Annual
Report
2023

Strategic Partnerships for Accelerated Growth

About Us

Tanmiah Food Company, established in 1962, is one of the Middle East's leading providers of fresh poultry, processed poultry, and other processed meat products, as well as animal feed and health products. The Company was established in Jeddah as a proprietorship under the name of "Agricultural Development Corporation" owned by H.E Engineer Abdullah Mohammad Ali Al-Dabbagh, the third agriculture minister in Saudi Arabia. In 1991, the shareholders contributed in proportion to their respective shareholding, and the Company was then divided into two limited liability companies, one under the name of "Supreme Foods Company Limited" and the other under the name of the "Agricultural Development Company." The Company was converted into a closed joint stock company under the name of "Tanmiah Food Trading Company," pursuant to Ministerial decree of 2019, and pursuant to the Extraordinary General Assembly Resolution dated 17 April 2019, the Company's name was changed to "Tanmiah Food Company", and it was listed in 2021 on the Saudi Exchange.

Tanmiah's fully integrated and highly efficient business model includes production, further processing, and distribution, with products sold in Saudi Arabia, the UAE, Bahrain, Oman, Jordan, and Kuwait. As of 31 December 2023, Tanmiah operates 126 farms as well as six hatcheries, two feed mills, and four primary processing plants and distributes its products through a network of wholesalers, retailers, and food service outlets, as well as online directly to consumers.

Table of Content

01

2023 At a Glance

03

Governance

02

Strategic Review

04

Financial Statements

01 2023 At a Glance

Operational Highlights

3,300
Employees

20
Sales branches

7
Countries

415,000
Tons of feed per year from two feed mills

648,000
Hatching eggs setting daily capacity in six hatcheries

500,000
Birds per day across four primary processing plants

136.3 mn
Birds processed per year across four primary processing plants

Financial Highlights

Total revenues (in SAR)

2022	1,727,041,745
2023	2,093,092,807

Total operating profit (in SAR)

2022	113,369,435
2023	136,737,094

Total net profit (in SAR)

2022	189,162,316*
2023	89,431,509

Net profit (attributable to owners of the Company) (in SAR)

2022	186,809,894*
2023	75,940,950

Total assets (in SAR)

2022	1,800,582,765
2023	2,012,382,580

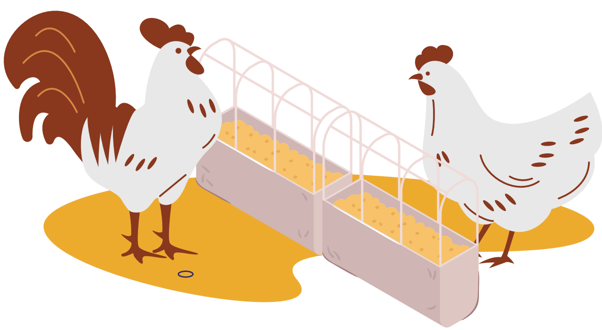
Total liabilities (in SAR)

2022	1,137,970,185
2023	1,332,108,095

Total shareholders' equity (attributable to owners of the Company) (in SAR)

2022	614,370,538
2023	618,824,251

*Net profit includes a one-off gain amounting to SAR 101.9 million owing to the strategic partnership with Tyson Foods.



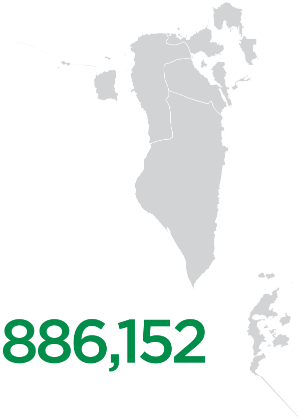
Revenue Segmentation

Sales by Geography

Kingdom of Saudi Arabia

Revenue

SAR 1,995,816,610

Bahrain

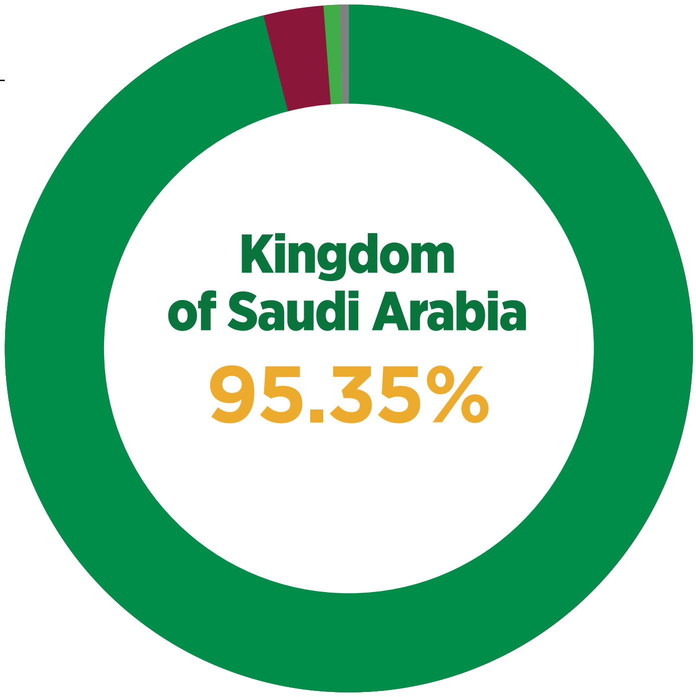
Revenue

SAR 96,886,152

Other countries

Revenue

SAR 390,045



Bahrain

4.63%

Other Countries

0.02%

Vision

To become the number one global halal sustainable healthy protein company by 2030.

Mission

To focus on providing high-quality products and services supported by international expertise and to deliver the highest level of customer satisfaction.

Values

Integrity, Passion, Respect, Forward thinking and Teamwork.

Our Journey

1962
Established the first Tanmiah Company "Agricultural Development Corporation" by **H.E. Eng. Abdullah Muhammad Ali Al-Dabbagh**

1991
Agricultural Development Corporation became Agricultural Development Company Ltd. (ADC)

1999
Established Supreme Foods Processing Company Ltd. (SFPC)

2001
Opened SFPC Riyadh plant for further processed products

2002
Commenced Haradh feed mill operations

2004
Established Desert Hills Veterinary Services Company Ltd. (DHV)

2009
Opened SFPC Jeddah plant for cooked meat operations

2011
Commenced operations at Salbukh primary processing plant

Established Perfect Foods Factory Ltd. (PFF) to service GCC customers

2012
Commenced operations at Haradh hatchery with a capacity of **72 million** hatching eggs annually

Became a beef supplier to Burger King in the GCC (excluding KSA)

2013
Commenced operations at Shaqra primary processing plant

2014
Became the leading supplier for Subway in the region

Achieved the highest proficiency in poultry production in the region

2015
Relaunched the Tanmiah brand with a new logo

Became a beef supplier to Burger King in Saudi Arabia

2016

Increased broiler production volumes to **180,000** per day

Expanded the Further Processed Products (FPP) business in the GCC

2018

Increased broiler production volumes to **279,000** per day

Debottlenecked primary processing plants, enhancing the slaughtering capacity

ADC was acknowledged as the best breeder operation in the region by Aviagen

2019

Voted Product of the Year Gulf 2019

2020

Increased broiler production volumes to 360,000 per day

2021

Listed on Saudi Exchange (IPO)

Established Popeyes® Master Franchise and Development Agreement (MFDA) and opened the first store in Riyadh during December

2022

Strategic partnership with Tyson Foods Inc

Opened **20** stores of Popeyes® in Saudi Arabia

Voted Product of the Year Gulf 2022

Recognized as one of Saudi Arabia's Top 10 Sustainable Environment and Supply of Essential Needs Companies by Forbes Middle East

First poultry company in the GCC to get NSF certification across its value chain

2023

Partnership between DHV and MHP SE to jointly invest in farming, hatching and feed milling operations

Signed exclusive development agreement to build and operate Popeyes® restaurants in Kuwait and Bahrain

Launched Tanmiah Life, a new locally grown fresh chicken range fortified with Omega 3

Opened **32** of Popeyes stores for a total of **52** stores in KSA

Increased broiler production volumes to **500,000** per day

Our Strategic Milestones in 2023

FEBRUARY

Launched a new product line, Tanmiah Life, the first of its kind in the Middle East

Product innovation continues, with the launch of Tanmiah Life, a nutritious new fresh poultry line enriched with Omega-3.

MoU with Agricultural Development Fund to launch the "10miah farmers initiative"

The project focuses on supporting the Company's target of producing 1.2 million chickens per day, contributing to the Kingdom's target of 80% local poultry meat production by 2025.

MoU with the Saudi Investment Recycling Company (SIRC)

This is aimed at developing a framework for enhanced cooperation and integration to recycle agricultural waste from the poultry industry to preserve our environment, increase greenery and support carbon reduction.

MoU with National Center for Vegetation Development and Combating Desertification

This is primarily focused on developing a framework to support the vegetation cover at national parks, preserve their natural components, and develop the green infrastructure in Riyadh Governorate.

JUNE

Strategic partnership with Halal Products Development Company

The partnership is an important step towards reinforcing the domestic halal products industry in the Kingdom, while supporting its development across the region as well as globally.

MARCH

Awarded Product of the Year Gulf 2023

Tanmiah has successfully won Product of the Year in the Fresh Chicken Eco-Friendly category for our Oxo-degradable packaging.

SEPTEMBER

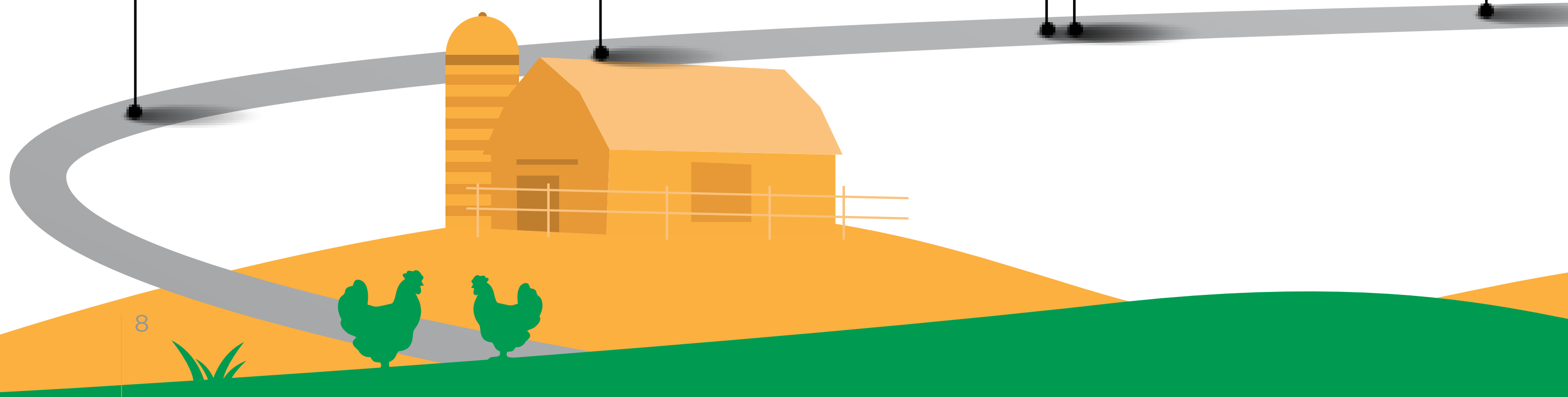
Shareholders' agreement between Tanmiah's wholly owned subsidiary, Desert Hills Veterinary Services Company Ltd and MHP SE

This agreement resulted in the establishment of a joint venture to invest more than SAR 200 million in farming, hatching and feed milling operations in KSA.

JULY

Named in Forbes' Top 10 Innovative Companies in Sustainability

Tanmiah has been recognized in the prestigious Forbes Top 10 Innovative Companies in Sustainability.



OCTOBER

MoU with Vibra Agroindustrial S.A. to establish a joint venture

The primary focus of the 50% Tanmiah owned joint venture will be for the co-packing of each of Tanmiah's and Vibra's products, initially in Saudi Arabia, with plans to expand into the wider MENA region.

The joint venture will be evaluating the possibility of establishing a primary processing or further processing facility in Saudi Arabia.

NOVEMBER

MoU with the National Research and Development Center for Sustainable Agriculture (Estidamah)

This strategic partnership aims to advance national agricultural-private sector collaboration in alignment with Vision 2030's sustainable development goals.

Launch of the inaugural Tanmiah Sustainability Report 2022

The report highlights Tanmiah's ESG strategy and roadmap as a testament to the Company's vision to become the leading global halal sustainable healthy protein company by 2030.

Breakthrough Innovation Award from Nielsen NIQ Bases

Tanmiah Omega3 Fortified Fresh Chicken received the Year's Wavemaker award at NIQ Bases Top Breakthrough Innovation Awards 2023.

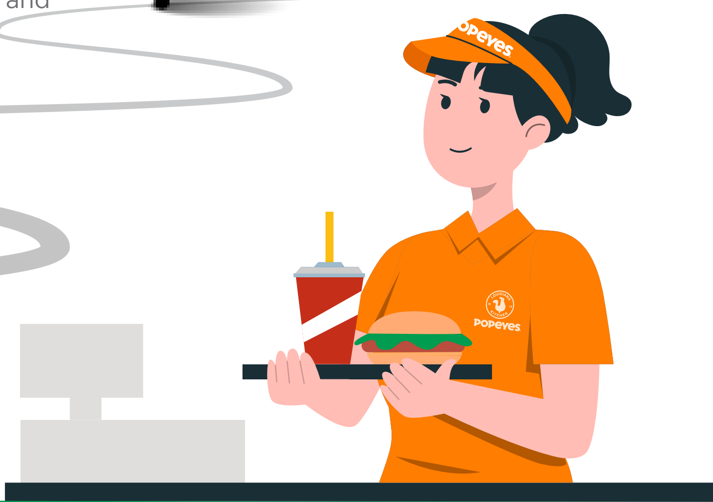
Exclusive development agreement between Tanmiah Restaurants for Fast Food Company (fully owned subsidiary) and PLK Europe GmbH

The agreement is for building and operating Popeyes® restaurants in Kuwait and Bahrain.

DECEMBER

Secured Shariah-compliant credit facility from Banque Saudi Fransi

The facility, which amounts to SAR 450 million, is a step towards enhancing Tanmiah's financial strength and supporting its ongoing plans for strategic expansion.



Investment Case

Tanmiah continues to make significant strides towards its 2030 vision of becoming the number one halal sustainable healthy protein company. This is demonstrated by our stellar record of achievements, reinforced by a sustained focus on innovation, sustainability and production efficiency.

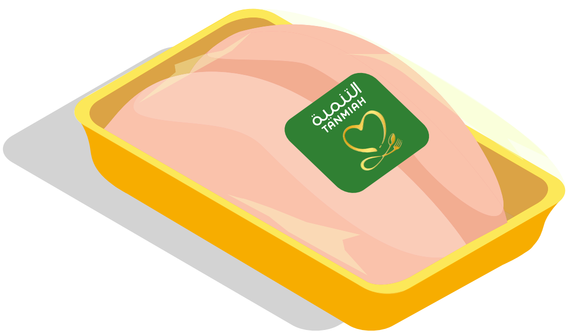
Offering a diversified portfolio of products and services within a fast-growing and dynamic industry, Tanmiah presents a compelling investment proposition through the ongoing successful execution of a solid strategy, which provides a robust foundation for the upcoming phase of growth and development.

Robust financial position and underlying fundamentals

Our successful listing on Tadawul in 2021 – supported by our sustained strong financial performance – have solidly positioned us to fund the expansion of our business, with enhanced facilities for processing, feed-milling and others, as we gear up for a new era of strategic growth for Tanmiah. Our capital structure is currently distributed between internal resources and debt financing.

Hybrid own-lease model

We lease our farms and some other facilities while owning other key assets. This model enables us to scale up by adding new assets quickly in the locations of our choosing without major capex. By managing farms and production assets with our own experienced teams, we guarantee operational excellence, a strong interconnected supply chain and effective cost control.



Fully integrated business model

Our integrated business model of farming, production and distribution supports streamlined operations, cost efficiencies and quality control across all stages of the value chain.

Favorable market dynamics and a defensive sector

Tanmiah operates in a defensive sector that is crucial to the food security goals of the Kingdom. The market for our products is growing rapidly, supported by an expanding population, rising per capita consumption of poultry, increasing popularity of fresh poultry among consumers, eating-out-of-home trend, growing HORECA sector and an expected increase in the number of tourists.

Alignment with Vision 2030

The Saudi Government policies are supportive of the acceleration of Tanmiah's growth, including the objective of achieving greater poultry self-sufficiency and ensuring food security within the Kingdom. As a highly efficient producer with an expanding market share, Tanmiah is well positioned to capitalize on wide-ranging initiatives that are conducive to the Company's growth.

Shareholders' Information

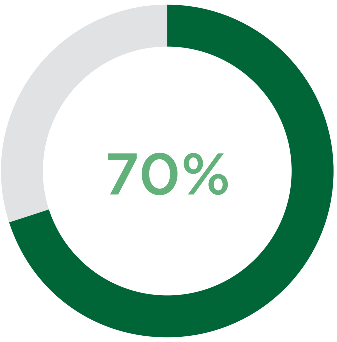
Tanmiah Share Information

Listing date	2021
Exchange	Tadawul
Symbol	2281
ISIN	SA15BH1H3KH5
Number of shares issued	20,000,000
Closing price as at 31 December 2023	SAR 103
Market cap as at 31 December 2023	SAR 2,060 million
Foreign ownership limit	49%
Free float	30%

Major Shareholders

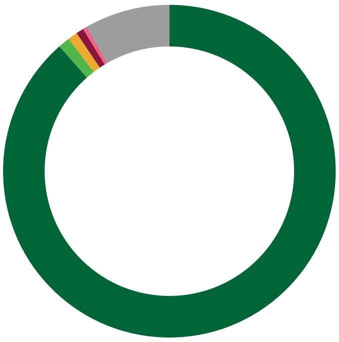
Al-Dabbagh Group Holding Company

Number of Shares: **14,000,000**



Tanmiah Shareholding by Geography

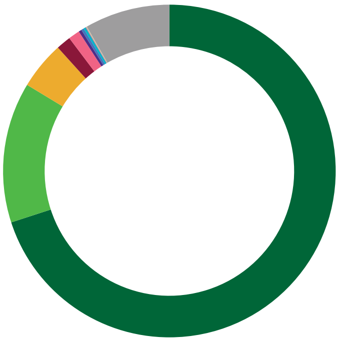
(as at 31 December 2023)



- **88.51%** Saudi Arabia
- **1.14%** United Kingdom
- **0.93%** United States of America and Canada
- **0.74%** Rest of the World
- **0.37%** Middle East and North Africa
- **0.02%** South Asia
- **0.02%** Europe
- **0.01%** Australasia
- **8.26%** Below threshold

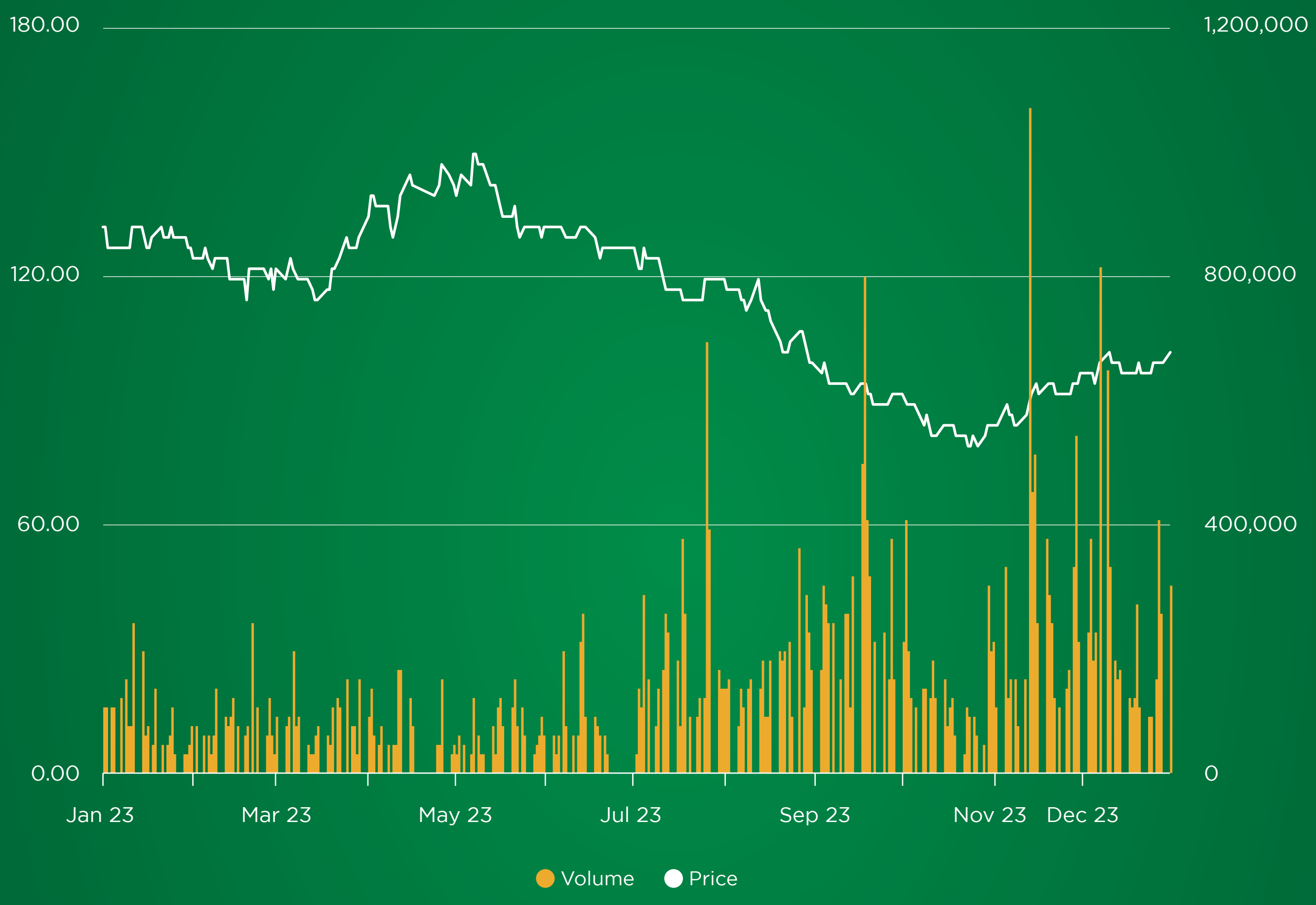
Tanmiah Shareholding by Type

(as at 31 December 2023)



- **70%** Strategic holder
- **13.66%** Retail investor
- **4.64%** Mutual fund
- **1.42%** Private company
- **1.11%** Banks/brokers
- **0.29%** Insurance company
- **0.25%** Exchange traded fund
- **0.21%** Retirement fund
- **0.043%** Endowment fund
- **0.03%** Charity
- **0.03%** Investment company
- **0.03%** State-owned enterprise
- **0.01%** Public company
- **0.01%** Sovereign wealth fund
- **8.26%** Below threshold

Tanmiah Share Price Graph
(1 January 2023–31 December 2023)



Tanmiah 2023 Financial Calendar

Date	Event
12 February 2023	**FY2022 Financial Results Announcement**
14 May 2023	**1Q2023 Financial Results Announcement**
17 May 2023	**Extraordinary General Assembly Meeting Announcement**
04 July 2023	**Distribution of Cash Dividends for FY2022**
13 August 2023	**1H2023 Financial Results Announcement**
05 November 2023	**9M2023 Financial Results Announcement**

02 Strategic Review

Chairman's Message

Strategic Partnerships for Accelerated Growth

2023 was indeed an exceptional year for us at Tanmiah Food Company, marked by a multitude of strategic partnerships – both government and private sector – which are set to pave the way for an exciting phase of growth and development as a global halal champion, while always seeking to evolve our firmly established commitment to sustainability.

