | 264,092 |
| Non-controlling interests acquired | (63,879) |
| Total considerations satisfied | 519,609 |

Total considerations satisfied to acquired 80% shares of Al Nabil were as follows:

| | AED'000 |
|---|----------------|
| Equity considerations through issuing 71,577 thousand common shares (note 14) | 393,674 |
| Cash considerations | 125,935 |
| Total considerations satisfied | 519,609 |

d) Ismailia Agricultural and Industrial Investment (Furat)

On 10 August 2021, the Company obtained control of 75.02% of the shares of Ismailia Agricultural and Industrial Investment (Furat) (“Atyab”), a joint stock company based in Egypt that specialises in the manufacture and trading of processed protein products with a portfolio of four brands (Atyab, Meatland, Shiketita and Furat). The Group has acquired Atyab to expand its existing customer base in Egypt and to empower the protein segment. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the provisional fair values of the identifiable assets and liabilities of Atyab as at the acquisition date as detailed below:

**Notes to the condensed consolidated financial statements
for the nine-month period ended 30 September 2021 (continued)**

26 Business combination (continued)

d) Ismailia Agricultural and Industrial Investment (Furat) (continued)

| | Provisional amounts on acquisition (unaudited) AED'000 |
|--|---|
| Assets | |
| Property, plant and equipment (note 6) | 92,441 |
| Brand names | 99,265 |
| Inventories | 56,746 |
| Trade and other receivables | 36,500 |
| Cash and bank balances | 11,842 |
| Other non-current assets | 9,147 |
| | <hr/> |
| Total assets | 305,941 |
| | <hr/> <hr/> |
| Liabilities | |
| Bank borrowings | (7,661) |
| Trade and other payables | (55,400) |
| Other non-current liabilities | (4,048) |
| Other current liabilities | (17,393) |
| | <hr/> |
| Total liabilities | (84,502) |
| | <hr/> <hr/> |
| Total identifiable net assets at fair value (provisional) | 221,439 |
| | <hr/> <hr/> |
| Goodwill | 397,411 |
| Non-controlling interests acquired | (55,315) |
| | <hr/> <hr/> |
| Total considerations satisfied in cash | 563,535 |
| | <hr/> <hr/> |

e) Ripplette Corp. and Mediterranean Confectionary Company Limited

On 31 August 2021, the Group Board of Directors' has approved a strategic acquisition of a 100% stake in Ripplette Corp. and Mediterranean Confectionary Company Limited (together "BMB"). BMB was launched in 2007 and has a large portfolio of confectionery and healthy food brands and distributes in more than 23 countries worldwide, including the UAE, Saudi Arabia, and USA.