Over the past 60 years, our business has reinforced its leading position within a dynamic and fast-growing market. At every stage of our journey, our focus remains on enhancing everything we do, while being committed to our pioneering role in supporting the Government's Vision 2030 objectives of food security, self-sufficiency, increasing local content and contributing to national private sector non-oil GDP.

Our strategic partnerships with some of the world's leading organizations will enable us to not only develop the domestic halal industry and advance Saudi made products, but also replicate our success story in Saudi Arabia to various geographies across the globe, to ultimately achieve our vision of becoming the number one global halal sustainable healthy protein company by 2030.

Given the Kingdom's strong positioning to become a global hub for the halal food sector, we advanced our strategy in 2023, reinforcing our pioneering role in such a thriving sector by focusing on localization while enhancing our competitiveness within the region.

Our strategic plans for growth and advancement in the halal sector will be strengthened through collaborating with some of the most prominent names in this space. Our MoU with Brazil's Vibra Agroindustrial S.A., a leading international halal poultry producer and exporter, is considered the first step for establishing a new joint venture with great potential in the future.

A year into our agreement, our joint venture with Tyson Foods Inc. has allowed the Company to expand into additional overseas markets. In addition, we concluded the signing of the shareholders' agreement between our subsidiary, DHV and MHP SE, contributing to a significant reduction to Saudi Arabia's reliance on poultry product imports.

These substantial agreements reflect our unwavering commitment to reinforcing the Kingdom's food security objectives and self-sufficiency as well as promoting sustainability in food production and talent enhancement. Additionally, they will serve to increase non-oil private sector contribution to the domestic GDP and provide numerous local employment opportunities, utilizing our local knowledge and expertise combined with global and local Saudi GAP best practices.

Capitalizing on Improving Market Conditions

The fundamentals of the domestic market remained resilient in 2023 as Saudi Arabia's transformation continues to gather pace, with a range of reforms being implemented to reduce reliance on oil, diversify income sources and improve the competitiveness of several sectors. Furthermore, with the resurgence in tourism shaping up, this is translating into a positive impact on the food and beverage industry and, accordingly, demand for our products and services.

In Saudi Arabia, urbanization and rapidly emerging consumer trends have also played a role in shaping product development and innovation. We are extremely proud to lead the market with the launch of an Omega 3-enriched poultry product under our Tanmiah Life brand. The first of its kind in the Kingdom, this fresh poultry line was exceptionally well received by our consumers, particularly those looking to adapt healthier dietary options.

Consequently, Tanmiah's business performance has exceeded our expectations, and I am pleased to report that once again we have achieved our targets while providing sustainable and long-term returns to our valued shareholders.

Regional expansion remains on our agenda and in this regard, we have signed a new exclusive development agreement to build, operate and supply 100% local fresh chicken to Popeyes® restaurants across Kuwait and Bahrain. We are building our footprint in the Levant region, through our supply contracts with McDonald's and Burger King.

Looking ahead, we remain focused on leveraging the multitude of opportunities that constantly emerge for our sector both within the region and beyond.

Embedding Sustainability across the Value Chain

As a responsible corporate citizen, we persistently prioritize sustainability across all aspects of our operations and footprint. We believe it is an important catalyst for our growth and development, and we consider its importance at every stage of our value chain.

Last year, we intensified our ESG activities and continued to maintain the momentum towards new solutions to some of the key challenges of our industry. We launched our new ESG strategy and our inaugural Sustainability Report, showcasing our commitment to sustainable business practices in everything we do.

The second edition of our Omnipreneurship Awards Challenge was launched in 2022 to promote the transition from imported corn and soy-based feed towards sustainable, nature-positive and locally produced feed raw materials. The winner of the USD 1 million grand prize is expected to be announced in the first half of 2024.

Our One Million Trees initiative is also progressing well as we have already planted more than 365,000 trees as at the end of 2023. Through this initiative, Tanmiah is determined to support the creation of a circular domestic economy with net zero emissions, in line with our commitment to preserving biodiversity.

The Way Forward

The future is promising for us at Tanmiah, as we set out to become the number one in the halal sustainable healthy protein market. Our alignment with the Kingdom's long-term plans for self-sufficiency and security – combined with the opportunities we have identified to partner with leading international companies – has established a robust foundation for our business to continue to make great strides.

Our strategic partnership with Halal Products Development Company will be a catalyst for growth and innovation. We are committed to co-developing the Halal food sector to unlock global demand and explore target markets for global expansion, which will reinforce Saudi Arabia's prominence as the global halal hub.

Guided by the Kingdom's visionary leadership, our well-experienced Board of Directors and the entire team of dedicated executives and colleagues, we will undertake this ambitious journey to expand our global footprint and become the frontrunner in this exciting growth market.

The expansion of our operations, underpinned by an intrinsic sustainability ethos, will continue to augment our fully integrated and highly efficient business model. Given the current favorable ecosystem, particularly in Saudi Arabia, we are optimistic that our multi-faceted, ambitious growth strategy will be successfully achieved.

Acknowledgements

The unwavering support from the government for domestic food producers is playing an invaluable role in supporting growth and developing new opportunities for the sector as a whole. We cannot express sufficiently our gratitude for this important support that is helping drive our strategic expansion further. We look forward to continuing to reinforce the Kingdom's food security and self-sufficiency objectives, in line with Vision 2030.

To the partners who have joined us on Tanmiah's exciting journey, I thank you for your trust in our business and for supporting our vision to grow beyond our national boundaries. Your international expertise and access to global markets, combined with our innovation and regional networks, are creating a powerful combination.

Our Board of Directors, senior leadership and our diverse and dedicated workforce performed superbly in 2023. Together, they have definitively paved the way for our anticipated phase of growth, as we eagerly reach new horizons for the Company. I am grateful for their unwavering loyalty and commitment, and confident that I can count on them to continue to deliver significant value for all our stakeholders in the long term.

Given the Kingdom's strong positioning to become a global hub for the halal food sector, we advanced our strategy in 2023, reinforcing our pioneering role in such a thriving sector by focusing on localization while enhancing our competitiveness within the region.

H.E. Amr Al-Dabbagh
Chairman

CEO's Message

Maximizing Opportunities for Sustainable Growth

Tanmiah's expansion gained momentum in 2023, underpinned by our growing ambition and our strategic partnerships that are enabling the Company to accelerate its growth plans, while maintaining balance with its sustainability commitments and objectives.

Guided and inspired by Saudi Vision 2030, we have embarked on a strategic path, supported by a resilient business model in addition to key collaborations with best-in-class companies worldwide, where we are effectively complementing our local industry knowledge with international expertise.

As we continue to drive our business aspirations and capitalize on substantial opportunities in the market, we aim to improve our positioning from being a leading player in the region to eventually becoming a global powerhouse in the halal sustainable and healthy protein market.

Our robust and agile business model has enabled us to achieve solid operational and financial performance in 2023. Amid volatility in the business environment primarily as a result of fluctuations in global commodity prices, increasing competition and other factors, we navigated our operations effectively, which provided us with a solid platform to accelerate our future growth.

> Tanmiah is rapidly becoming a trailblazer in attracting foreign direct investment into the Kingdom.

Our volumes increased and our presence has grown across multiple channels, demonstrating the preference of consumers and customers for our products. We also extended our geographic footprint across the GCC. The domestic success of our Popeyes® franchise in Saudi Arabia spurred a new, exclusive development agreement to take the world-famous Louisiana-style Cajun chain (Popeyes) to Kuwait and Bahrain, with the first restaurants set to open in 2024. These new regional forays will be followed by further initiatives, as we identify novel opportunities to further expand in the GCC and beyond.

Partnering with Leading International Players for Innovation and Growth

2023 was notable for Tanmiah as we entered new partnerships, along with expanding our well-established relationships. We continued to engage in conversations with major international players to explore additional opportunities for collaboration, which is testament to Tanmiah's reputation in the market, both on the domestic front as well as globally.

The Company is rapidly becoming a trailblazer in attracting foreign direct investment into the Kingdom, with our successful partnership with Tyson Foods Inc already creating substantial impact and adding value. Our collaboration has escalated through the addition of new capacity and our broadening customer base, while establishing a greater presence especially in the retail channel. On top of its existing contribution to growth, the transaction with Tyson Foods Inc has also provided the springboard to expand in the fast-growing global halal industry.

The strategic decision to pursue meaningful collaborations with global organizations was motivated by the substantial prospects we envision for further strengthening our value chain, expanding both within and beyond Saudi Arabia, and accelerating the Company's growth.

Towards the last quarter of 2023, we signed the shareholders' agreement with MHP SE to create a new joint venture that is set to play a fundamental role in boosting the local food sector. With investments valued at more than SAR 200 million, we are looking to add capacity of more than one million parent stock expected to produce approximately 175 million hatching eggs annually, a state-of-the-art hatchery and a poultry feed mill.

Tanmiah and Vibra – a leading international poultry producer and exporter based in Brazil – have also signed an MoU to establish a joint venture for co-packing our brands, investing in primary and further processing, and expanding distribution and brand development across Saudi Arabia and the wider MENA region. Tanmiah will benefit from Brazil's gold standard credentials in poultry production, as well as securing grain supply and access to a low-cost production market for future expansion across global halal markets.

Innovation remains a top priority for us at Tanmiah and was a key driver for the successful launch of Tanmiah Life in 2023, representing a market breakthrough in Saudi Arabia and another step in our plans to secure our position at the forefront of the global halal sustainable protein market. In line with our initiatives to become a future-focused food production company that provides domestic consumers with healthy and nutritious dietary options, we joined forces with international experts to develop the Omega-3 fortified fresh poultry range. The first of its kind in the region, this new product line has been exceptionally well received by consumers so far, which is encouraging us to continuously evolve our product offering.

Award-winning Initiatives Driving Sustainability

Tanmiah has once again demonstrated vision and operational excellence, particularly in critical areas such as sustainability and innovation, through achieving multiple prestigious awards for our leadership in these areas.

Our oxo-degradable packaging earned us Product of the Year Gulf 2023 in the Fresh Chicken Eco-Friendly category, which is a true reflection of our sustained endeavors to provide high-quality, convenient and nutritious products to our growing customer base.

As we continue to drive our business aspirations and capitalize on substantial opportunities in the market, we aim to improve our positioning from being a leading player in the region to eventually becoming a global powerhouse in the halal sustainable and healthy protein market.

We are extremely honored to be recognized by Forbes as one of the Top 10 companies in Saudi Arabia committed to environmental stewardship and sustainable business practices in the supply of essential needs. This accolade validates our circular economy model, which has enhanced production efficiency, and we remain on track to advance our innovation initiatives, expand our operations and maintain our dedication to excellence while aligning with Vision 2030's Quality of Life program.

Another landmark achievement for us at Tanmiah was the publication of our first-ever Sustainability Report this year, showcasing our commitment to transparency in disclosing our strategy and roadmap. The report outlines our materiality assessment and peer benchmarking, which has resulted in eight focus areas – aligned with Vision 2030 and UNSDGs – with three core themes: Sustaining People, Planet and Agriculture.

The second edition of our Omnipreneurship Award Challenge launched in 2022 called for innovative solutions for the domestic production of sustainable and nature-positive feed raw materials, in line with our mission to reduce reliance on imports. We have already concluded the selection of the five finalists and the final winner will be announced in the first half of 2024.

Tanmiah is also pleased to achieve substantial progress in empowering women, as well as in our broader diversity and inclusion initiatives. Our targets in this regard will ensure the Company benefits from the expertise and insight of our female colleagues at every level, and we believe it is essential to bring outstanding women into the boardroom and leadership team. We are supporting these initiatives by building a culture of mutual respect and acceptance of different backgrounds and perspectives, further reinforcing the foundations for our future sustainable success.

The Outlook for 2024

The Kingdom of Saudi Arabia and the wider Gulf region are expected to remain high-potential markets, with new opportunities continuing to emerge as consumers' tastes evolve and demand increases for high-quality and nutritious products.

The foundations laid in 2023 have primed Tanmiah for robust organic growth in our core businesses and the generation of greater value for our stakeholders through further expansion. We will remain proactively focused on bolstering our contribution to Saudi Vision 2030's goals of food security and self-sufficiency, while innovating our product offering to cater to changing consumer preferences.

We are well advanced in our digital transformation and aim to accelerate and integrate these digital capabilities further in 2024. By incorporating innovative technologies into all our processes – from farming to sales to logistics – we will not only drive cost optimization, but also serve to enhance food safety, biosecurity and consumer experience.

In the coming year we will further develop our focus on maximizing the impact and value of our new and existing partnerships. This will be achieved by broadening and deepening our joint initiatives to increase the scale of production, improve operational efficiencies and pursue opportunities to extend into new geographies, strengthen our innovation pipeline, and explore new product segments.

Acknowledgements

The wide-reaching and inspiring initiatives undertaken by the Kingdom continue to guide our growth trajectory, and we are immensely grateful for this support, and the many transformational programs to strengthen our industry.

Tanmiah's visionary Board of Directors earned our heartfelt appreciation once again by meticulously steering our Company towards success in a rapidly changing business landscape. Our local and international partners and suppliers played a vital role, sharing expertise and knowledge as we forged many new ventures for future growth.

Our customers, as always, are central to our business, and their ongoing trust in our products and services is priceless. We will always place them at the center of everything we do. We look forward to the next phase of our journey alongside our valued stakeholders and investors.

Last, but not least, I would like to offer sincere thanks to the entire Tanmiah team. As the engine driving our business, they enable us to deliver innovative solutions and achieve new triumphs with their loyalty, commitment and hard work.

Syed Zulfiqar Hamadani

Chief Executive Officer

Theme of the Year

Strategic Partnerships
for Accelerated Growth

Tanmiah has established a robust and sustainable foundation to accelerate growth in the coming years, harnessing the achievements of the effective execution of our strategy and unique proposition, stemming from a range of successful collaborations with major global producers.

Our pioneering and innovative ethos, supported by operational excellence and financial discipline, has positioned Tanmiah as a key player in the market, and a sought-after partner for international food conglomerates. With our sights set firmly on becoming the number one halal sustainable healthy protein company, Tanmiah is meticulously leveraging opportunities for partnerships with prominent organizations to further build our momentum towards the achievement of our growth ambitions.

Our proven strategy and partnership model are already reaping rewards – from the mutually beneficial collaborations already in progress – Tanmiah is breaking new ground with market-leading products, driving solid revenue growth and pursuing attractive prospects for extending our footprint in the region and beyond.

These alliances are also paving the way for an exponential leap for the industry as a whole. Beyond the value-add potential for our shareholders, they will make a material contribution to Saudi Vision 2030's strategic priorities of self-sufficiency and food security while entrenching our position as a regional powerhouse.

Our Business Model

Tanmiah creates sustainable value for all our stakeholders through our robust and integrated business model, which supports our growth trajectory towards our vision to become the number one global halal sustainable healthy protein company by 2030.

Industry value chain

	Input
1 Farming	Breeder ❯ Locally sourced feed ❯ ADC feed mill Health productions ❯ DHV
2 Production	Live poultry Imported meat
3 Distribution	Chicken (whole, parts, fresh, frozen, etc.) Processed poultry and meat
4 Quick service restaurant and food services (Popeyes Louisiana Kitchen)	Fresh chicken (bone in and boneless parts)

Process

Breeder farms → **Hatcheries** → **Broiler farms**

ADC Farms supported by DHV Services

Primary processing plants → **Further processing plants** → **Warehouses**

ADC

Tanmiah distribution channels

- Saudi Arabia
- Bahrain
- United Arab Emirates
- Kuwait
- Oman
- Jordan

Client Base

Retail consumers

Drive through

Online delivery

End Result

Live poultry

Chicken
(whole, parts, fresh, frozen, etc.)

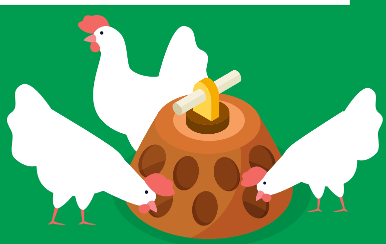
Processed poultry and meat

Distribution

Retailers

HORECA

Fried chicken and Sandwiches



Our Strategy

As a fully integrated poultry producer and further processor with an established footprint in the region and leading production capabilities, Tanmiah is well positioned for continued long-term growth.

Strategic Growth Engines

Tanmiah will continue to pursue its growth strategy, built around three engines of growth.

Engine 1 will focus on sustaining and growing the core market by enhancing our primary processing and further processing capacities, in addition to building best-in-class assets.

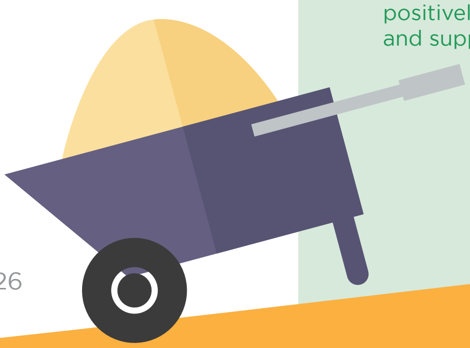
Engine 2 will focus on QSR by bringing Popeyes® to its full potential in the region and using this platform for further expansion into a multi-brand player in its core market while expanding the global halal QSR space.

Engine 3 will fuel Tanmiah's expansion into global halal protein markets by leveraging its partnerships with international market leaders.

Key Enablers:

- Strategic partnerships with multiple public and private stakeholders
- Commercial and operational excellence, combined with digitalization and innovation
- Operating model aligned with the strategy, attracting and retaining top talent in all areas requiring new or additional capabilities

	Giving	Earning	Sustaining
Where to play	• Embed "giving" as part of our core operations to create value while maximizing the impact on lives • Generate employment for Saudi youth across the Tanmiah network • Improve access to food for the underprivileged through Tanmiah's giving calculator • Become a leading participant in the green initiative	• Become the number one global halal, sustainable healthy protein company by 2030 • Expand fresh chicken production and further processing business. • Bring Popeyes® to its full potential, become a multi-platform player in QSR. • Expand footprint globally while diversifying into other protein categories	• Become a role model for sustainable protein production, regionally and globally • Community and environment initiatives • Innovation for waste and energy solutions • Improve animal welfare
How to win	• Creating further job opportunities for locals and expats • Invest resources to contribute to the Kingdom's food security goals • Support local entrepreneurship- tenancy model for farms and real estate owned by local landlords and operated by Tanmiah • Collaborate with social welfare organizations to positively impact change and support the needy	• Scale up production and supply chain capacities to deliver over one million bpd • Increase production of FPP • Increase presence in animal feed, hatching eggs and AHP market • Improve brand equity • Increase market penetration and enhance distribution network • Expand into international halal markets through strategic business partnerships	• Use treated wastewater for one million tree plantation and reduce carbon footprint • Improve animal welfare • Explore energy efficiency initiatives and renewable sources to reduce emissions • Continue to expand and use digital automation and AI to improve operational efficiency



Guided by our vision to become the number one global halal sustainable healthy protein company by 2030 and our principles of Giving, Earning, and Sustaining, Tanmiah remains committed to its strategy of enhancing production capacities to over one million birds per day (bpd) by 2025. Investments are being made in strategic parts of the value chain to expand production and distribution capacities.

Our Priorities

Strategic Ambitions	Initiatives
1 Fresh poultry segment: Target growth and expand market share	**Expand assets:** • Invest across the value chain – breeder farms, hatcheries, broiler houses, feed mills and primary processing plants – to expand production • Invest in Tanmiah's brand equity enhancement and distribution and logistics network to improve penetration and support market share expansion across new channels and territories • Expand big bird chicken production to cater to the needs of the quick service restaurant (QSR) segment
2 Further processed food segment: Food service growth and retail expansion	**Supply HORECA clients with high quality products:** • Tanmiah to invest in capacity expansion of FPP facilities and introduce new plant with Tyson to cater for the ever-increasing requirements of the HORECA sector in addition to providing solutions with locally grown chicken and support the growing retail presence across the GCC **Optimize product portfolio:** • Develop and expand the product portfolio including value-added SKUs, catering to retail, as well as expansion of distribution under the Tanmiah brand to access consumer markets across the GCC
3 Animal health and trading business: Increase revenues	**Maximise revenue growth:** • Maximize revenues by increasing feed, hatching eggs and day-old chick volumes • Increase partnerships with more principals to grow animal health and equipment portfolio • Expand local customer base and product range
4 QSR segment: Increase footprint across markets and concepts	**Downstream integration:** • Expand the downstream QSR segment with increased footprint of stores • Introduce new QSR concepts in the region • Leverage locally grown chicken and create new growth opportunities via QSR
5 Strategic partnerships and new ventures	• Engage in strategic partnerships to support expansions of core business • Partner with providers of growth opportunities and create value in new categories and geographies

Saudi Vision 2030

Saudi Vision 2030 is cascaded into three pillars to enable their effective implementation. The first is "An Ambitious Nation" referring to the enhancement of government effectiveness and the enabling of social responsibility. The second refers to a "Thriving Economy", which focuses on growth and diversity in the Kingdom, in addition to employment opportunities. Finally, the "Vibrant Society" pillar refers to strengthening Islamic and national identity, while offering citizens the opportunity to live fulfilling and healthy lives.

Food Security in the Kingdom

The Kingdom enjoys favorable underlying fundamentals, including a growing population, solid macro environment and increasing consumption of poultry, which are important factors driving demand for food products.

In line with the key objectives of Vision 2030 to achieve food security and self-sufficiency, the government is rolling out a host of measures to boost the sector and improve its competitiveness on a global scale, while encouraging foreign investment into the food sector and other critical economic areas.

Saudi Arabia is looking to elevate its position as a global halal hub, which will be largely supported by Halal Products Development Company (HPDC), an organization established in late 2022 by the Public Investment Fund (PIF), to localize and develop Saudi Arabia's halal industry. It will seek to invest in multiple emerging subsectors to help create a vibrant commercial environment, with the food sector as a key focus area, to increase exports and position Saudi Arabia at the center of the global halal industry.

The Kingdom is also looking to invest USD 20 billion in the food industry by 2035, which is largely aligned with the goals of the National Industrial Strategy, to enhance the growth of the food sector in a sustainable manner. Through these significant investments, Saudi Arabia aims to increase local content in the food industry and promote the export of Saudi-made food products to regional and international markets. In addition to this, the Agricultural Development Fund has signed a memorandum of understanding with the Reef National Foundation to increase the efficiency and productivity of local farmers.

Furthermore, Saudi Arabia has launched four special economic zones in 2023: the King Abdullah Economic City SEZ, Jazan SEZ, Ras Al Khair SEZ and Cloud Computing SEZ, located in the King Abdulaziz City for Science and Technology. The objective of these zones is to provide financial and non-financial incentives to companies – including competitive corporate tax rates, duty-free imports of machinery and raw materials, 100% foreign ownership and streamlined business set-up procedures – to attract large-scale foreign investment into the Kingdom, on its way to becoming a global business hub.

VISION رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Empowering a full and healthy life

Improving health services

- Tanmiah has launched Omega 3 products in the Kingdom (Tanmiah Life).

Ensuring environmental sustainability

- Tanmiah has continued to pursue its One Million Tree Initiative and expand its sustainable products' offering.

Support culture and entertainment

- Actively participating in and sponsoring key exhibitions and conferences.

Maximizing the assets and role of the Public Investment Fund as an engine of growth

- Tanmiah has furthered these objectives with the ongoing study of the global halal market and its partnership with Halal Products Development Company (HPDC).

Consolidating the Kingdom's position as a global logistics center

- Contribution to the global halal market and signing an MoU with HPDC.

Deepening the integration of the Saudi economy into the regional and global system

- Forging partnerships with foreign and global companies such as Tyson Foods, MHP, and Vibra.

Creating a suitable environment to empower Saudis

- The provision of cooking education
- Organized study trips for the One Million Tree Initiative.
- Support through government funding.
- Tanmiah maintains foreign and global partnerships.
- The Company contributes to the Kingdom's food security.
- Provision of local food and protein products.
- Tanmiah's QSR offering.
- Employment initiatives, women empowerment, employment and promotion of opportunities for citizens of all levels and regions.

Promoting Islamic values and national identity

Strengthening national identity

- Launching "Taste of Arabia" campaign and local halal products.

Promoting peaceful values

- Employment initiatives, employment, women empowerment, and promotion of opportunities for citizens of all levels and regions.
- Training cadres and working with educational, technical, vocational and development academy bodies.

CFO's Review

2023 marks yet another year of achievements for Tanmiah, as we continue to take significant steps to accelerate our strategic growth plans. New partnerships and substantial investments in key areas of our business paved the way for an improved top-line.

The boost in demand for the poultry products in the region was complemented by the growth in production and sales volumes delivered by our fully integrated business model, resulting in a sustained improvement across our business segments.

Tanmiah's revenue rose to SAR 2,093 million, a 21% increase over 2022, owing to growth in our production capacity that facilitated higher volumes complemented by increased demand for poultry products during the period.

Our cost of sales, which increased to SAR 1,598 million, a 22% rise over 2022, was impacted by several factors. These include the persistently high cost of imported poultry grains; lower subsidies; production capacity expansion; increased sales volume; and the addition of new Popeyes® restaurants.

Tanmiah's operating profit before the share of profits in associates reached to SAR 137 million, an increase of 21% over 2022, as we benefited from robust cost controls and further efficiencies in our farming and processing environments, which mitigated cost factors discussed above.

> During 2023, our primary objective was to advance our expansion plans by establishing key partnerships and collaborations with some of the leading names in global markets.

Our net profit from continuing operations reached to SAR 89 million, a 19.4% increase over 2022. Optimal use of short-term borrowing reduced markup costs to SAR 8.4 million during the current year from SAR 12.6 million in 2022. Net profit attributable to owners of the Company came to SAR 75.9 million, compared to SAR 186.8 million in 2022. The latter profit figure was largely due to a one-off gain of SAR 101.9 million in 2022 from our strategic partnership with Tyson Foods Inc.

While spending on sales, marketing, distribution, and administration grew in line with the Company's strategic expansion agenda, our strong focus on cost optimization, operational efficiencies, and effective financial management once again had a positive impact on the bottom line. Our net working capital improved 37% over 2022 as better financial management improved liquidity.

During 2023, Tanmiah paid a dividend of SAR 70 million, or SAR 3.5 per share.

Tanmiah secured a new long-term credit facility of SAR 450 million from Banque Saudi Fransi to support our ongoing expansion projects in the fresh poultry and fast food franchise segments.

New Partnerships for Accelerating Growth

During 2023, our primary objective was to advance our expansion plans by establishing key partnerships and collaborations with some of the leading names in global markets. Tanmiah concluded two significant agreements that will have a material impact on our domestic and international growth.

We executed a shareholders' agreement between Desert Hills Veterinary Services Company Limited (DHV) and MHP SE, a leading international food and agrotech group, to invest more than SAR 200 million in new farming, hatching, and feed-milling operations.

We also signed a memorandum of understanding to establish a joint venture with Vibra Agroindustrial S.A, a leading Brazilian poultry producer and exporter.

Both strategic agreements will raise our contribution to the Kingdom's food security and further promote the sustainability of our top and bottom lines.

During the year, we continued to work closely with our existing business partners, customers and suppliers to improve our top and bottom lines by identifying new products and markets.

Robust Segmental Results

Our Fresh Poultry segment, operated by ADC, represents our flagship operation and is the largest contributor to total revenue. Production capacity is a key metric of our operational performance, and in 2023, we expanded output to 500,000 birds per day, up from 456,00 daily at the end of 2022.

The segment continued to make outstanding progress on our strategic objectives during the year, with both revenues and market share expanding in line with targets. This remarkable result was underpinned by higher production and sales volumes, rising to 136 million birds; distribution improvements in all channels; innovation-driven product enhancements; and packaging upgrades.

ADC delivered a 18% increase in total revenue to SAR 1,727 million, up from SAR 1,463 million in 2022, and accounted for 83% of total revenues in 2023 compared to 85% in 2022.

The Animal Feed and Health Segment, undertaken by DHV, also made substantial progress over the year, with various initiatives driving revenue growth. We renewed our emphasis on this business unit and continued to add new products to our portfolio. DHV revenues grew 19% to reach SAR 278 million in 2023, accounting for 13% of Tanmiah's total revenue.

For our fast-food franchise segment, operated by the Tanmiah Restaurants for Fast Food Company, we expedited the Popeyes® footprint expansion in the Kingdom, adding 32 new stores during the year to bring the total to 52 operational outlets at the end of 2023. This drove a surge in revenues, which tripled to SAR 88.2 million compared to SAR 29.6 million in 2022.

Revenue

SAR 2,093 mn

21% increase over 2022

Net profit from continuing operations

SAR 89 mn

19.4% increase over 2022

As part of our expansion, we added 53 distribution routes in 2023, bringing our total to 342 and further reducing our dependency on third-party distributors.

Leased facility additions

SAR 182 mn

Increase against SAR 236 million in 2022

Our leased facility additions reached SAR 182 million against SAR 236 million in 2022. Also, as part of our expansion, we added 53 distribution routes in 2023, bringing our total to 342 and further reducing our dependency on third-party distributors. Marketing spend increased to SAR 27.9 million from SAR 20.5 million in 2022 as we continued to invest in growing market share.

Our current capital expenditure commitment of SAR 140.8 million was allocated to providing 40 tons per hour of additional feed mill capacity and further additional processing capacity of 13,500 birds per hour. The sum will also fund the development of an extra 140 million eggs-setting capacity, a new wastewater treatment, and a solid waste plant. Our capital spending on Popeyes® will cover kitchen equipment and furniture for our new stores, which will increase in number substantially in coming years.

The solid performance in our core business segments, combined with our focus on economies of scale, market leadership, strategic partnerships, and alignment with government initiatives, have placed Tanmiah in an ideal position to reach greater heights in the coming years.

An Integrated Approach to ESG

Our ESG commitments are guided by our omnipreneurship philosophy of giving, earning and sustaining, which has integrated our focus on sustainability with our business activities as a mechanism of creating wider value for all stakeholders.

Against this background, one of our more notable projects, the One Million Tree Initiative, is already well advanced, with more than a third of the targeted number of trees planted by the end of 2023. Tanmiah views this initiative as an essential component for creating a circular domestic economy with net zero emissions.

Driving Expansion in 2024 and Beyond

In the year ahead, we aim to strengthen our collaboration with MHP SE by working with them to further progress in expanding our farming, hatching, and feed milling capacities.

This partnership offers excellent growth potential, and we are confident in its potential to advance our ambitious growth plans. We will support our joint efforts with our robust financial position, highly efficient business model, and financing from internal resources and borrowings.

Our fast-food operations are expected to have another active year, with Tanmiah remaining on track to expand the footprint of Popeyes® within the region.

Our continuous cost optimization, excellent financial management, efficiency improvement, and attractive growth prospects underpin the strong foundations of our future progress and continuous value creation for our stakeholders.

Irfan Jawaid Nagi

Chief Financial Officer

Business Review

Fresh Poultry Production Segment

The strong underlying fundamentals of the domestic operating landscape, aligned with our constant quest for efficiency, cost discipline and interplay between our areas, as well as the invaluable support provided by the government in boosting the Kingdom's food sector have set the stage for an excellent performance in 2023 by Tanmiah's flagship primary poultry business, conducted by its subsidiary Agriculture Development Company (ADC).

About ADC

ADC's operations in Saudi Arabia, the United Arab Emirates, Bahrain and Kuwait encompass chicken production, feed mills, breeder and broiler farms, processing, logistics and chicken meat sales. All chickens are locally raised, corn-fed (with 100% vegetable feed), hormone and antibiotic free, with conditions rigorously controlled by expert farmers and technicians. Fresh poultry products are sold under the Tanmiah brand to hyper and supermarkets, food service providers and other retailers. Through the strategic partnership with Tyson Foods Inc, a leading global poultry producer. Tyson holds a 15% stake in ADC.

Higher Volumes and Channel Management Propel Growth

Tanmiah's fresh poultry segment made outstanding progress on its strategic objectives in 2023, with revenues and market presence expanding across channels, in line with Company targets. ADC's performance was supported by an increase in production capacity and sales volumes, as well as the implementation of a robust go-to-market strategy with improvements in distribution across all channels, innovation-driven product enhancements and packaging upgrades for our core portfolio.

Continuing our 60-year journey of growth, ADC delivered an 18% increase in total revenue to SAR 1,727 million, up from SAR 1,463 million in 2022. Fresh poultry remained the most significant contributor to Tanmiah's total revenues, accounting for 83% in 2023 compared to 85% in 2022. In 2023, our fresh chicken production capacity increased to 500,000 birds per day, up 10%, from 456,000 birds per day at the end of 2022.

Our sustained focus on improving channel management delivered more productivity and profitability gains throughout the year. Accordingly, we were gratified by another exceptional performance in our year-on-year sales growth of 18%, aided by our outlet coverage growing 18%.

Distribution efficiency, a key business metric for measuring our operational performance, continued to improve. This ensured greater visibility and penetration of retail segments, and advanced our focus on direct customer reach.

We bolstered our distribution network with 53 new routes, bringing the total to 342, increasing our access to new consumers and geographic areas while continuing to reduce our reliance of intermediary distributors. Our workforce and transportation capabilities also increased during the year.

We leased 18 new farms during 2023 to bring the total number of farms to 126. Our spending on leased facility additions came to SAR 160 million, as we continued to benefit from this flexible aspect of our business model.

Value-Added Product Innovations Break New Ground

A substantial improvement in the operating environment played a key role in spurring the upward momentum in consumer demand for poultry. Harnessing the positive impetus provided by the increasing preference for healthier food options, ADC introduced several breakthrough product innovations, including our new fresh poultry line, Tanmiah Life.

The products sold under the Tanmiah Life brand are naturally enriched with a unique, sustainable, plant-based omega-3. This healthier poultry option is an important breakthrough in providing consumers with more accessible omega-3 polyunsaturated fatty acids in their diets. In addition, it will make an important contribution to bolstering the nutrition and health of customers, thus reducing their risk of chronic diseases. We are proud to lead the market with the introduction of a completely new poultry category, the first of its kind in Saudi Arabia and the region. The Omega-3 Fortified Chicken has also been recognized with the award of This Years Wavemaker in NIQ Bases Top Breakthrough Innovation Awards 2023.

Tanmiah remained the only fresh chicken producer able to meet McDonald's growing demand for chicken and is McDonald's only certified supplier in the region. We are also one of a select few companies with British Retail Consortium (BRC) certification.

Our consistent approach to delivering high-quality and nutritious products to the market helped us secure the Product of the Year 2023 award in the Fresh Chicken Eco-Friendly category for our oxo-degradable packaging. Tanmiah was the first company in the chicken category to substitute all its whole chicken packaging for oxo-degradable packaging, a pioneering move in the segment. We received prestigious recognition from Forbes, which named Tanmiah the number three company across all of Saudi Arabia for our commitment to environmental stewardship and sustainable business practices.

Our Focus in 2024

ADC will continue to focus on innovation and sustainability in food production across all our core markets. This will be accompanied by a drive to optimize costs at every stage of the value chain, reduce and recycle waste, and make our processes more efficient.

Our capex program in 2024 includes further investment in primary processing and farming capacity, as well as feed milling, hatcheries and distribution networks. This will support an increase in total production and the expansion of our market share in both the short and long term.

Given the many attractive possibilities emerging for the segment and growing consumer preference for our products, the outlook remains promising for the growth of our fresh poultry business. The Kingdom is poised to meet its target of 80% poultry self-sufficiency by 2025.

Further Processing Segment

Tanmiah's Further Processing segment has now completed a full year of operation since the strategic partnership with Tyson Foods Inc, which acquired a 60% holding in Supreme Foods Processing Company (SFPC) in 2022. The partnership expanded SFPC's processing capacity and range of product offerings enabled the Company to expand into new overseas markets where Tanmiah is not yet active.

Growing Added Value

In 2023, the Further Processing segment's capacity grew 36%, assisted by a new processing line in Riyadh. This development, in line with our stated intentions for the year, was supported by capital and operational expenditure, as well as improved customer reach via our distribution channels and in export geographies.

Winning Product Launches

Continuing our focus on driving product innovation to meet changing consumer demands, we successfully launched eight new products, in collaboration with a leading QSR chain.

Our strategy to pursue co-packing private label processed products for retailers and brand owners was advanced with a new range launched for Lulu Hypermarkets and Panda Retail, and we entered into a co-packing agreement for TGI Fridays for retailers in Saudi Arabia.

We are particularly pleased with the success of our Lay's™ Coated Wings, which was awarded Pizza Hut's Innovation Award in 2023.

Recognition of Consistent Quality, Safety and Operations

A major accomplishment during the year was our Brand Reputation Through Compliance Global Standard (BRCGS, formally British Retail Consortium), AA+ accreditation, following an unannounced audit. BRCGS provides independent food safety accreditations and is recognized by supermarkets and large organizations as proof of high food safety standards.

We retained our ISO 22000-2018 rating and our RBI (Burger King) Quality Systems Audit Certification.

Meanwhile, Perfect Foods Factory (PFF) received a second consecutive A Gold ranking from the Dubai Municipality, and a 100% score for the McDonald's Supplier Workplace Accountability audit, becoming the first plant for Tyson Foods Inc to achieve this score. We were also extremely pleased to have received the Strategic Partner Award by Pizza Hut.

2024 Focus

Innovation will remain a key pillar of our strategic focus as we drive our collaborations with our business partners.

On the customer side, diversification initiatives undertaken in 2023 will continue, as will our geographic expansion into the GCC and North Africa via our QSR, foodservice and retail channels.

Building on the excellent progress made to date, we will maximize the synergies of our joint venture with Tyson Foods Inc, particularly in the areas of sourcing and go-to-market strategies.

We will remain vigilant in driving our exceptional food safety culture and invest in developing best-in-class new and innovative products.

Feed and Veterinary Services Segment

Tanmiah's Feed and Veterinary Services segment made substantial progress in 2023 in terms of its strategy of maximizing revenue growth. During the year, Desert Hills Veterinary Services (DHV) established an important new joint-venture to increase farming, hatching and milling capacity.

Our feed and veterinary services business was refocused to increase our local customer base and product range in line with our strategy.

Accelerating Performance and Results

DHV delivered a strong financial performance in 2023, meeting our set targets, thanks to exceptional sales numbers by our equipment and feed divisions, and our distribution of Zoetis animal health products. Revenues in our Feed and Veterinary Services segment grew 19% to reach SAR 278 million in 2023, accounting for 13% of Tanmiah's total revenue.

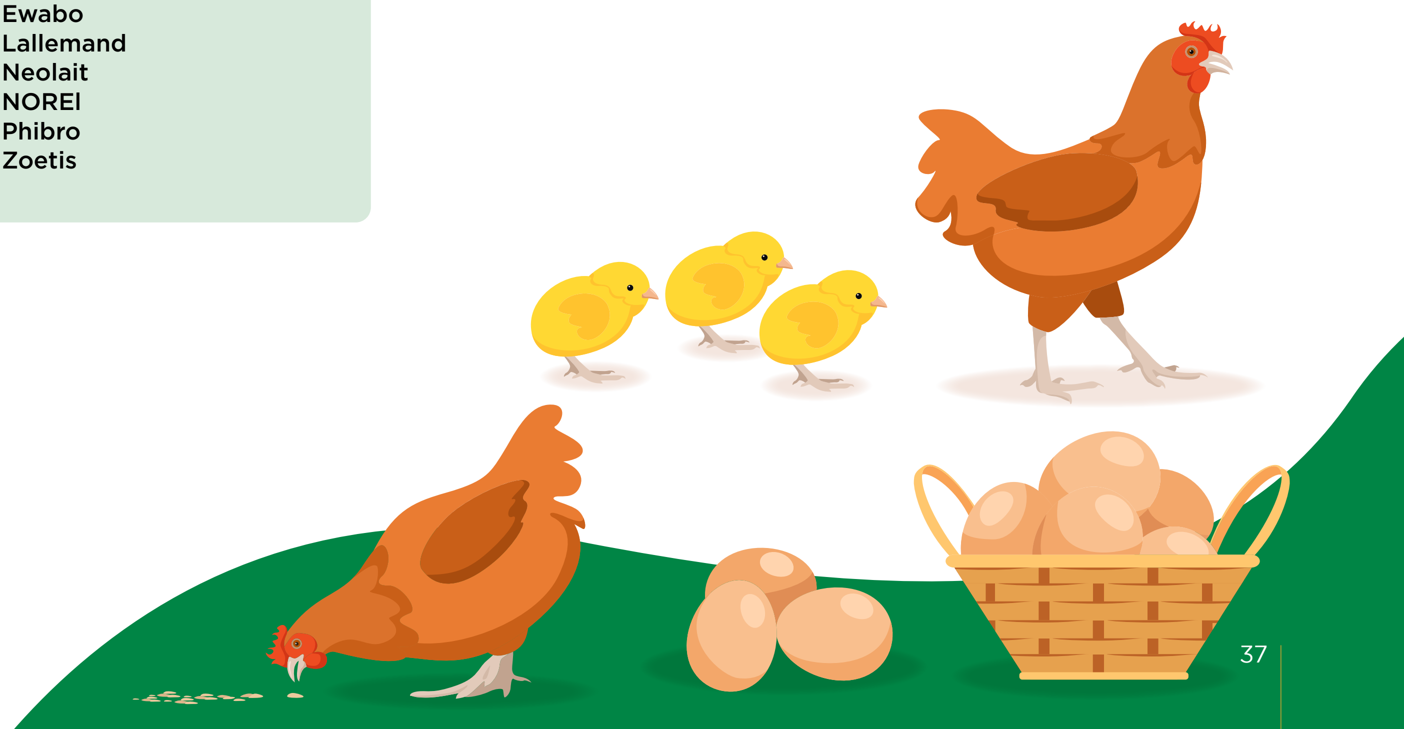
We were gratified by the solid performance of our feed operations, which have reached 90% of mill capacity, reinforcing our focus on the potential of this business line. Our sales of animal health products were also particularly robust, with the Zoetis brand showing a 27 % increase year on year.

About DHV

DHV is a leader in equipment, feed and veterinary services. It represents leading brands in the veterinary business providing medicines, vaccines and feed additives for the poultry, dairy, ruminant, pets and equine sectors.
The brands we represent:

- **Ajinomoto**
- **Anpario**
- **BAF**
- **Boehringer Ingelheim**
- **Dupont**
- **Evonik**
- **Ewabo**
- **Lallemand**
- **Neolait**
- **NOREI**
- **Phibro**
- **Zoetis**

Business Segments/Sub-segments	Product and Services Categories	Relevant Subsidiary	2022 Share of Total Segment Revenue (%)	2023 Share of Total Segment Revenue (%)
Animal feed and veterinary services	Feed	DHV	2%	4%
	Animal health products	DHV	6%	4%
	Broiler baby chicks	DHV	3%	2%
	Equipment and projects	DHV	2%	3%



Food Security Objectives Driving Partnerships for Growth

In September 2023, DHV signed the shareholders' agreement with MHP SE, the leading international food and agrotech group, to set up a joint venture to increase farming, hatching and feed milling capacity. DHV will own 55% of the new venture, while the remaining 45% will be owned by MHP SE.

Together, DHV and MHP SE are committed to investing more than SAR 200 million in farming operations to increase parent stock to more than one million and raise hatching eggs capacity to around 175 million annually. This investment will include a state-of-the-art hatchery and a poultry feed mill.

This partnership will play a vital role in reinforcing Saudi Arabia's food-security and self-sufficiency objectives by providing new facilities that are critical to the Kingdom's poultry ecosystem, while increasing local employment opportunities and fostering knowledge transfer.

Growing our Local Market

DHV remained focused on the domestic market in 2023, expanding our footprint to the Kingdom, where the poultry industry is growing rapidly and demand for animal feed is increasing.

Currently, most feed – such as hay, alfalfa, straw, weeds, other roughage, grains and cereals – is imported. This dependency leaves local poultry producers exposed to fluctuations in international markets and pricing. As a result, the provision of reliable feed sources to the poultry segment is an essential component of Saudi Vision 2030's food security objectives.

Accordingly, DHV focused on feed supply in 2023, commencing its Jeddah Feed Mill expansion and plans to invest in another feed mill project via our JV with MHP SE.

Our Focus in 2024

In 2023, we began work on another strategic initiative, namely, to onboard new principals whose products are important to the Saudi market or are not currently distributed by us. We will begin to see the results of the extensive work done in the coming year. In addition, we will start distributing essential vaccines in the domestic market to address local strains of poultry diseases.

Expansion undertaken in our feed business will enable us to grow this division substantially in 2024, and we will embark on other initiatives to capture significant market share.

We are planning a vertical expansion of our high-performing equipment division in the coming year to drive cost efficiencies and to encourage new investors into the poultry industry.

Quick Service Restaurant Segment

Tanmiah's wholly owned subsidiary, Tanmiah Restaurants for Fast Food Company, reported another strong year, marking its second full year since the launch of Popeyes® in Saudi Arabia. The renowned restaurant chain – which has its roots in Louisiana's Cajun cuisine – is growing revenues at a healthy pace in the Kingdom, positioning it to broaden its operations beyond domestic borders.

Exceptional Revenue Growth

In 2023, Tanmiah's quick-service restaurant (QSR) operations more than tripled revenues to SAR 88.2 million compared to SAR 29.6 million in 2022, while delivering a remarkable expansion with more than 100% growth of store count during the year. This growth was fueled by the addition of new Popeyes® restaurants in the Kingdom, bringing the total to 52 operational outlets at the end of 2023, while guest feedback has remained very positive.

Expanding into the GCC

The current financial year was notable for another reason: a new exclusive development agreement to build and operate restaurants in the State of Kuwait and the Kingdom of Bahrain under the iconic Popeyes® brand.

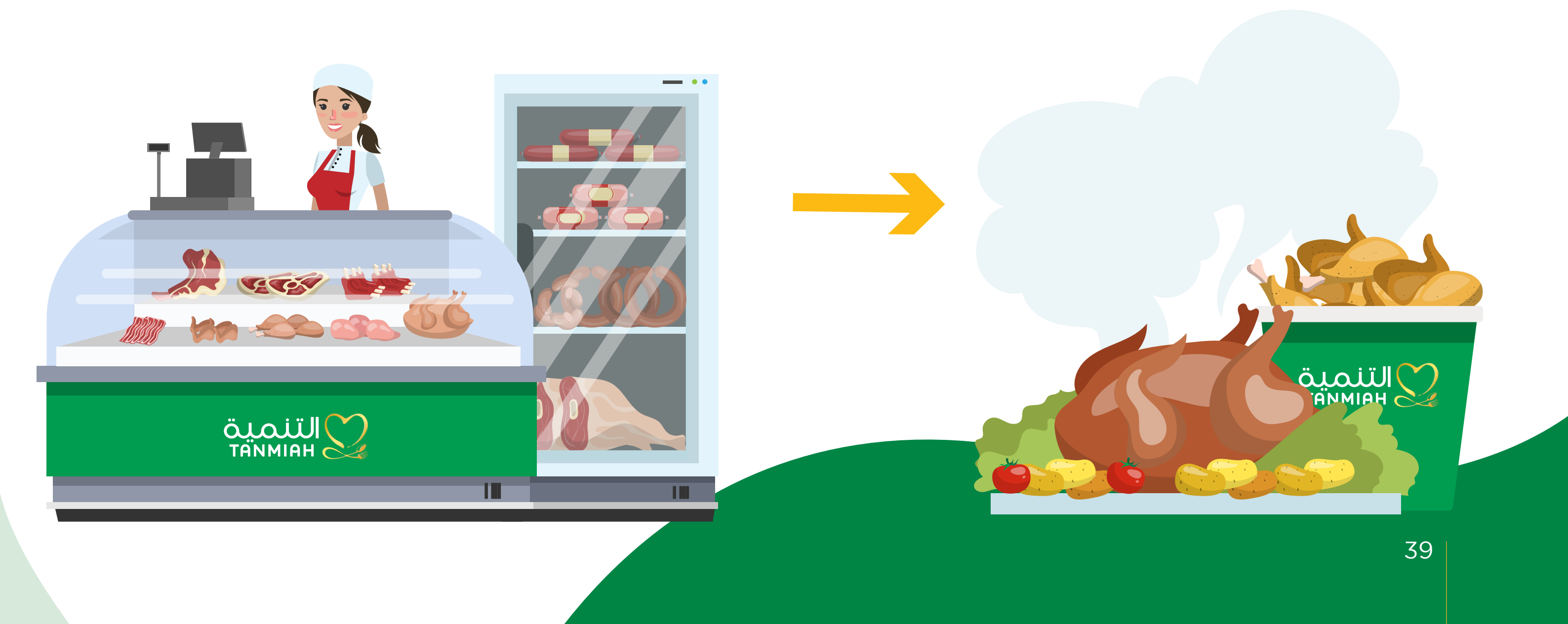
Adding to the restaurant chain's popularity in the Kingdom was the introduction in 2023 of chicken wraps and a new flavored sandwich. These provide a high-quality product, made with fresh, Saudi-grown chicken as a value-for-money proposition, and a well-received dessert offering, which includes milkshakes, sundaes and ice-cream cones.

The Tanmiah-owned franchise not only found favor with Saudi diners in 2023, but was also consistently awarded Gold certificates by RBI Popeyes® for its best-in-class operations.

QSR in 2024

Building on its successful track record, we will continue to expand the Popeyes® brand in Saudi Arabia, using fresh Tanmiah-bred poultry to deliver flavorful chicken menu items and an outstanding customer experience.

The Popeyes® brand will be launched in the State of Kuwait and the Kingdom of Bahrain, with several new outlets set to open across both countries in 2024.



Our People

Tanmiah continued to prioritize the attraction, development and engagement of talent at every level of our organization in 2023, ensuring we have a strong and supportive culture to accelerate achievements and drive strategic progress.

3,300
Total employees

474
New hires in 2023

21%
Saudization

16%
Female employees

88%
Employee Engagement Score*

90%
Omnipreneurship Score**

*Great Place to Work® Survey 2023
**Omnipreneurship Cultural Index Report 2023

Our People Strategy

Our strategic approach to building the right talent across every level of our organization consists of four pillars that have been developed and refined over time to ensure we attract, develop, engage and retain the right talent while fostering a dynamic culture and empowering our people to deliver on our corporate strategy and fulfil our vision.

1

Build an Engaging Culture

- Culture activation program
- Engagement, development and leadership town halls
- New communication channels; (Sway) internal communication newsletter

2

Develop our Talent

- Leadership development for top talent
- Succession plan for leaders and identification of critical roles
- Signed agreement with Misk Foundation to develop young leaders

3

Retain our Talent

- Pay equity
- Redesign talent acquisition approach
- Coaching in vs. coaching out
- Growth opportunities

4

Enable our Organization

- Digitalization – digital transformation
- Modern workplace
- Enhance HR capabilities
- Cost optimization
- Saudization
- Female empowerment
- Employer branding

Employee Engagement

Tanmiah conducted an employee engagement survey in 2023, in partnership with the Great Place To Work®. The survey aimed to assess the level of employee engagement and satisfaction within the organization, providing valuable insight to guide the Company's leadership and HR teams in their efforts to enhance the employee experience.

Great Place To Work® Survey

Particulars	2022		2023	
Participation rate	**69%**		**74%**	
Overall Score	**88%**		**85%**	
Top six statements	Statements	Percentage	Statements	Percentage
	I am given the resources and equipment to do my job	93%	I'm proud to tell others I work here	91%
	When I look at what we accomplish, I feel a sense of pride	92%	This is a physically safe place to work	91%
	This is a physically safe place to work	92%	When I look at what we accomplish, I feel a sense of pride	91%
	I feel good about the ways we contribute to the community	92%	I feel good about the ways we contribute to the community	91%
	My work has special meaning: this is not "just a job"	92%	I am given the resources and equipment to do my job	90%
	I'm proud to tell others I work here	92%	My work has a special meaning: this is not "just a job"	90%
Bottom six statements	I feel I receive a fair share of the profits made by this organization	80%	Managers avoid playing favorites	76%
	Promotions go to those who best deserve them	81%	This is a fun place to work	77%
	Managers avoid playing favorites	81%	Promotions go to those who best deserve them.	78%
	I believe management would lay people off only as a last resort	82%	I believe management would lay people off only as a last resort	79%
	I am offered training or development to further myself professionally	83%	I feel I receive a fair share of the profits made by this organization	80%
	Management involves people in decisions that affect their jobs or work environment	83%	Management involves people in decisions that affect their jobs or work environment	80%

Also, for the first time we conducted the Omnipreneurship Cultural Index Survey. This is to gauge the extent to which the Omnipreneurship values are embedded and practiced throughout all our companies and measure how the culture on the ground is improving and whether it is shifting towards better alignment and connectedness with Omnipreneurship.

Omnipreneurship Cultural Index Survey in 2023

74%
Participation rate

90%
Overall score

People Progress in 2023

In 2023, Tanmiah delivered significant progress in the implementation of our values and culture across the organization and continued to transform the HR function to add increasing value, reflecting our commitment to adapt and thrive in a rapidly changing business landscape.

Build an Engaging Culture

The Company recognized the need to embrace innovation, agility and inclusivity as key drivers of success in the modern era. We therefore continued to reinforce our values, which play a critical role in fostering a culture of continuous improvement, encouraging employees to be forward thinkers, and developing a passion for new technologies and approaches to drive growth.

Positive Company culture that fosters collaboration, inclusion, and a sense of belonging	**Events** • Saudi National Day • Eid Brunch/Welcome Back Breakfast • Long Service Celebration • Founding Day • Women's Day • National Holidays • International Days **Volunteering** • Saudi National Day Heroes **Competition** • Best Dressed Competition – Founding Day • Best Dressed Selfie – Saudi National Day
Focus on employee development and growth	**Training/awareness** • Dewan Al-Tanmiah Chairman • Dewan Al-Tanmiah CHRO
Colleague well-being	**Training/offers** • CPR training • Bank visits to provide employee offers • Health awareness (cancer, breast cancer, mental health)
Keeping colleagues informed and engaged on monthly highlights – Tanmiah newsletter	**The Tanmiah Sway** • Informed/engaged on monthly highlights, offers, birthdays, competitions • Maintaining archives • To bring management level close to staff with colleague through achievements (shoutouts)
Creating a bridge between management and staff	**One-on-one meetings/communication** • Management town halls • Tanmiah Sway shoutouts • Cup of conversations with CHRO
Recognition and rewards	**Events/promotional announcements** • Celebration of promotions/farewells • Long-service employees and new joiners award
Open communication and feedback	**Feedback surveys/videos**
Omnipreneurship	**Awareness** • Omnipreneurship introduced in induction • Omni quiz included in Tanmiah Sway • Sustainability Grand Challenge

Develop and Retain our Talent

We conducted three sessions of corporate Inclusive Leadership Training assigned for the senior management. We further updated our succession plan after new roles and expansion took place in the organization. In addition, we have focused on increasing the female workforce and made significant progress in the percentage of females as part of our focus on women empowerment.

Enable our Organization

In response to the evolving nature of the workplace and the increasing emphasis on data-driven decision-making, Tanmiah has adopted a more comprehensive and strategic approach to evaluating HR performance. This year, our HR department has aligned its performance measurement and reporting practices with the organization's key performance indicators (KPI).

In 2023, we moved to our new head office location in King Fahad Road to offer a better working environment by providing modern facilities and improved collaboration spaces.

We launched our new HRIS system (based on success factors) in line with our HR strategy for digital transformation: to streamline HR processes, improve data accuracy, and enhance employee self-service capabilities, fostering a more efficient and employee-centric work environment.

We signed an agreement for developing young leaders with Misk foundation as a future investment in our talent, providing them with access to Misk's expertise, training programs, and mentorship opportunities to equip them with the necessary skills and knowledge to take on future leadership roles within the organization.

Looking Forward

In 2024, we plan to build on the various achievements and initiatives across our four strategic pillars and continue to develop and support our people in myriad ways. We also have plans to carry out a salary benchmarking exercise that will enable us to ensure we are compensating our talent in line with the market and enhance employee retention.

Risk Management

Tanmiah's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company – through our training and management standards and procedures – aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. There were no changes to the Company's risk management policies during the year. The Company is continuously monitoring the evolving scenario and any change in the risk management policies will be reflected in the future reporting periods.

Risk Management Approach

Individual risk limits are set in accordance with limits set by the management. Compliance with credit limits by customers is regularly monitored by line management. A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorizes a receivable for write-off when a debtor fails to make contractual payments greater than 720 days past due. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are directly recognized in the consolidated statement of comprehensive income.

For trade receivables, the Company applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables based on a provision matrix. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified inflation rate, GDP growth rate and unemployment rate of the countries in which it sells its goods to be the most relevant macroeconomic factors of forward-looking information that would impact the credit risk of the customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The trade receivables balance from the related parties are from the affiliates of the Company having the same shareholder. Based on management's impairment assessment, there is no provision required in respect of these balances for all the periods presented as they are considered to have low credit risk.

Principal Risks

The Company has exposure to the following risks arising from financial instruments:

- **Market risk** (currency risk, interest rate risk and price risk)
- **Liquidity risk**
- **Credit risk**

Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities owing to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises three types of risk.

1. Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company's transactions are principally in Saudi Riyals, United Arab Emirates Dirhams, Bahraini Dinars, Euros and United States Dollars. The management believes there is no currency risk arising from the transactions in currencies to which the Saudi Riyal is pegged. The Company's exposure to currency risk arising from currencies to which the Saudi Riyal is not pegged is not material to its consolidated financial statements.

2. Interest Rate Risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Company's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest and are subject to re-pricing. Management monitors the changes in interest rates and believes the fair value risks to the Company are not significant. There are no interest-bearing financial assets at the end of the reporting period.

3. Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have any financial instruments that are subject to price risk. The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the consolidated statement of financial position at fair value through other comprehensive income. The probable fluctuations in the investment value are not material to the consolidated financial statements of the Company.

Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, bank overdrafts or reliance on a particular market in which to realize liquid assets. Liquidity risk is managed by regularly monitoring that sufficient funds and banking and other credit facilities are available to meet the Company's future commitments. The Company's terms of sales require amounts to be paid either on a cash on delivery or on a terms basis.

Credit Risk

Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables from other parties. Risk management credit risk is managed on a company basis. For banks, only independently rated parties above P-2 ratings are accepted. For trade receivables, the internal risk control department assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

Capital Management

The primary objective of the Company's capital management is to ensure it maintains a proper capital ratio to support its business and maximize shareholders' value. The Company manages its capital structure and it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Risk Management Strategies for Biological Assets

The Company is exposed to risks arising from environmental and climatic changes.

1. Regulatory and Environmental Risk

The Company is subject to laws and regulations of the Kingdom of Saudi Arabia. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws.

2. Climate and Other Risks

The Company is exposed to risk of loss from climate changes, diseases and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections, vaccination policies and state-of-the-art farms to provide a barrier against diseases. Additionally, the Company's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as floods and disease outbreaks.

Sustainability

Overview

Tanmiah prioritizes environmental responsibility and community engagement, fostering trust through our “Omnipreneurship” philosophy: giving back, achieving responsible growth, and ensuring long-term sustainability.

This approach translates into a strategic focus on defining materiality (areas of significant impact). We establish focused strategies aligned with the UN Sustainable Development Goals (UNSDG). Our key areas of focus encompass people, agriculture, and the planet, all contributing to a sustainable future.

Our Philosophy

Sustainability is the main part of how we do business. It is embedded in our whole supply chain and one of the core values by which we strive to build trust by protecting the environment and the communities we serve. Doing the right thing for the people and communities we serve has always been central to Tanmiah’s culture and is part of our sustainability program.

Our vision is underpinned by our Omnipreneurship philosophy of giving, earning and sustaining.

A Sense of Purpose

Giving at the Company means supporting our local communities through various activities such as the One Million Tree Initiative. It is not merely a philanthropic extension of our work; it is integral to our business activities and a means of creating wider value for all our stakeholders.

Thriving Today for Tomorrow

We see the Company's earning activities from the view of the whole value chain. Through our business operations, we earn the capital to invest in growing responsibly, and hence, creating more value for all our stakeholders in the long term.

Investing in the Future

Our sustaining activities underpin our long-term ability to earn and give for generations to come.

Materiality and Focus Areas

Materiality

To define our sustainability strategy, we took a double-materiality approach, to ensure we are focused on relevant risk areas where we can create value for Tanmiah and its stakeholders. This involved three phases.

Phase 1

External analysis

We established a list of 66 relevant environmental, social and governance issues through a process of external benchmarking with peers, partners and recognized frameworks like the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the Saudi Exchange ESG disclosure guidelines, Saudi Vision 2030, the United Nations Global Compact (UNGC), and the United Nations Sustainable Development Goals (UNSDG).

Phase 2

Internal analysis

By working with key internal stakeholders, we took the list of issues through several filters, including our organizational values, business model and strategy. This analysis was accompanied by consideration of issue impacts, time frames and probabilities. This process led to a short list of 17 issues to take forward for further analysis.

Phase 3

Prioritization

The Board of Directors reviewed and considered the recommended short list and defined the final set of material issues. These formed the foundation of our focus areas.

Focus Areas

- Building customer trust through high-quality, product safety and responsible labelling
- Strong corporate culture
- Health and safety of workforce
- Climate and water action
- Investment in talent
- Building resilient ecosystems through continuous innovation and R&D
- Reducing waste at every stage of farm-to-fork cycle
- Diversity, equity and inclusion

Our Sustainability Strategy

Our business is growing fast and we will sustain that growth and deliver long-term value for all stakeholders by embedding the management of sustainability priorities deep into our business. Our strategy was built on a strong foundation of materiality, and is aligned with the UNSDGs.

Vision

To become the number one global halal sustainable healthy protein company by 2030.

Sustainability Mission

To empower our people to produce healthy, safe, affordable products for our consumers while creating more value for people, investors, the community and environment.

Sustainability Strategy

Sustaining People

Supporting and enabling our people and communities to thrive:

- Investment in talent
- Diversity, equity and inclusion
- Health, safety and compliance with Saudi GAP regulations

Sustaining Agriculture

Practicing the highest standards of animal welfare and sustainable resource use:

- Animal welfare and biosecurity
- Afforestation of Saudi desert
- Sustainable animal feed production
- Sustainable resource use
- Responsible water use

Sustaining Planet

Taking a carbon neutral approach across our activities:

- Climate action
- Energy efficiency
- Reducing waste
- Sustainable packaging

Alignment with UNSDGs and Specific Focus Areas

Sustaining People

Building a strong corporate culture with a healthy and safe workforce and investment in talent aligned with the diversity, equity and inclusion philosophy became the first set of focus areas in sustaining people along with building customer trust. These focus areas align with UNSDG 5 (Gender Equality), UNSDG 8 (Decent Work and Economic Growth) and UNSDG 12 (Responsible Consumption and Production). Tanmiah achieves these by focusing on community support activities, promoting health and ensuring inclusive and equitable quality education and training.

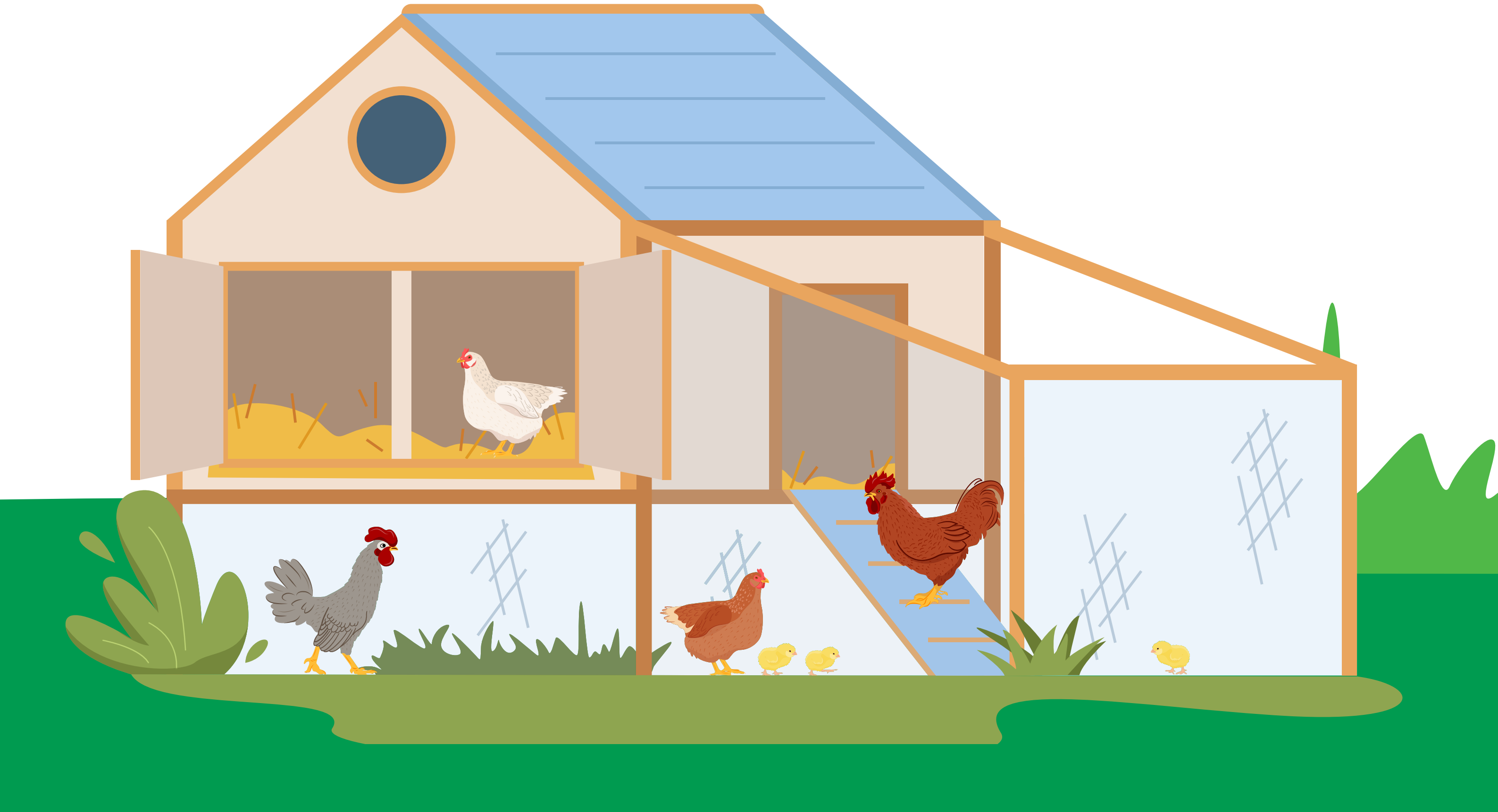
Sustaining Agriculture

Innovative R&D in food, climate and water action along with partnerships with companies such as Tyson and MHP creates this pillar, corresponding to UNSDG 2 (Zero Hunger), UNSDG 6 (Clean Water and Sanitation) and UNSDG 17 (Partnerships for the Goals), emphasizing sustainable food security and efficient resource utilization.

Sustaining Planet

This pillar relates to UNSDG 13 (Climate Action) and UNSDG 15 (Life on Land). Tanmiah's commitment to these goals is through initiatives like waste management, soil conservation and tree planting.

03 Governance



Board of Directors

H.E. Amr Al-Dabbagh
Chairman - Non-Executive Member

Mr. Jamal Al-Dabbagh
Vice Chairman - Non-Executive Member

Mr. Kamel Al-Munajjed
Director - Independent Member

Mr. Mohamed Jazeel
Director - Non-Executive Member

Mr. Stephen Parsons
Director - Independent Member

Mr. Alexander Ivannikov
Director - Independent Member

Ms. Hawazen Nassief
Director - Independent Member

Mr. Dirk Vanderbroeck
Director - Non-Executive Member

Mr. Vincent Carton
Director - Independent Member

Mr. Ahmed Osilan
Managing Director - Executive Member

Compliance

Tanmiah seeks to ensure its adherence to best corporate governance practices that guarantees the protection of shareholders' and stakeholders' rights. At Tanmiah, corporate governance forms the foundation of our business. Our corporate governance framework allows our business to generate long-term sustainable value for our shareholders and wider stakeholder network, an objective rooted in the Company's strategy and guiding principles. Corporate governance is defined as "the system by which business corporations are directed and controlled". The corporate governance structure specifies the distribution of authority and responsibilities among different participants in the Company, such as the Board of Directors, managers, shareholders and others, and spells out the rules and procedures for making decisions on corporate affairs.

Investor Relations

Tanmiah is committed to implementing the disclosure policies and procedures per the relevant laws, regulations and instructions. Tanmiah's Bylaws and Corporate Governance Manuals also contain provisions related to the General Assembly Meetings, including procedures and precautions necessary to ensure all are exercising their regular rights. The shareholders have the right to understand how the Company is performing. These rights are expressed in the regulatory obligations laid out for listed companies. Tanmiah is keen to represent its operations fairly and accurately, so that stakeholders – including shareholders and potential investors – make properly informed decisions and have a balanced understanding of the business, its objectives and potential earnings.

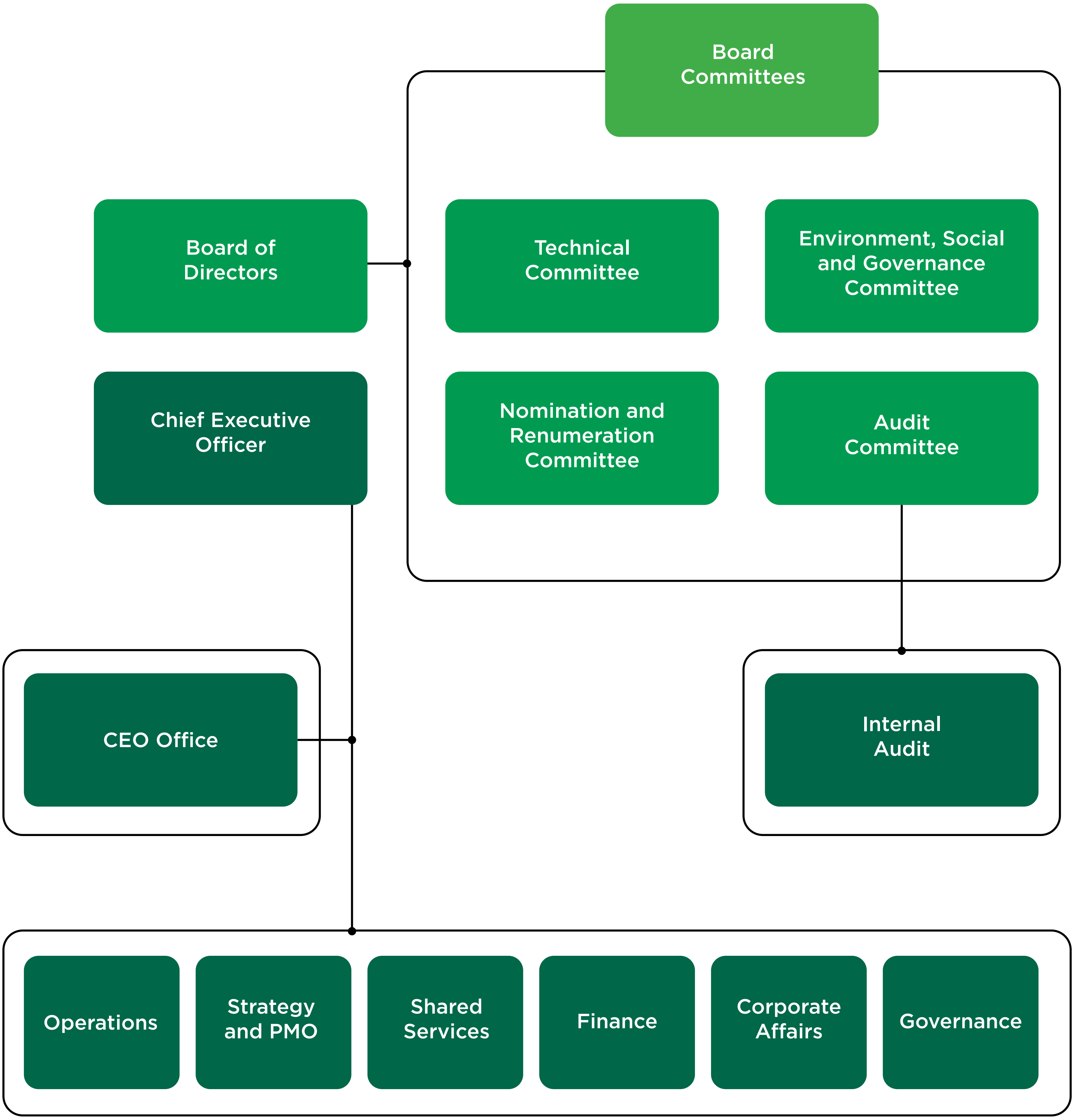
Governance

Tanmiah's robust corporate governance framework is realized through its Board of Directors, multiple committees, management, and internal audit and compliance functions. The framework identifies accountabilities that have been created and translated into practices, responsibilities and procedures, each of which have been clearly outlined in the Company's corporate governance policies, The Company applies all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, except for the following provisions.

Provisions as per Corporate Governance Regulations, wtith Justifications

No.	Article No.	The Article	Reasons for Not Adopting Optional Items
1.	Article 67 (Guiding)	Composition of the Risk Management Committee: The Company's Board shall, by resolution, form a committee to be named the Risk Management Committee. The Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	As this is an optional article, the Company might consider implementing this article in the future.
2.	Article 68 (Guiding)	Competencies of the Risk Management Committee	The Company might consider implementing this article in the future.
3.	Article 69 (Guiding)	Meetings of the Risk Management Committee: The Risk Management Committee shall convene periodically at least once every six months and as may be necessary.	The Company might consider implementing this article in the future.
4.	Article 84 (Guiding)	Social Responsibility: The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	The Company might consider drafting a policy in the future.

Organizational Chart



Board of Directors

Forming the Board of Directors, its committees, the classification of its members, and the Executive management.

The Board of Directors comprises of 10 Directors as per Tanmiah bylaws, which is in line with the Corporate Governance Regulations issued by the Capital Market Authority.

Election of the Board of Directors

The Ordinary General Assembly, held on 14 April 2022, elected the current Board of Directors on 17 April 2022 for three years.

The following tables show the names of the members of the Board of Directors, their positions, the description of their membership, their membership in other joint stock companies, members of the committees and the executive management, their current and previous jobs and qualifications, as well as their attendance record at the meetings of the Board and committees held during the year 2023.

Board of Directors

Names of the members of the Board of Directors, the committees, and the executive management, and their current and previous positions and qualifications.

Members of the Board of Directors

Name	Membership	Current Occupation	Previous Occupation	Academic Qualifications
H.E. Amr Al-Dabbagh	• Chairman of the Board of Directors • Member of the ESG Committee	• Sole Director of Al-Dabbagh Group Holding Company • Chairman of the Company since 2019 • Chairman, Petromin Corporation, a closed joint stock company • Chairman, Red Sea International Company, a public joint stock company • Chairman, Petrolube Oil Company, a closed joint stock company	• Governor and Chairman (with a rank of Minister), Saudi Arabian General Investment Authority (SAGIA), now known as the Ministry of Investment • Member, Makkah Regional Council, from 1997 until 2004 • Member of the Board, Jeddah Chamber of Commerce and Industry from 1997 until 2004	• Bachelor of Business Administration, King Abdulaziz University, Jeddah, Saudi Arabia, 1988

Name	Membership	Current Occupation	Previous Occupation	Academic Qualifications
Mr. Jamal Al-Dabbagh	• Vice Chairman • of the Board of Directors • Member of the Nomination and Remuneration Committee • Member of the Audit Committee	• Vice Chairman of the Company since 2019 • Chairman of the Board, Gulf General Cooperative Insurance Company, a public joint stock company in the insurance sector since 2009 • Chairman of the Board, SAED International for ISTIGDAM, a closed joint stock company in the recruitment and labor services sector, since 2018 • Board Director, Petromin Corporation, a closed joint stock company in the lubricants and automotive services sector, since 2018 • Chairman of the Board, Premier Paints Company Limited, a mixed limited liability company in the manufacturing sector, since 2018 • Partner/Sole Director, Jamal Abdullah Al-Dabbagh Co. Ltd, a limited liability Company in the import and export services sector, since 2004	• Vice Chairman of the Board, Red Sea International, a public joint stock company in the contracting, housing and prefabricated buildings sector • Sole Director, Al-Dabbagh Group Holding Company, a limited liability company	• Master's degree in Business Administration, King Saud University, Riyadh, Saudi Arabia, 2001 • Bachelor's degree in Accounting, King Abdulaziz University, Jeddah, Saudi Arabia, 1984
Mr. Ahmed Osilan	• Managing Director • Member of Environment, Social and Governance Committee	• Company Director since 25 November 2021 • Founder of Gloventures Holdings • Managing Partner of AISG Logistics • Fellowship of the Aspen Global Leadership Institute	• Founder, CEO and Chairman of the Board of Glopartis, Value Chain Investments LLC until 2014 • Chief Investment Promotion Officer for the Saudi Arabian General Investment Authority (SAGIA) until 2012 • Middle East Marketing Manager at Unilever until 2008 • 20 years of experience in the field of investment and entrepreneurship • Held many leadership positions in both government and private sectors in the KSA and Middle East	• Bachelor of Science in Management Information Systems, King Fahd University of Petroleum and Minerals, Industrial Management in 1999

Name	Membership	Current Occupation	Previous Occupation	Academic Qualifications
Mr. Kamel Al-Munajjed	• Director, Board of Directors • Chairman of the Audit Committee	• Company Director and the Chairman of the Audit Committee since 2019 • Sole Director, Bait Al-Urjuan Real Estate Development and Investment Company, a limited liability company in the real estate sector, since 2005	• Director, Allianz Saudi Fransi Cooperative Insurance, a public joint stock company in the insurance sector • Board Chairman, SHUAA Capital Saudi Arabia, a closed joint stock company in the financial services sector, from 2012 until 2015 • Director and Audit Committee Chairman, AXA Cooperative Insurance Company, a public joint stock company, in the insurance sector, from 2008 until 2014 • Vice President, Al Munajem Group, a limited liability company in the food and beverage sector from 1993 until 2005 • Head of Investment and Private Banking, Banque Saudi Fransi, a public joint stock company in the banking sector, from 1988 until 1993 • Systems Engineer, IBM Saudi Arabia, a limited liability company in the IT sector, from 1983 until 1986	• Master's degree in Business Administration, INSEAD, France, 1987 • Bachelor's degree in Electronic Engineering, American University of Beirut, Lebanon, 1983
Ms. Hawazen Nassief	• Director, Board of Directors. • Chairperson of the Environment, Social, and Governance Committee • Director of the Nomination and Remuneration Committee	• Head Sustainability and Stewardship at Public Investment Fund • Director, Middle East Paper Company (MEPCO) • Member, Nomination and Remuneration Committee, Bupa Arabia • Member of the Commission of Makkah Province Development Authority • Member of the Risk, Compliance and ESG Committee, MEPCO	• Vice President, ESG and External Affairs at National Energy Services Reunited • ESG Adviser at the Future Investment Initiative (FII) Institute in Riyadh • Over 15 years of experience working in multinational companies such as Cummins, Christie's, Olayan Financing Company and Kingdom Holding Company	• Master's degree in Law and Diplomacy from Tufts University in the USA • Bachelor's degree in International Relations from Boston University

Name	Membership	Current Occupation	Previous Occupation	Academic Qualifications
Mr. Stephen Parsons	• Director, Board of Directors • Chairman of Nomination and Remuneration Committee • Member of the Technical Committee	• Company Director and Chairman of Nomination and Remuneration Committee since 2019 • CEO, Greengage Agritech Limited, a limited liability company in the commercial and agricultural sector, since 2016	• Co-owner and Director, MTech Systems Europe Limited, a limited liability company in the technology sector (poultry), from 2010 until 2015 • Managing Director, Cobb Europe Limited (England), a limited liability company in the poultry genetics sector, from 2006 to 2009 • COO, Grampian Country Food Group, a limited liability company in the consumer staples (poultry) sector, from 2004 until 2006 • Project Manager, Richemont International Limited, a limited liability company in the luxury goods sector, from 2003 until 2004 • Executive Director, Rainbow Chicken Limited, a limited liability company in the food and beverages sector, from 2002 until 2003 • Group's Operations Director, Rainbow Farms (Pty) Limited, a limited liability company in the consumer staples (poultry) sector, from 2001 until 2003 • Group Sales and Marketing Director, Rainbow Farms (Pty) Limited, a limited liability company in the consumer staples (poultry) sector, from 2000 until 2001	• Bachelor of Commerce, University of the Witwatersrand, Johannesburg, RSA, 1992
Mr. Vincent Carton	• Director, Board of Directors • Chairman of the Technical Committee • Member of the Audit Committee		• Non-Executive Director of Scandi Standard AB from 2018 until 2021 • CEO of Manor Farm Ltd from 1998 until 2019 • CFO of Manor Farm Ltd from 1987 until 1998 • Financial Accountant of Shield Life Assurance from 1984 until 1987	• UCD with Bachelor's degree in Business • Awarded an ACMA from CIMA in 1983
Mr. Alexander Ivannikov	• Director, Board of Directors • Member of the Technical Committee	• Chief Administrative Officer at Whataburger	• Chief Strategy Officer and Chief Supply Chain Officer at Whataburger from 2016 to 2023 • Executive leadership, Tyson Foods, JBS and AGCO • Executive leadership, international business in the poultry and food production sectors, from 2014 until 2016 • International leadership positions in operations in the agribusiness, poultry, food production, oil and gas sectors, from 1999 until 2013	• Alumnus of Harvard Business School GMP programme • Postgraduate Management Programme at the University of Leicester • Bachelor's degree in International Business and French Language from Harding University

Name	Membership	Current Occupation	Previous Occupation	Academic Qualifications
Mr. Mohamed Jazeel	• Director, Board of Directors • Member of the Audit Committee • Member of the Nomination and Remuneration Committee	• Company Director since 2019 • Chief Operating Officer, Al-Dabbagh Group Holding Company, a limited liability company, since 2020 • Director, Agriculture Development Company since 2022	• CFO, Al-Dabbagh Group Holding Company, a limited liability company in the investment sector, from April 1999 until 2020 • General Manager, Agricultural Development Company, a limited liability company operating in chicken production, from 1997 until 1999 • Finance Manager, Al-Dabbagh Group Holding Company, a limited liability company in the investment sector, from 1995 until 1997 • Finance Manager, Agricultural Development Company, a limited liability company operating in chicken production, from 1992 until 1995 • Audit Supervisor and Assistant Audit Director, PricewaterhouseCoopers (Malawi), a limited liability partnership in the advisory services and innovation sector, from 1988 until 1992 • Trainee Accountant, PricewaterhouseCoopers (Sri Lanka and Singapore), a limited liability partnership in the advisory services and innovation sector, from 1985 until 1988	• Executive Education in General Management for Specialists at Cranfield School of Management UK, 1998 • Executive Education in Corporate Financial Strategies at Kellogg School of Management USA, 2004 • Executive Education in Creating Value through Financial Management at Wharton School, University of Pennsylvania, USA, 2005 • Executive Education in Strategic Financial Analysis at Harvard Business School, Boston, USA, 2006 • Executive Education in Audit Committees in an Era of Governance at Harvard Business School, Boston, USA, 2008 • Executive Education in Strategic Finance at IMD, Switzerland, 2008 • Certificate from the Chartered Institute of Management Accountants in the UK, 1988

Name	Membership	Current Occupation	Previous Occupation	Academic Qualifications
Mr. Dirk Vander-broeck	• Director, Board of Directors • Member of the Technical Committee	• Chief Financial Officer, Al-Dabbagh Group Holding Company • Director, Board of Directors of Petrolube Company • Member, Board of Managers of Agricultural Development Company	• Group Treasurer and most recently, Group Head of Portfolio and member of the Executive Committee, Puma Energy • Managing Director in Investment Banking Division, Goldman Sachs • Royal Mail Group, where he co-led its privatisation programme through a successful IPO on the London Stock Exchange • Co-founder at Marylebone Energy Partners	• Master's degree in Business Economics from the University of Groningen in the Netherlands • Executive Leadership Development Programme from HEC in Paris

External Members of the Board Committees

Name	Membership	Current Occupation	Previous Occupation	Academic Qualifications
Ms. Shahad Nejaim	• Member of the ESG Committee	• Director of Sustainability Al-Dabbagh Group from January 2023 to present	• Knowledge Consultant at McKinsey & Company, 2019 to 2022	• Master's degree in Public Relations and Corporate Communications from Georgetown University (2018) • Bachelor's degree in Business Administration with a double specialization in Marketing and Entrepreneurship from American University (2016)

Board Members Classification

Name	Position	Membership Classification
H.E. Amr Al-Dabbagh	Chairman	Non-Executive
Mr. Jamal Al-Dabbagh	Vice Chairman	Non-Executive
Mr. Ahmed Osilan	Managing Director	Executive
Mr. Kamel Al-Munajjed	Director	Independent
Ms. Hawazen Nassief	Director	Independent
Mr. Stephen Parsons	Director	Independent
Mr. Vincent Carton	Director	Independent
Mr. Alexander Ivannikov	Director	Independent
Mr. Mohamed Jazeel	Director	Non-Executive
Mr. Dirk Vanderbroeck	Director	Non-Executive

Classification of membership and names of companies inside and outside the Kingdom

Name	Position	Membership Classification	Membership of the Companies Inside and Outside the Kingdom
H.E. Amr Al-Dabbagh	Chairman of the Board of Directors	Non-Executive	• Chairman, Petromin Corporation, a closed joint stock company – Non-Executive • Chairman, Tanmiah Food Company, a public joint stock company – Non-Executive • Chairman, Red Sea International Company, a public joint stock company – Non-Executive • Chairman, Petrolube Oil Company, a closed joint stock company – Non-Executive • Sole Director, Al-Dabbagh Group Holding Company - LLC
Mr. Jamal Al-Dabbagh	Vice Chairman	Non-Executive	• Vice Chairman of the Board, Tanmiah Food Company, a public joint stock company – Non-Executive • Chairman, Gulf General Cooperative Insurance Company, a public joint stock company – Non-Executive • Chairman, SAED International for ISTIGDAM, a closed joint stock company – Non-Executive • Board member, Petromin Corporation, a closed joint stock company – Non-Executive
Mr. Ahmed Osilan	Director	Executive	• Maharah, a joint stock company – Non Executive • Founder, Gloventures Holdings • Managing partner, AISG Logistics
Mr. Kamel Al-Munajjed	Director	Independent	• Chairman of the Risk Committee Najm for Insurance Services Company, a closed joint stock company
Ms. Hawazen Nassief	Director	Independent	• Director, Middle East Paper Company (MEPCO) • Member of Risk, Compliance and ESG Committee, MEPCO • Member of Nomination and Remuneration Committee, Bupa Arabia • Member of the Commission of Makkah Province Development Authority
Mr. Stephen Parsons	Director	Independent	• N/A*
Mr. Vincent Carton	Director	Independent	• FBN IRELAND-NED- LTD – Independent • Themvar has-Chairman - UTD – Independent
Mr. Alexander Ivannikov	Director	Independent	• N/A*
Mr. Mohamed Jazeel	Director	Non-Executive	• Director, Tanmiah Food Company, a public joint stock company in the food sector, since 2019 • Director, Agricultural Development Company, a limited liability company in the poultry sector, since 2022 • Director, Premier Paints Company, a limited liability company in the paint manufacturing sector, since 2013 • Director, SAED International, a closed joint stock company in the recruitment and labor hiring sector, since 2014 • Chairman, Saudi Egyptian Logistics and Electronics Company, a limited liability company in the information and communication technology sector, since 2022, outside the Kingdom • Director, Gulf General Cooperative Insurance Company, a public joint stock company in the insurance sector, since 2009 • Director, Premier Aviation Ltd, a limited liability company in the aviation sector, since 2013, outside the Kingdom • Director, FPS Investments, a limited liability company, in the packaging sector, since 2022, outside the Kingdom • Member of the Audit Committee, Red Sea International, a public joint stock company in the contracting, housing and prefabricated buildings sector
Mr. Dirk Vanderbroeck	Director	Non-Executive	• Director, Board of Directors of Petrolube Company

Procedures For Informing the Board Members of the Shareholders' Suggestions and Notes on the Company and its Performance

Tanmiah recognizes the shareholder proposals received during the Annual General Meeting and records them in the minutes of the meeting. It informs the Chairman of the Board of any other proposals concerning Tanmiah to be presented at the earliest Board meeting. An email address (IR@tanmiah.com) and a mail address are provided to receive ad hoc shareholder comments and suggestions linked directly to the Investors Relation Manager and Board Secretary so the Board can review submissions.

Board meetings and Board member remuneration

The Board of Directors conducted five (5) Board meetings, of which all meetings were held in attendance, as follows.

			Board meetings					
			1st	2nd	3rd	4th	5th	
No.	**Name**	**Membership**	**9 Feb**	**11 May**	**10 Aug**	**1 Nov**	**2 Nov**	**Total**
1.	H.E. Amr Al-Dabbagh	Chairman	✓	✓	✓			3
2.	Mr. Jamal Al-Dabbagh	Vice Chairman	✓	✓	✓		✓	4
3.	Mr. Ahmed Osilan	Director	✓	✓	✓	✓	✓	5
4.	Mr. Kamel Al-Munajjed	Director	✓	✓		✓	✓	4
5.	Ms. Hawazen Nassief	Director	✓	✓	✓	✓	✓	5
6.	Mr. Stephen Parsons	Director	✓	✓	✓	✓	✓	5
7.	Mr. Vincent Carton	Director	✓	✓	✓	✓	✓	5
8.	Mr. Alexander Ivannikov	Director	✓	✓	✓	✓	✓	5
9.	Mr. Mohamed Jazeel	Director	✓	✓	✓	✓	✓	5
10.	Mr. Dirk Vanderbroeck	Director	✓	✓	✓	✓	✓	5

Statement of the dates of the Annual General Meeting of shareholders held during the year 2023, and the names of the Board members attending these meetings.

The Company held one Annual General Meeting during 2023 – remotely through modern technology means via Tadawulaty services – on 7 June 2023. The results of the meeting were published on Tadawul's website and the minutes of the meeting can be found on Tanmiah's website www.tanmiah.com.

			General Assemblies	
			1st	
No.	**Name**	**Membership**	**7 Jun**	**Total**
1.	H.E. Amr Al-Dabbagh	Chairman	✓	1
2.	Mr. Jamal Al-Dabbagh	Vice Chairman	✓	1
3.	Mr. Ahmed Osilan	Director	✓	1
4.	Mr. Kamel Al-Munajjed	Director	✓	1
5.	Ms. Hawazen Nassief	Director	✓	1
6.	Mr. Stephen Parsons	Director	✓	1
7.	Mr. Vincent Carton	Director	✓	1
8.	Mr. Alexander Ivannikov	Director	✓	1
9.	Mr. Mohamed Jazeel	Director	✓	1
10.	Mr. Dirk Vanderbroeck	Director		0

Board of Directors Committees

In accordance with CMA Corporate Governance regulation and regulations of relevant authorities, the Board forms committees to perform its work in a manner that achieves the efficiency and effectiveness of the Board. During the formation process, the Board should identify and document the committees' responsibilities and work procedures, and issue the required resolutions for this purpose.

Audit Committee

The Audit Committee was formed by the General Assembly and consists of at least three members from among the shareholders or others. The Audit Committee convenes periodically, provided that at least four meetings are held during the Company's fiscal year, The Audit Committee started on 26 June 2022 and the General Assembly approved its tasks, controls and the remuneration of its members, consisting of four members of the Board of Directors specialized in financial affairs, accounting and auditing.

Responsibilities of the Audit Committee

The Audit Committee (AC) reviews the financial and administrative policies and procedures for preparing financial reports and their deliverables. The committee reviews internal audit reports and comments, and issues recommendations to the Board of Directors on the appointment, dismissal, remuneration and independence of external auditors. The committee also examines preliminary and annual financial statements before submitting these to the Board of Directors, which provides its opinions and guidance. The Audit Committee reviews and notes its observations of the external auditor's report of the financial statements and reviews the audit plan. The committee undertakes other tasks periodically and regularly to assess the efficiency and effectiveness of control activities and risk management. It also verifies and monitors the Company's compliance with the applicable laws, regulations, policies and instructions, ensuring the Company's adheres and complies with the applicable laws and regulations to be considered.

Audit Committee Members

The Audit Committee comprises the following members.

No.	Name	Membership	Classification
1.	Mr. Kamel Al-Munajjed	Chairman	Independent
2.	Mr. Jamal Al-Dabbagh	Member	Non-Executive
3.	Mr. Mohamed Jazeel	Member	Non-Executive
4.	Mr. Vincent Carton	Member	Independent

Audit Committee Meetings

The Audit Committee held four (4) meetings during the 2023 fiscal year. The dates of meetings and members' attendance are as follows.

			Audit Committee Meetings				
			1st	2nd	3rd	4th	
No.	Name	Membership	6 Feb	10 May	9 Aug	30 Oct	Total
1.	Mr. Kamel Al-Munajjed	Chairman	✓	✓	✓	✓	4
2.	Mr. Jamal Al-Dabbagh	Member	✓	✓		✓	3
3.	Mr. Mohamed Jazeel	Member	✓	✓	✓	✓	4
4.	Mr. Vincent Carton	Member		✓	✓	✓	3

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) consists of four members. The NRC oversees the nomination of Directors to the Board of Directors, as well as the remuneration policy for the Directors and the members of the Company's senior management.

Responsibilities of the Nomination and Remuneration Committee

The NRC reviews and approves the process of designing an appropriate operating model and fair incentives of salary scales to conform with market standards, requirements and best governance practices. The committee reviews the structure of the Board and recommends appropriate amendments. It ensures the independence of members annually and that Board Directors have no conflict of interest, especially if they are Board members of other companies. The NRC reviews and approves the Board and committee remunerations and incentives prior to submission to the Board for ratification.

Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee comprises the following members.

No.	Name	Membership	Classification
1.	Mr. Stephen Parsons	Chairman	Independent
2.	Mr. Jamal Al-Dabbagh	Member	Non-Executive
3.	Mr. Mohamed Jazeel	Member	Non-Executive
4.	Ms. Hawazen Nassief	Member	Independent

Nomination and Remuneration Committee Meetings

The Nomination and Remuneration Committee held eight (8) meetings during the 2023 fiscal year. The dates of meetings and members' attendance are as follows.

			Nomination and Remuneration Committee Meetings								
			1st	2nd	3rd	4th	5th	6th	7th	8th	
No.	Name	Membership	5 Feb	7 Feb	8 May	7 Aug	20 Sep	30 Oct	31 Oct	1 Nov	Total
1.	Mr. Stephen Parsons	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
2.	Mr. Jamal Al-Dabbagh	Member	✓	✓	✓	✓	✓				5
3.	Mr. Mohamed Jazeel	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
4.	Ms. Hawazen Nassief	Member	✓	✓	✓	✓	✓	✓	✓	✓	8

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee (ESG) consists of three Board Directors and two external committee members, The ESG assists the Board in fulfilling oversight responsibilities and performing the duties, responsibilities and authorities in promoting the long-term sustainability of the Company. The Company's strategy is centered on a sustainability framework that outlines its vision in relation to the environment, health and safety, corporate social responsibility, philanthropy, corporate governance, reputation, ethics, diversity, equity, inclusion and community development, among other things.

Responsibilities of the Environmental, Social and Governance Committee

The focus of the committee is to develop an ESG strategy and define ESG priorities and objectives with the goal of further integrating sustainability into the Company's strategy and operation. The committee oversees the implementation of the Company's ESG strategy and key initiatives and assists the Board in identifying and managing ESG-related risks and opportunities. The ESG Committee also monitors the Company's ESG performance, compliance and external ratings and assists the Board with oversight of its ESG disclosures and monitoring compliance with international best practices. It checks the effectiveness of the Company's internal controls and ESG reporting systems and helps to improve the understanding of ESG among the Board and Company executives.

Environmental, Social and Governance Committee Members

The Environmental, Social and Governance Committee comprises the following members.

No.	Name	Membership	Classification
1.	Ms. Hawazen Nassief	Chairperson	Independent
2.	H.E. Amr Al-Dabbagh	Member	Non-Executive
3.	Mr. Ahmed Osilan	Member	Executive
4.	Mr. Syed Zulfiqar Hamadani	Member	External – CEO
5.	Ms. Shahad Nejaim	Member	External

Environmental, Social, and Governance Committee Meetings

The Environmental, Social and Governance Committee held four (4) meetings during the 2023 fiscal year. The dates of meetings and members' attendance are as follows.

			Environmental, Social and Governance Committee Meetings				
			1st	2nd	3rd	4th	
No.	Name	Membership	5 Feb	8 May	6 Aug	29 Oct	Total
1.	Ms. Hawazen Nassief	Chairperson	✓	✓	✓	✓	4
2.	H.E. Amr Al-Dabbagh	Member	✓	✓	✓		3
3.	Mr. Ahmed Osilan	Member	✓	✓	✓	✓	4
4.	Mr. Syed Zulfiqar Hamadani	Member	✓	✓	✓	✓	4
5.	Ms. Shahad Nejaim	Member	N/A	✓	✓	✓	3

Technical Committee

The Technical Committee (TC) consists of four members of the Board of Directors, who have a recognized proficiency in poultry and related operations. The committee assists the Board in fulfilling its oversight responsibilities on specific technical matters that are beyond the scope or expertise of non-technical Board members. The Technical Committee also oversees and advises the Board and the management team on the development and advancement of the Company's assets.

Responsibilities of the Technical Committee

Overseeing and reviewing the technical aspects of the Company's exploration programs and project development milestones, and suggesting proposals and recommendations to the Board for consideration. The committee also administers periodic benchmarking by management of the technical policies, systems and monitoring processes of the Company versus industry best practices. It reviews and reports to the Board on the sufficiency of financial, technical and human resources to ensure proper and timely development and advancement of the Company's expansion.

Technical Committee Members

The Technical Committee comprises the following members.

No.	Name	Membership	Classification
1.	Mr. Vincent Carton	Chairman	Independent
2.	Mr. Stephen Parsons	Member	Independent
3.	Mr. Alexander Ivannikov	Member	Independent
4.	Mr. Dirk Vanderbroeck	Member	Non-Executive

Technical Committee Meetings

The Technical Committee held nine (9) meetings during the 2023 fiscal year. The dates of the meetings and members' attendance are as follows.

			Technical Committee Meetings									
			1st	2nd	3rd	4th	5th	6th	7th	8th	9th	
No.	Name	Membership	1 Jan	10 Jan	24 Jan	2 Feb	6 Feb	8 Feb	4 May	6 Aug	31 Oct	Total
1.	Mr. Vincent Carton	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
2.	Mr. Stephen Parsons	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
3.	Mr. Alexander Ivannikov	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
4.	Mr. Dirk Vanderbroeck	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

Executive Management

Mr. Syed Zulfiqar Hamadani

Chief Executive Officer

Mr. Syed Zulfiqar Hamadani has been with the Company since 2007 and sits on the boards of three other companies. He is the current Chief Executive Officer since 2019 after being the COO from 2013 to 2019 and the CFO from 2007 to 2012. He has 28 years of experience in finance, sales, logistics, production and food processing with various organizations in the GCC and is a chartered accountant with PWC from Pakistan. He also holds a Bachelor's degree in Commerce from University of Karachi, Pakistan.

Mr. Irfan Jawaid Nagi

Chief Financial Officer

Mr. Irfan Jawaid Nagi holds the position of Chief Financial Officer and he is a director of the Agriculture Development Company (ADC), backed by an extensive career of over 25 years in audit and finance. He has demonstrated his leadership capabilities through numerous managerial roles across his professional journey. Between 2008 and 2015, he made a significant impact as the Country Finance Manager in Oman and Bahrain for Majid Al Futtaim Properties. His academic prowess is evidenced by his qualifications obtained from the Institute of Chartered Accountants of Pakistan, the Association of Chartered Certified Accountants (UK), and the Chartered Institute of Management Accountants (CIMA, UK), In addition, he possesses a Master's degree in Finance from the esteemed University of London, UK.

Mr. Ahmed Khan

Chief Human Resources Officer

Mr. Ahmed Khan has over 22 years of experience and has worked in private and public sectors in FMCG, insurance and medical sectors at SAVOLA (United Sugar Company), Procter & Gamble, United Cartons, Bupa, Fakeeh, International Medical Center and the Ministry of Culture. He has experience in manufacturing, operation excellence, strategic planning, human resources, culture and engagement, HR transformation, coaching and project management. He holds a Bachelor's degree of Science in Mechanical Engineering from Lamar University, Texas, US.

Mr. Muhammad Abbas Khan

Chief Strategy Officer

Mr. Muhammad Abbas Khan has headed the strategy function of the Company since 2021. He is a chartered accountant with 25 years of experience in business and risk advisory and investment banking. Prior to joining Tanmiah in 2019, he worked in a regional Islamic investment bank. In addition to leading the execution of the Company's expansion strategy, he is responsible for implementing digital transformation and sustainability initiatives across the value chain. He has served as an independent Board member and adviser to boards of fintech companies, financial institutions and professional bodies in Bahrain, Malaysia and the KSA.

Mr. Ahmed Al-Sulaimani

Chief Of Internal Audit

Mr. Ahmed Al-Sulaimani is the Chief Audit Executive, with a career that has spanned 17 years in the fields of auditing, governance, risk and compliance, His professional journey is marked by significant tenures in entities such as Ernst & Young, DACO, Al-Salam Aircraft Company and TAQA. His roles have encompassed multiple audit positions, group risk and compliance roles, as an independent Audit Committee member and as the CEO of the Saudi Fraud Association. He is a certified governance risk compliance practitioner and possesses an MSc in Finance from the George Washington University, USA. He has enriched his leadership expertise at INSEAD and is a distinguished participant of the Misk 2030 leadership program.

Mr. Marcos Delorenzo

CEO ADC (Poultry Division)

Mr. Marcos Delorenzo has over 20 years of management experience in B2C, B2B and FMCG businesses involving sales, marketing, trade-marketing, branding, pricing, innovation, quality, R&D, distribution, business strategy, new business development, production and global accounts. He holds an EMBA from Washington University in St. Louis and Fudan University in Shanghai (China/USA) and an MBA in Management from UNICAMP State University of Campinas Sao Paulo (Brazil). He graduated in Business Administration in PUC Sao Paulo and attended extension courses in UCI and UCLA in California, USA. Over his career, Marcos has worked in multiple global regions and markets and has previous experience working for industry players

BRF and JBS for over 20 years. Marcos started as COO of Tanmiah and then moved to the position of CEO of ADC, Tanmiah Poultry Division.

Mr. Madhav Kapur

CEO TRC (Restaurants Division)

Mr. Madhav Kapur has over 10 years of management experience in the QSR industry, across various functions including franchise management, marketing, finance, business development, M&A and franchise profitability, and began his career with Restaurant Brands International (brand owners of Burger King, Popeyes, Tim Hortons and Firehouse Subs) in Singapore. During his time at RBI, he held general management positions at Burger King and Popeyes, working with franchise businesses in APAC and EMEA, across multiple roles, based out of Singapore, Shanghai, Zug and Johannesburg, while covering global roles out of Miami. Madhav joined Tanmiah in January 2021 to set up and grow the restaurant business division from the ground up, starting with the launch of Popeyes in Saudi Arabia. He holds a Bachelor's degree in Mechanical Engineering from the National University of Singapore.

Mr. Nirone Dissanayake

CEO DHV (Animal Feed and Veterinary Services Division)

Mr. Nirone Desanayake began his journey as an accountant in 1997, assuming leadership positions, including the General Manager of Business at the Agricultural Development Company, and took over as the CEO of DHV in 2023. He boasts various professional experiences and holds numerous certificates that demonstrate his expertise in management accounting. His notable achievements in project development include streamlining audit processes, implementing innovative budget systems in planning and operations, laying the groundwork for transformation projects, and cost optimization.

Remuneration Policy

The Extraordinary General Assembly on 7 June 2023 endorsed the remuneration policy of the members of the Board of Directors, committees and executive management, which targets setting a clear standard for the Board members, committees and senior executives' remuneration within the Company, while considering the requirements of Companies Law and CMA regulations. The Nominations and Remuneration Committee shall provide its recommendations to the Board of Directors regarding the remuneration of the Board members, committee members and senior executives in accordance with the approved policy, as follows.

Determining the Remuneration of the Company's Executive Management

The remuneration for the executive management is determined based on the job level, duties and responsibilities assigned to the concerned person, and considers their academic qualifications, practical experience, skills and performance level during the fiscal year to ensure the remuneration is paid on a fair basis and upon the recommendation of the Nominations and Remuneration Committee.

Methodology of Determination of the Remuneration for Members of the Board of Directors

Annual remuneration as a specific amount for the Chair of the Board is SAR 500,000 and each Director of the Board receives a fixed amount of SAR 300,000 for their membership on the Board. The Executive Directors receive a fixed remuneration of SAR 100,000 for their membership on the Board. The Chair of the Audit Committee receives SAR 100,000, and each committee member receive SAR 50,000. Each external committee member receives a fixed remuneration of SAR 120,000 for their membership in committees. In addition, members are paid SAR 5,000 for each Board meeting they attend. Board members are paid SAR 1,500 and external members shall receive SAR 3,000 for each committee meeting they attend.

The Relationship Between the Remunerations Awarded and the Applicable Remunerations Policy

After receiving the recommendation of the Remuneration and Nominations Committee, the relationship between the awarded remuneration and the remuneration policy approved by the General Assembly of the Company's shareholders was studied, and the Audit Committee did not find any fundamental deviations from the remuneration policy. The remuneration granted to members of the Board of Directors, its committee members and the senior executives has been committed to being in accordance with the endorsed remuneration policy.

Board of Directors’ Remuneration

Names	Fixed Remunerations (SAR)						Variable Remunerations (SAR)								
	Fixed remunerations	Allowance for attending Boardng meeting meetings	In-kind benefits	Remuneration for technical,	Remuneration of the Chairman of the Board, the Managing Director or the Secretary if a member	Total (SAR)	Percentage of profits	Periodic bonus	Short-term incentives plan	Long-term incentives plan	Shares granted	Total (SAR)	Indemnity	Total (SAR)	Expense Allowance
First: Independent Directors															
1. Mr. Kamel Al-Munajjed	300,000	20,000	-	-	-	320,000	-	-	-	-	-	-	-		-
2. Mr. Stephen Parsons	300,000	25,000	-	-	-	325,000	-	-	-	-	-	-	-		-
3. Ms. Hawazen Nassief	300,000	25,000	-	-	-	325,000	-	-	-	-	-	-	-		-
4. Mr. Vincent Carton	300,000	25,000	-	-	-	325,000	-	-	-	-	-	-	-		-
5. Mr. Alexander Ivannikov	300,000	25,000	-	-	-	325,000	-	-	-	-	-	-	-		-
Total	**1,500,000**	**120,000**	**-**	**-**	**-**	**1,620,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Second: Non-Executive Directors															
1. H.E. Amr Al-Dabbagh*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Jamal Al-Dabbagh*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Mr. Mohamed Husnee Jazeel*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Mr. Dirk Vanderbroeck*															
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Third: Executive Directors															
1. Mr. Ahmed Osilan*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net total	**1,500,000**	**120,000**	**-**	**-**	**-**	**1,620,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**

*The Directors who have approved waiving their remuneration for the 2023 fiscal year.

Committee Members' Remuneration

Name	Committee	Meetings attended	Fixed Remuneration	Meetings attendance allowance	Total
H.E. Amr Al-Dabbagh	ESG	-	-	-	-
Mr. Jamal Al-Dabbagh	Audit – NRC	-	-	-	-
Mr. Ahmed Osilan	ESG	-	-	-	-
Mr. Kamel Al-Munajjed	Audit	4	100,000	1,500	106,000
Ms. Hawazen Nassief	NRC – ESG	12	100,000	1,500	118,000
Mr. Stephen Parsons	NRC – ESG	17	100,000	1,500	125,500
Mr. Vincent Carton	TC – Audit	12	100,000	1,500	118,000
Mr. Alexander Ivannikov	TC	9	50,000	1,500	113,500
Mr. Mohamed Jazeel	NRC – Audit	-	-	-	-
Mr. Dirk Vanderbroeck	TC	-	-	-	-
Mr. Syed Zulfiqar Hamadani	ESG	-	-	-	-
Mr. Shahad Nejaim	ESG	-		-	-
Total		**54**	**450,000**	**7,500**	**581,000**

Senior Executives' Remuneration

The senior executives, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), received a remuneration, in 2023, according to the employment contracts signed with them. The following table illustrates details of remuneration and compensation paid to senior executives.

	Fixed Remunerations (SAR)						Variable Remunerations (SAR)						
Senior Executives	**Salaries**	**Allowances**	**In-kind benefits**	**Total (SAR)**	**Periodic remunerations**	**Profits**	**Short-term incentives plan**	**Long-term incentives plan**	**Granted shares (insert the value)**	**Total (SAR)**	**End-of-service award (SAR)**	**Total remunerations for Board executives if any**	**Aggregate amount**
Total (SAR)	14,034,889	6,734,960	-	20,769,849	-	-	-	-	-	-	2,045,691	22,815,540	

Dividend Distribution Policy

Pursuant to the Companies Law, each shareholder is entitled to the rights attached to the shares, including the right to receive a portion of the dividends declared in the declaration. Payment of any dividends will be recommended by the Board of Directors before being approved by the shareholders at a General Assembly meeting. The Company is under no obligation to declare dividends and any decision to do so will depend on, among other things, the Company's historic and anticipated earnings and cash flow, its financing and capital requirements, market and general economic conditions, the Company's Zakat position and legal and regulatory considerations. Dividend distributions may be subject to restrictions set out in the financing agreement entered into with financers as well as any limitations contained in the bylaws and financing agreements in place. Dividends will be distributed in Saudi Arabian Riyals. The distribution of dividends is subject to certain limitations contained in the Company's bylaws, as Article 45 states that after deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

1. 10% of the net profits will be maintained for the formation of the statutory reserve of the Company. The ordinary assembly may decide to discontinue this sparing whenever the statutory reserve reaches (30%) of the paid capital.
2. The Ordinary General Assembly may decide to form other reserves, to the extent that serves the interest of the Company or ensures the distribution of consistent profits to the shareholders as much as possible. The assembly may deduct sums from the net profits for the establishment of social institutions for the workers of the Company or for the assistance of such existing institutions.
3. The remainder shall be distributed to the shareholders, unless the Ordinary General Assembly decides otherwise. The Company may distribute interim profits semi-annually or quarterly, in accordance with the regulations of the competent authority.

Description of Any Interest, Contractual Papers and Subscription Rights belonging to Members of the Board of Directors and their Relatives in TFC Shares or Debt Instruments

		Start of 2023		End of 2023			
No.	Board Director	Shares	Debt Instrument	Shares	Debt Instrument	Net Difference	Change Percentage
1.	H.E. Amr Al-Dabbagh	0	0	0	0	0	0%
2.	Mr. Jamal Al-Dabbagh	0	0	0	0	0	0%
3.	Mr. Ahmed Sharaf Osilan	0	0	0	0	0	0%
4.	Mr. Kamel Al-Munajjed	0	0	0	0	0	0%
5.	Ms. Hawazen Nassief	0	0	0	0	0	0%
6.	Mr. Stephen Parsons	0	0	0	0	0	0%
7.	Mr. Vincent Carton	0	0	0	0	0	0%
8.	Mr. Alexander Ivannikov	0	0	0	0	0	0%
9.	Mr. Mohamed Jazeel	0	0	0	0	0	0%
10.	Mr. Dirk Vanderbroeck	0	0	0	0	0	0%

Description of Any Interest, Contractual Papers and Subscription Rights belonging to Senior Executives and their Relatives in Shares or Debt Instruments of the Company

		Start of 2023		End of 2023			
No.	Executive name	Shares	Debt Instrument	Shares	Debt Instrument	Net Difference	Change Percentage
1.	Mr. Syed Zulfiqar Hamadani	0	0	0	0	0	0%
2.	Mr. Irfan Jawaid Nagi	0	0	0	0	0	0%
3.	Mr. Ahmed Khan	0	0	0	0	0	0%
4.	Mr. Muhammad Abbas Khan	0	0	0	0	0	0%
5.	Mr. Ahmed Al-Sulaimani	0	0	0	0	0	0%
6.	Mr. Marcos Delorenzo	0	0	0	0	0	0%
7.	Mr. Madhav Kapur	0	0	0	0	0	0%
8.	Mr. Nirone Dissanayake	0	0	0	0	0	0%

Related Party Transactions

The Company is a member of an affiliated group of companies, which are directly or indirectly controlled by the ADGHC, the ultimate majority shareholder. Below is the list of related parties with whom the Group has significant transactions and balances.

Transactions	2022 (SAR)	2023 (SAR)
Qeemah & Dukan for Groceries Company Limited	12,950,799	8,039,563
Supreme Foods Processing Company (Associate)	3,143,926	22,335,711
Total	**16,094,725**	**30,375,274**
Purchases from:		
National Scientific Company Limited	7,134	-
Supreme Foods Processing Company (Associate)	-	2,130,465
Petromin Corporation	66,678	-
Petrolube	247,897	317,314
Total	**321,709**	**2,447,779**
Rent paid to:		
National Transportation Solutions	-	831,464
National Fuel	500,000	882,474
Total	**500,000**	**1,713,938**
Services from:		
SAED International for ISTIGDAM	696,454	289,157
Total	**696,454**	**289,157**
Payments (done)/received:		
Al-Dabbagh Group Holding Company	(1,816,089)	140,184
Total	**(1,816,089)**	**140,184**
Employee transfers in/(out):		
Dukan Company Limited	64,812	-
Al-Dabbagh Group Holding Company	-	-
Petromin Corporation	(59,120)	-
Supreme Foods Processing Company and Perfect Foods Factory	(220,102)	(125,768)
Total	**(214,410)**	**(125,768)**

Related Party Businesses and Contracts

No.	Related Party Name	Nature	Value (SAR)	Owner % By Board Member: H.E. Amr Al-Dabbagh	Owner % By Board Member: Mr. Jamal Al-Dabbagh
1.	Qeemah & Dukan for groceries	Sale of goods	8,039,563	10.00%	10.00%
2.	SAED International	Labor services	289,157	20.00%	20.00%
3.	Al-Dabbagh Holding Company	Expenses and Zakat cost	140,184	20.00%	20.00%
4.	National Fuel	Service agreement for building space and admin services	882,474	20.00%	20.00%
5.	Supreme Foods Processing Company	Sale and purchases of goods	20,205,246		
6.	Petrolube	Purchase of lubricants	317,314	20.00%	20.00%
7.	National Transportation Solutions	Lease of vehicles	831,464	20.00%	20.00%

Preparation of the Financial Statements

The Condensed Consolidated Interim Financial Statements are issued with a review report, and the Annual Consolidated Financial Statements are issued with an audit report by Independent Auditors. These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). As part of this requirement, the Company has prepared Condensed Consolidated Interim Financial Statements for each quarter of 2023 and Annual Consolidated Financial Statements for the year ended 31 December 2023 in accordance with IFRS, which are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. Deloitte was appointed as Tanmiah's Independent Auditor after the Audit Committee's recommendation to the Board of Directors to audit the Company's accounts for the 2023 fiscal year and Q1 2024. The Board of Directors requested the approval of the nomination of Deloitte and its fees during the General Assembly Meeting on 7 June 2023, at which time the appointment was approved.

After auditing the Consolidated Financial Statements for the year ended 31 December 2023, Deloitte issued its unqualified Independent Auditors' Report expressing its opinion that the Consolidated Financial Statements as a whole present fairly, in all material respects, the consolidated financial position of Tanmiah and its subsidiaries as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS, which are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the SOCPA.

Statutory Payments, Penalties and Sanctions

Statutory Payments

Tanmiah Food Company has committed to pay the fees, expenses and payments as required by the regulations and provisions applicable in Saudi Arabia, and the regular government payments for the 2023 fiscal year have been summarized as follows.

Entity	Description	Reason	Amount (SAR)
Customs	Amounts paid or charged as customs fees on imports and exports	Government requirement	13,458,480
Social security	Amounts paid or charged as social insurance expenses, in accordance with Saudi Labor Law	Government requirement	16,530,465
Zakat	Amounts paid as Zakat, WHT, income tax and VAT expenses according to the various laws	Government requirement	172,122,125
Ministry of Labor	Amounts paid for labor importation and annual iqama costs	Government requirement	30,416,947
Total			**232,528,017**

Penalties and Sanctions

Entity	Description	Amount (SAR)	Remarks
Municipality	Penalty	34,180	
Civil Defence fine	Penalty	50,120	
Baladia violation	Penalty	34,250	
Total	-	**118,550**	

Loan's Indebtedness of the Company in 2023

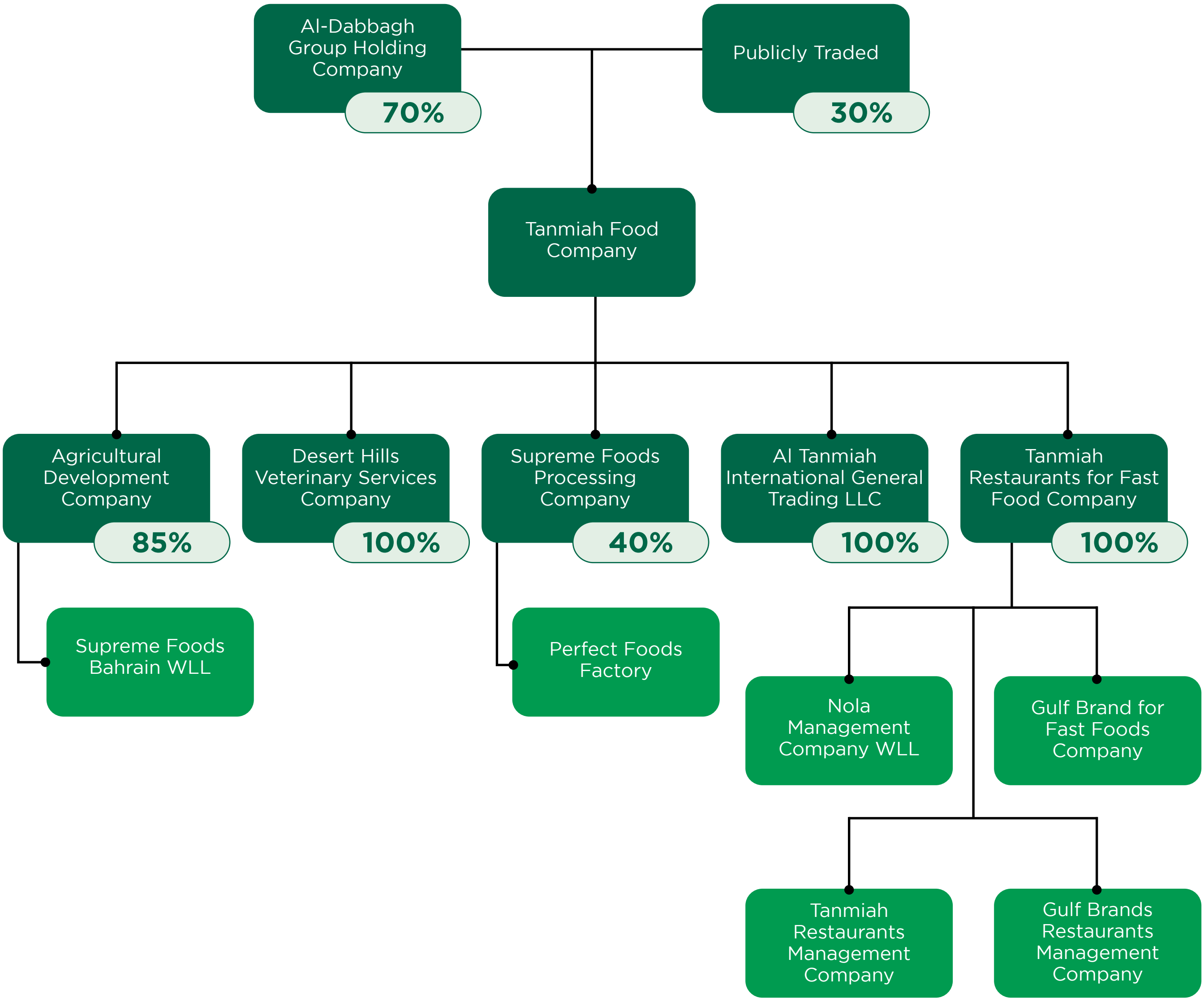
Long-Term Borrowing

Borrowing Company	Lender	Issue Period	Issue Date*	Balance (SAR)
Proceeds				
ADC	Rabo Bank	November 2023	29/11/2023	81,919,600
Repayments				
ADC	SAIB Bank			33,115,317

Short-term Borrowing

Borrowing Company	Lender	Issue Period	Issue Date*	Balance (SAR)
ADC	ABC	December 2023	21/12/2023	36,951,548
ADC	ADF	April 2023	17/4/2023	150,000,000
ADC	BSF	November 2023	15/11/2023	11,259,787
ADC	GIB	March 2023	01/12/2023	40,901,438
ADC	SAB	December 2023	12/12/2023	36,000,000
DHV	SAIB	December 2023	25/12/2023	12,968,674

Tanmiah and Subsidiaries



Direct Ownership Structure of the Company

Shareholder	Number of Shares	Nominal Value (SAR)	Shareholding (%)
Al-Dabbagh Group Holding Company	14,000,000	140,000,000	70%
Public	6,000,000	60,000,00	30%
Total	**20,000,000**	**200,000,000**	**100%**

Subsidiaries

The Group's principal subsidiaries as at 31 December 2023 are listed below. These subsidiaries have capital consisting only of ordinary shares owned directly by the Company, and the proportion of ownership interests equates to the voting rights held by the Group unless stated otherwise. The country of the Group is also the principal place of business.

Subsidiary	Country of Incorporation	Ownership (%)	Country of Operation	Capital	Activities
Agricultural Development Company Limited	Saudi Arabia	85%	Saudi Arabia	SAR 20,000,000	Wholesale trading in poultry products and agricultural produce
Desert Hills Veterinary Services Company	Saudi Arabia	100%	Saudi Arabia	SAR 1,000,000	Wholesale and retail trade in machinery and equipment in the field of animal care, animal shelters, animal feed, chicken chicks, egg feed, laboratory equipment and veterinary medicines, in addition to marketing, import- and export-related accessories
Gulf Brand for Fast Foods Company	Saudi Arabia	100%	Saudi Arabia	SAR 1,000,000	Restaurant outlets and related seniors
Al-Tanmiah International General Trading LLC	United Arab Emirates	100%	United Arab Emirates		Non-operating company
Tanmiah Restaurants for Fast Food Company	Saudi Arabia	100%	Saudi Arabia	SAR 25,000	Restaurants with buffets, fast food activities, meal-only activities, etc.
Gulf Brands Restaurants Management Company	Kuwait	100%	Kuwait		Non-operating company
Nola Management Company WLL	Kingdom of Bahrain	100%	Kingdom of Bahrain		Non-operating company
Tanmiah Restaurants Management Company	Qatar	100%	Qatar		Non-operating company

Results of Annual Internal Audit Procedures

The Audit Committee has duly approved the annual Risk-Based Internal Audit Plan. The committee continually monitors the execution of this plan, ensuring its timely and effective implementation by the Internal Audit department.

The Internal Audit department is tasked with evaluating the adequacy, efficacy and robustness of the Company's governance, risk management and internal control systems, subsequently presenting its findings to the Audit Committee. The committee is also responsible for overseeing the implementation of the agreed management action items.

The Audit Committee is confident in its assertion that the Company's internal control systems are operating effectively, based on the evaluations conducted by both internal and external auditors during the current fiscal year, as well as management's assurances regarding the adequacy of the Company's internal and fiscal control structures. Consistent improvement of the internal control system continues to be the primary objective of the Audit Committee and executive management. It is notable that the Board did not adopt any resolutions that contradicted the Audit Committee's recommendations in 2023.

Audit Committees' Opinion with Respect to the Adequacy of the Company's Internal Control System

According to the periodic reports provided by the Company's management and the Audit Committee's role in overseeing the monitoring of the performance and reports of the Internal Audit department – which evaluates the adequacy, efficacy and robustness of the Company's governance, risk management and internal control processes – the committee is unaware of any significant deficiency in the Company's internal control system or any matter requiring the attention of the General Assembly.

Tadawul Announcements

No.	Date	Type	Title of Announcement
1.	12 February 2023	Annual financial results	Tanmiah Food Co. announces its annual financial results for the period ending 31/12/2022
2.	16 February 2023	Signing MoU	Tanmiah Food Company announces signing of a memorandum of understanding to enter into a partnership with international food and agrotech leader MHP Group to boost food security and food self-sufficiency in Saudi Arabia
3.	30 March 2023	Obtaining financing	Tanmiah Food Co. announces one of its subsidiaries has obtained a short-term financing facility from the Agricultural Development Fund (ADF)
4.	27 April 2023	Distribution of cash dividend	Tanmiah Food Co. announces the distribution of cash dividend for the 2022 fiscal year
5.	14 May 2023	Interim financial results	Tanmiah Food Co. announces its interim financial results for the period ending 31/03/2023 (three months)
6.	17 May 2023	Call for a General Assembly	Tanmiah Food Co. invites its shareholders to attend the (first meeting) Extraordinary General Assembly Meeting via modern technology means
7.	04 June 2023	Other announcements	Tanmiah Food Co. announces to its shareholders the starting date of electronic voting on the agenda items of the Extraordinary General Assembly Meeting (first meeting)
8.	08 June 2023	General Assembly's results	Tanmiah Food Co. announces the results of the Extraordinary General Assembly Meeting (first meeting)
9.	08 June 2023	Correction announcement	Correction announcement from Tanmiah Food Co. in regard to the results of the Extraordinary General Assembly Meeting (first meeting)
10.	13 August 2023	Interim financial results	Tanmiah Food Co. announces its interim financial results for the period ending 30/06/2023 (six months)
11.	10 September 2023	Previously announced developments	Tanmiah Food Company announces the signing of the shareholders' agreement between Desert Hills Veterinary Services Company Ltd and MHP SE
12.	24 October 2023	Signing MoU	Tanmiah Food Company announces the signing of a memorandum of understanding with Vibra Agroindustrial S.A. to reinforce food security and self-sufficiency in Saudi Arabia
13.	05 November 2023	Interim financial results	Tanmiah Food Co. announces its interim financial results for the period ending 30/09/2023 (nine months)
14.	06 November 2023	Other announcements	Tanmiah Food Company announces its subsidiaries have signed an exclusive development agreement to develop, open and operate restaurants in Kuwait and Bahrain under the iconic brand Popeyes®.
15.	19 December 2023	Obtaining financing	Tanmiah Food Company announces it has secured a new (Shariah compliant) credit facility from Banque Saudi Fransi

Shareholders' Register

The Company requested the shareholder register from the Securities Depository Center Company – Edaa nine (9) times during the year 2023 for the following purposes:

- Updating the monthly shareholders' register
- Holding the General Assembly

No.	Date	Request Reason
1.	31 January 2023	Updating the shareholders' register
2.	28 February 2023	Updating the shareholders' register
3.	30 March 2023	Holding the General Assembly
4.	30 April 202	Updating the shareholders' register
5.	07 June 2023	General Assembly Meeting purposes
6.	22 June 2023	Updating the shareholders' register
7.	20 September 2023	Updating the shareholders' register
8.	30 November 2023	Updating the shareholders' register
9.	31 December 2023	Updating the shareholders' register

Main Transactions, Investments and Other Events

Important Events in 2023

Date	Event
14 May 2023	Announcement of the financial results for the first quarter
7 June 2023	Annual General Meeting of the shareholders
13 August 2023	Announcement of the financial results for the second quarter
10 September 2023	Announcement of completion of the joint venture with MHP
5 November 2023	Announcement of the financial results for the third quarter

Corporate Governance Code

The Board of Directors has been keen to establish an effective governance system as an integral part of the administrative and financial systems responsible for regulating internal businesses, by identifying the relationship between the Board of Directors and the General Assembly, and between the Board of Directors and the executive management. The governance policies regulate businesses, transactions and relationships with various government and legislative bodies, suppliers and contractors to increase efficiency and effectiveness in realizing the Company's objectives, in a manner consistent with the Companies Law and Corporate Governance Regulations.

The governance in the Company aims to demonstrate transparency and effective management to enhance the Company's ability to attract long-term capital and favorable financing terms; attract longer-term investors, including major institutional investors such as pension funds; unlock the relevant information that is needed by key stakeholders to make informed decisions about the Company's ability to create value in the short, medium and long term; generate financial value; and drive continuous improvement by creating accountability and fostering collaboration with stakeholders and create a deeper understanding of stakeholder needs, which could drive innovation and enhance market differentiation and competitiveness. Governance strives for the highest levels of sustainability – one of the main pillars of our strategy – which includes documenting our businesses and activities as per pertinent regulatory and legislative authorities.

Board of Directors' Acknowledgment

As per the Corporate Governance Regulations requirement for the Company to make a declaration regarding non-applicable or non-existent matters, the

Board undertakes the following.

Declaration/Confirmation:

1. The Company's books and records comply with the accounting standards issued by SOCPA.
2. The External Auditors' report for the year 2023 does not contain any reservations on the relevant annual financial statements.
3. There was no recommendation by the Board of Directors to replace the External Auditors for the year 2023.
4. The Chairman of the Board did not receive a written request to call for an unscheduled meeting from any two or more of the Board members during 2023. The Company did not receive any request to convene a General Assembly or a request to add one or more items to the agenda upon its preparation from any shareholders in 2023. The Board of Directors did not receive any request from the External Auditor to convene a General Assembly for the year 2023.
5. The Company has not granted any cash loans whatsoever to any of its Board members or rendered guarantees with respect to any loan entered by a Board member with third parties.
6. There was no recommendation by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject any recommendations regarding the appointment of the Company's external auditor, its dismissal, the determination of its fees, the performance evaluation, or the appointment of the Internal Auditor during 2023.
7. The Board of Directors did not waive any of the Company's debts during the year, except for the disclosed arrangements in this report.
8. There are no equity shares or debt instruments owned by the subsidiaries.
9. There are no conversion or subscription rights under convertible debt securities, or any securities, rights issues or similar rights issued or granted by Tanmiah Food Company during 2023.
10. There is no material conflict of interest during 2023, other than what was disclosed.
11. There are no actions that may impede the shareholders' right to vote.
12. Any arrangements or agreement under which a member of the Company's Board of Directors or a senior executive waives any remuneration except for those disclosed in this report. For Board members H.E. Amr Al-Dabbagh (Chairman), Mr. Jamal Al-Dabbagh (Vice Chairman), Mr. Mohamed Jazeel (member), Mr. Ahmed Osilan (member) and Mr. Dirk Vanderbroeck (member) withdrew from receiving any fees or bonuses planned for the members of the Board. Neither of the senior executives waived any bonuses.
13. There are no treasury shares held by the Company.
14. The Board confirms that:
    a. The Company's accounting records were properly prepared.
    b. The internal control systems and procedures were properly developed and effectively executed.
    c. There are no doubts about the Group's ability to continue its business activities.

04 Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the shareholders Tanmiah Food Company (A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tanmiah Food Company, a Saudi Joint Stock Company (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To the shareholders Tanmiah Food Company (A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Key Audit Matter	How our audit addressed the Key Audit Matter
Measurement and existence of biological assets As at December 31, 2023, the Group had biological assets, comprising breeder birds, hatchery eggs and broiler birds (the "biological assets") with a carrying amount of SR 143.4 million. IAS 41 Agriculture requires biological assets to be measured at fair value less costs to sell. IAS 41 allows entities not to measure biological assets at fair value less costs to sell where quoted market prices are not available and alternative fair value measurements are determined to be clearly unreliable. Management measures the carrying amount of breeder birds by amortising the total costs incurred during the rearing phase over the anticipated productive cycle due to the short rearing phase. There is no active market for breeder birds and no reliable fair value measurements have been identified. Hatchery eggs and broiler birds are valued at their fair value less cost to sell after considering various estimates relating to market prices of poultry at various points, estimated costs until the date of slaughter of birds, mortality rates, hatchability rates and processing loss. The assessment of the quantity of breeder and broiler birds at the reporting date requires management to make estimations based on the size of each broiler house and the average density per square meter. We considered this to be a key audit matter because of the significance of the carrying value of biological assets as at December 31, 2023 in the context of the consolidated financial statements and the significant management estimates made and judgments applied in assessing the carrying amount of biological assets. Refer to note 3 of the consolidated financial statements for the accounting policy, note 4 for the disclosure of critical accounting estimates and judgements and note 14 for disclosures of other matters related to biological assets.	Our audit procedures included, but were not limited to, the following: • Obtained an understanding of the biological assets life cycle and processes followed. • Assessed the controls over the measurement and existence of biological assets to determine if they had been appropriately designed and implemented. • Tested the methodology used by the Group to determine the carrying amounts of broiler birds and assessed the inputs/assumption/estimates used by the Group including the production cycle, mortality rates, hatchability rates, process loss and market prices of poultry at various points by comparing them with actual historical outcomes and past trends of such inputs, assumptions and/or estimates. • Agreed the costs incurred related to breeder birds during the rearing phase to supporting documentation on a sample basis. • Assessed both the method of amortisation and the period of amortisation of the costs capitalised to breeder birds. • Agreed the results of management's determination of the carrying amounts of the biological assets to the amounts reported in the consolidated financial statements. • Reperformed the mathematical accuracy of the calculations used to determine the carrying amounts of the biological assets. • With respect to the quantities of hatchery eggs, we visited a sample of hatchery and observed and physically counted the number of eggs. • With respect to the quantities of breeder and boiler birds we visited a sample of poultry farms and assessed the key assumptions and methodology used to determine the number of birds on hand at the reporting date. • Assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT

To the shareholders Tanmiah Food Company (A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Other Information

Management is responsible for the other information. The other information comprises information included in the Group's 2023 Board of Directors' report, (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

To the shareholders Tanmiah Food Company (A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Deloitte and Touche & Co.
Chartered Accountants

Mazen A. Al-Omari
License No. 480
5 Sha'ban, 1445H
February 15, 2024

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2023

	Note	2023 SR	2022 SR
ASSETS			
Non-current assets			
Property, plant and equipment	6	525,170,688	338,290,728
Right-of-use assets	7	422,692,509	348,711,825
Intangible assets	8	6,768,411	4,148,845
Financial assets at fair value through other comprehensive income	9	773,983	773,983
Investment in an associate	10	80,866,666	87,493,524
Total non-current assets		**1,036,272,257**	**779,418,905**
Current assets			
Inventories	13	262,778,704	288,202,232
Biological assets	14	143,431,624	128,748,293
Prepayments and other receivables	17	198,120,137	127,924,746
Contract assets	15	21,922,970	11,358,204
Trade receivables and other debtors	16	238,824,218	197,882,300
Cash and cash equivalents	18	111,032,670	267,048,085
Total current assets		**976,110,323**	**1,021,163,860**
TOTAL ASSETS		**2,012,382,580**	**1,800,582,765**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	200,000,000	200,000,000
Statutory reserve	20	42,154,397	34,560,302
Other reserve	20	73,977,280	73,977,280
Retained earnings		302,692,574	305,832,956
Equity attributable to owners of the Company		**618,824,251**	**614,370,538**
Non-controlling interests	12	61,450,234	48,242,042
Total equity		**680,274,485**	**662,612,580**
Non-current liabilities			
Employee benefit obligations	21	98,735,875	86,252,675
Lease liabilities	7	330,127,184	264,323,720
Borrowings	22	122,512,600	40,593,000
Total non-current liabilities		**551,375,659**	**391,169,395**
Current liabilities			
Borrowings	22	288,081,444	267,835,956
Trade and other payables	23	206,624,306	240,740,585
Contract liabilities	15	641,517	287,848
Accrued and other liabilities	24	193,727,508	171,604,124
Lease liabilities	7	80,315,540	55,819,552
Provision for zakat and income tax	26	11,342,121	10,512,725
Total current liabilities		**780,732,436**	**746,800,790**
Total liabilities		**1,332,108,095**	**1,137,970,185**
TOTAL EQUITY AND LIABILITIES		**2,012,382,580**	**1,800,582,765**

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

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

AS AT DECEMBER 31, 2023

	Note	2023 SR	2022 SR
CONTINUING OPERATIONS			
Revenue	27	2,093,092,807	1,727,041,745
Cost of revenue	28	(1,598,319,996)	(1,306,853,067)
Gross profit		**494,772,811**	**420,188,678**
Selling and distribution expenses	29	(251,553,671)	(217,769,866)
General and administrative expenses	30	(116,162,821)	(104,008,372)
Impairment loss on financial assets	16	(5,150,000)	(3,525,000)
Other income		14,830,775	18,483,995
Operating profit		**136,737,094**	**113,369,435**
Finance costs	31	(30,914,415)	(31,169,465)
Profit before share of result from associate and zakat and income tax		**105,822,679**	**82,199,970**
Share of results from an associate	10	(6,626,858)	284,324
Profit before zakat and income tax		**99,195,821**	**82,484,294**
Zakat and income tax	26	(9,764,312)	(7,618,394)
Profit for the year from continuing operations		**89,431,509**	**74,865,900**
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	5	-	12,368,946
Gain on disposal of discontinued operations	11	-	101,927,470
Profit for the year from discontinued operations		**-**	**114,296,416**
Profit for the year		**89,431,509**	**189,162,316**
Other comprehensive (loss) income for the year			
Items that will not be reclassified subsequently to profit or Loss:			
Re-measurements of employee benefit obligations	21	(2,051,213)	8,419,155
Share of other comprehensive income of an associate	10	-	328,244
Other comprehensive (loss) income for the year		(2,051,213)	8,747,399
Total comprehensive income for the year		**87,380,296**	**197,909,715**
Profit for the year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		75,940,950	72,513,478
Profit for the year from discontinued operations		-	114,296,416
Profit for the year attributable to owners of the Company		75,940,950	186,809,894
Non-controlling interests			
Profit for the year from continuing operations		13,490,559	2,352,422
Profit for the year attributable to non-controlling interests		13,490,559	2,352,422
		89,431,509	**189,162,316**
Total comprehensive income for the year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		74,172,104	79,982,097
Profit for the year from discontinued operations		-	114,296,416
Profit for the year attributable to owners of the Company		74,172,104	194,278,513
Non-controlling interests			
Profit for the year from continuing operations		13,208,192	3,631,202
Profit for the year attributable to non-controlling interests		13,208,192	3,631,202
		87,380,296	**197,909,715**
Earnings per share attributable to owners of the Company:			
From continuing operations			
Basic and diluted earnings per share	35	3.80	3.63
From continuing and discontinued operations			
Basic and diluted earnings per share	35	3.80	9.34

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

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2023

	Share Capital SR	Statutory reserve SR	Other reserve SR	Retained earnings SR	Total shareholders' equity SR	Non-controlling interests SR	Total Equity SR
Balance at January 1, 2022	200,000,000	15,879,313	-	140,323,346	356,202,659	-	356,202,659
Profit for the year	-	-	-	186,809,894	186,809,894	2,352,422	189,162,316
Other comprehensive income	-	-	-	7,468,619	7,468,619	1,278,780	8,747,399
Total comprehensive income for the year	-	-	-	194,278,513	194,278,513	3,631,202	197,909,715
Zakat reimbursed by the shareholder (note 26)	-	-	-	110,221	110,221	-	110,221
Disposal of non-controlling interest in a subsidiary (note 12)	-	-	-	-	-	44,610,840	44,610,840
Dividend (note 37)	-	-	-	(10,198,135)	(10,198,135)	-	(10,198,135)
Gain on disposal of non-controlling interest in a subsidiary	-	-	80,350,601	-	80,350,601	-	80,350,601
Transaction cost for disposal of non-controlling interest in a subsidiary (note 12)	-	-	(6,373,321)	-	(6,373,321)	-	(6,373,321)
Transfer to statutory reserve	-	18,680,989	-	(18,680,989)	-	-	-
Balance at December 31, 2022	200,000,000	34,560,302	73,977,280	305,832,956	614,370,538	48,242,042	662,612,580
Profit for the year	-	-	-	75,940,950	75,940,950	13,490,559	89,431,509
Other comprehensive income	-	-	-	(1,768,846)	(1,768,846)	(282,367)	(2,051,213)
Total comprehensive income for the year	**-**	**-**	**-**	**74,172,104**	**74,172,104**	**13,208,192**	**87,380,296**
Zakat reimbursed by the shareholder (note 26)	-	-	-	272,630	272,630	-	272,630
Transfer to statutory reserve	-	7,594,095	-	(7,594,095)	-	-	-
Dividend (note 37)	-	-	-	(69,991,021)	(69,991,021)	-	(69,991,021)
Balance at December 31, 2023	**200,000,000**	**42,154,397**	**73,977,280**	**302,692,574**	**618,824,251**	**61,450,234**	**680,274,485**

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

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Consolidated Statement Of Cash Flows

AS AT DECEMBER 31, 2023

	Note	2023 SR	2022 SR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		99,195,821	82,484,294
Adjustments for:			
Depreciation on property, plant and equipment	6	34,906,476	21,443,992
Depreciation on right-of-use assets	7	95,357,201	84,681,628
Amortisation of intangible assets	8	734,915	510,594
Impairment loss on financial assets	16	5,150,000	3,525,000
Provision for slow-moving inventories	13	6,296,489	3,085,571
Provision for employee benefit obligations	21	14,295,862	13,338,185
Net gain on disposal of property, plant and equipment		(48,300)	(30,202)
(Gain) loss on termination of lease contracts		(207,802)	280,276
Interest on lease liabilities	7	19,920,499	15,302,204
Other finance costs		10,993,916	15,867,261
Government subsidy accrued during the year	17	(65,194,009)	(57,835,053)
Share of profit from associate	10	6,626,858	(284,324)
Changes in operating assets and liabilities:			
Inventories		19,127,039	(147,536,359)
Trade receivables and other debtors		(46,091,918)	(87,570,937)
Biological assets		(14,683,331)	(41,137,235)
Contract assets		(10,564,766)	(7,257,995)
Prepayments and other receivables		(69,163,930)	(25,573,766)
Government subsidy received	17	64,162,548	58,010,026
Trade payables		(34,242,047)	92,275,417
Contract liabilities		353,669	(463,989)
Accrued and other liabilities		21,081,459	51,527,841
Cash generated from operations		**158,006,649**	**74,642,429**
Employee benefit obligations paid	21	(3,738,107)	(3,620,909)
Zakat and income tax paid	26	(8,662,286)	(4,171,280)
Finance costs paid		(13,373,026)	(13,906,928)
Net cash generated from operating activities		**132,233,230**	**52,943,312**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment	6	(222,548,946)	(160,478,783)
Payments for purchases of intangibles	8	(2,591,981)	(2,020,395)
Proceeds from disposal of equity interest		-	282,945,727
Transaction cost		-	(4,737,764)
Proceeds from disposal of property, plant and equipment		48,310	33,580
Net cash generated from (used in) investing activities		**(225,092,617)**	**115,742,365**
Dividends paid	37	(69,991,021)	(10,198,135)
Lease payments	7	(98,751,130)	(104,815,485)
Short-term borrowings, net		56,781,840	46,826,572
Proceeds from long-term borrowings		81,919,600	67,088,802
Repayments of long-term borrowings		(33,115,317)	(73,708,137)
Net cash used in financing activities		**(63,156,028)**	**(74,806,383)**
Net (decrease) increase in cash and cash equivalents		**(156,015,415)**	**93,879,294**
Cash and cash equivalents disposed on the disposal of a Subsidiary		-	(12,722,450)
Cash and cash equivalents at the beginning of the year		267,048,085	185,891,241
Cash and cash equivalents at the end of the year		**111,032,670**	**267,048,085**
Supplemental information for non-cash information:			
Right-of-use assets written off due to termination of lease contracts		(12,812,306)	(2,476,630)
Lease liabilities written off due to termination of lease contracts		13,020,108	2,196,354
Addition to right-of-use assets and lease liabilities	7	182,150,191	235,555,502
Transfer from property, plant and equipment to intangible assets	6, 8	762,500	-
Transfer of property, plant and equipment to a related party	25	-	(76,251)
Transaction cost to be paid		-	(9,693,122)
Employee benefit obligations transferred from a related party	25	9,788	65,707
Employee benefit obligations transferred to a related party	25	(135,556)	(280,117)

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

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

1. CORPORATE INFORMATION

Tanmiah Food Company (the "Company") is a Saudi Joint Stock Company registered under commercial registration number 1010087483. The Company's head office is located at King Fahd Rd, Ar Rahmaniyah District, Riyadh 12341, Kingdom of Saudi Arabia. The Company and its various subsidiaries (collectively the "Group") are registered in the Kingdom of Saudi Arabia as well as in United Arab Emirates ("UAE"), Kingdom of Bahrain ("Bahrain"), State of Kuwait ("Kuwait") and State of Qatar ("Qatar").

The Group is principally engaged in food and agriculture business which include manufacturing, wholesale and retail trading in foodstuff, preparation of animal and poultry feeds for commercial purposes, construction of poultry farms, retail and wholesale trading in poultry equipment and restaurant outlets with related services.

At December 31, 2023 and 2022, the Company's share capital of SR 200 million consisted of 20 million issued and fully paid shares of SR 10 each.

The Company's application with the Capital Market Authority ("CMA") for the Initial Public Offering (IPO) of 30% of its share capital, on the Saudi Stock Exchange (Tadawul) in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by CMA was approved and the Company's shares started trading on Tadawul on August 4, 2021. The Company has been categorised as a Saudi Joint Stock Company since then.

The Group's principal subsidiaries at December 31, 2023 and 2022 are set out below. The country of incorporation is also their principal place of business.

Subsidiary	Country of incorporation	Effective ownership at December 31		Principal activities
		2023	2022	
Agricultural Development Company Limited ("ADC")	Kingdom of Saudi Arabia	85%	85%	Wholesale trading in poultry products and agricultural produce
Desert Hills Veterinary Services Company Limited ("DHV")	Kingdom of Saudi Arabia	100%	100%	Wholesale and retail trading in machines and equipment in the field of animal care, animal shelters, animal feed, chicks and hatching eggs, veterinary lab equipment and medicines, along with marketing and import and export of related items.
Gulf Brand for Fast Foods Company ("GBFFC")	Kingdom of Saudi Arabia	100%	100%	Restaurant outlets with related services
Supreme Foods Bahrain W.L.L. ("SFB") *	Kingdom of Bahrain	85%	85%	General trading
Al Tanmiah International General Trading L.L.C (Formerly Dabbagh International (UAE) (L.L.C)"	United Arab Emirates (UAE)	100%	100%	Dormant company
Tanmiah Restaurants for Fast Food Company	Kingdom of Saudi Arabia	100%	-	Restaurants with buffets (cafeterias), fast food activities, activities for serving meals only, etc.
Gulf Brands Restaurants Management Company	State of Kuwait	100%	-	Dormant company
Nola Management Company W.L.L	Kingdom of Bahrain	100%	-	Dormant company
Al Tanmiah for Administration of Restaurants	State of Qatar	100%	-	Dormant company

*SFB is a wholly owned subsidiary of ADC.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

In February 2023, the Group has entered into a memorandum of understanding through one of its subsidiaries (DHV) with an international group in Europe to establish a joint venture for developing and operating poultry breeding facilities and will also include the establishment of a greenfield hatchery in the Kingdom of Saudi Arabia. The shareholders' agreement has been signed and the legal formalities relating to the establishment of the joint venture is under progress.

The Group has signed a memorandum of understanding with Vibra Agroindustrial S.A ("Vibra"), a leading international poultry producer and exporter based in Brazil, to establish a joint venture. Vibra is a related party to Tyson International Holding Co. which owns an equity stake in Vibra. The primary focus of the 50% owned JV will be the co-packing of each of Tanmiah's and Vibra's products, initially in KSA, with plans to expand into the wider MENA region. The execution of the shareholders' agreement is expected before the end of 2024. The establishment of the joint venture remains subject to necessary regulatory approvals including the clearance by the General Authority for Competition of Saudi Arabia, and other applicable jurisdictions and authorisations.

In March 2023, the Group received additional subsidy amounting to SR 15.29 million in relation to the import of feed material in 2022. The Group has recognised the subsidy amount as part cost of sales in lines with the accounting policy mentioned in the consolidated financial statements.

In 2022, the Group entered into an agreement with a US based company Tyson International Holding Company, a wholly owned subsidiary of Tyson Foods, Inc., a company listed in the New York Stock Exchange ("Tyson") and agreed to sell an equity stake in each of the Group's wholly owned subsidiaries, Agricultural Development Company ("ADC") and Supreme Foods Processing Company ("SFPC") for a consideration of USD 75.4 million (equivalent to SR 282.9 million), subject to any customary purchase price adjustments made in light of the completion accounts under the Sale and Purchase Agreement (SPA). The Group had completed the completion conditions and management had announced the completion of the transaction on the Tadawul stock exchange on November 2, 2022 after obtaining the approval from various regulatory authorities in the Kingdom of Saudi Arabia.

In 2022, the Group recognised a gain of SR 73.98 million on the disposal of minority interest in ADC, net of transaction costs, in the equity (note 12). The Group also recognised a gain of SR 101.93 million, net of transaction costs on the disposal of controlling interest in SFPC which is recognised in the consolidated statement of profit or loss and other comprehensive income (note 11).

The transaction and the strategic partnership to be formed between the Group and Tyson is being entered into as part of the Group's ongoing efforts to meet the growing global demand for protein products. After the transaction, the Group will maintain an 85% ownership in ADC and a 40% ownership in SFPC. Effective November 1, 2022 the ownership has been changed and the legal formalities associated with the amendment of Articles of Association and commercial registration have been completed. The Group by virtue of its contractual right to appoint two out of the five directors to the board of directors in SFPC has assessed significant influence and classified SFPC as an associate (note 10).

In 2022, the Group has applied the requirements of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and accordingly has disclosed the consolidated financial statements as per the disclosure requirements of IFRS 5.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs).

New and amended IFRS applied with no material effect on the consolidated financial statements

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

- **Amendments to IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)**
  The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

  IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

  The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- **Amendments to IAS - 1. Presentation of Financial Statements and IFRS Practice Statement 2. Making Materiality Judgements- Disclosure of Accounting Policies**
  The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

- **Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction**
  The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates**
  The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

New and revised standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent (effective from January 1, 2024).
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants (effective from January 1, 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements (effective from January 1, 2024).
- Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback (effective from January 1, 2024).

The Directors do not expect that the adoption of the above Standards will have a material impact on the Group’s consolidated financial statements in future periods.

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after January 1, 2024 subject to endorsement of the standards by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) (effective from January 1, 2024).
- IFRS S2 Climate-related Disclosures (IFRS S2) (effective from January 1, 2024).

Management will review the impact of the above standards upon the endorsement by SOCPA.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

3. MATERIAL ACCOUNTING POLICIES

Basis Of Preparation

This consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by function. The Group reports cash flows from operating activities using the indirect method.

This consolidated financial statements have been prepared on a historical cost basis, except for the following material items in the consolidated statement of financial position:

- The employee benefit obligation, which is recognised at the present value of future obligations using the projected unit credit method.
- Biological assets, where fair value is reliably measurable, have been recognised at fair value less cost to sell.
- Equity investments at fair value through other comprehensive income ("FVOCI") are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

This consolidated financial statements are presented in Saudi Riyals ("SR"), which is the functional currency of all the Group entities except for Supreme Foods Bahrain ("SFB") and Nola Management Company W.L.L. ("Nola") The functional currency of SFB and Nola is Bahraini Dinars. The presentation currency of the Group is Saudi Riyals unless otherwise stated.

Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The principal accounting policies adopted are set out below.

Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to December 31 each year. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss on disposal is recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Discontinued operations
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after zakat and income tax from discontinued operations in the consolidated statement of profit or loss and other comprehensive income. Additional disclosures are provided in Note 5. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Investments in associates
An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Under the equity method, an investment in an associate is recognised initially in the 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 associate. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or 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 associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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 consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

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 an associate. 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 of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that 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.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and discount. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, can be measured reliably.

The Group recognised revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5. Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.
b. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Sale of goods

Revenue from sale of goods is recognised when customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognised at that point in time. Credit invoices are usually payable within 30 – 90 days. Invoice is generated and recognised as revenue net of applicable discounts and rebates which relate to the items sold. No customer loyalty points are offered to customers and therefore there is no deferred revenue to be recognised for the items sold.

Construction of poultry farms

Revenue recognition from the construction of poultry farm will occur over time, measured based on the percentage of completion method as the customer obtains control of each asset, i.e. separately identifiable performance obligation. A performance obligation is a distinct good or service within a contract that customer can benefit on stand-alone basis. For the Group's contracts, a performance obligation typically means delivery and installation of a single unit. Percentage of completion is defined as the proportion of an individual performance obligation's cost incurred to date from the total estimated costs for that particular performance obligation. If the services rendered by the Group exceed the billing, a contract asset is recognised. If the billing exceeds the services rendered, a contract liability is recognised.

For contracts that permit the customer to return an item, under IFRS 15 revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. The related liability is recorded in 'other payables' under "accrued and other liabilities".

Restaurant revenue

Revenue is recognised upon rendering of services and based on billings for meals and other services rendered to guests and are stated net of discount.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Government grants

Grants from the government are recognised at fair value which represents amounts receivable from the Government where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group receives government grants on the basis of production volume and dressed weight of broiler chickens. Accordingly, the Group accrues the grant and receives on a periodical basis. Note 17 provides further information on how the group accounts for government grants.

Employee benefits

Retirement benefit costs and termination benefits

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Retirement benefits
Retirement benefits made to funded defined contribution plans in respect of its Saudi employees, are expensed when incurred.

Zakat and taxes

Zakat and income tax
The Group is subject to the Regulations of the General Authority of Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accrual basis. In the financial statements of wholly owned subsidiaries, zakat is provided as an expense and included in the statement of profit and loss and other comprehensive income, while in the financial statements of companies with foreign participation, zakat and income tax are included in the statement of profit and loss and other comprehensive income. Zakat is computed on the zakat base, while income tax is computed on adjusted net income which is not exempt from tax. Any difference in the accrual is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and its subsidiaries. The income tax and zakat charge, assessable on the minority shareholders, is included as part of non-controlling interests.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and the laws) that have been enacted or substantively enacted by the end of the reporting period.

Value added tax

Expenses and assets are recognised net of the amount of value added tax ("VAT"), except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the statement of financial position.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress, which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Disposal of asset is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit or loss and other comprehensive income.

Depreciation is charged to the statement of profit or loss and other comprehensive income using the straight-line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on addition is charged from the month in which the asset is available for use and on disposals up to the month of disposal. Depreciation method, useful lives and residual values are reviewed annually.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The following useful lives are used in the calculation of depreciation:

	Useful life in years
Buildings	20
Leasehold improvements	3 – 6.67
Machinery and equipment	4 – 15
Motor vehicles	4 – 6.67
Furniture and fixtures	6.67

Capital work-in-progress is stated at cost less impairment losses, if any, and is not depreciated until the asset is brought into commercial operations and available for intended use.

Capital work-in-progress is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets, consists of computer software and franchise fees, are recorded at cost, net of accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis as follows:

	Useful life
Software	10 years
Franchise fees	5 – 20 years

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs less trade discounts, rebates and similar items. Costs are assigned to individual items of inventory on the basis of weighted average costs except for the poultry meats and other food stuff and finished goods inventory for which cost is determined on the basis of standard cost.

Net recognised value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses. The amount of any write-down of inventories to net recognised value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net recognised value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Cash and cash equivalents
For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash in hand, bank balances and deposits with original maturities of three-months or less, if any.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Biological assets
Biological assets include parent chicken (breeder birds), hatchery eggs and broilers which are grouped according to their physical state, transformational capacity, as well as their particular stage in the production process. The Group capitalises the costs relating to the biological transformation of biological assets (subsequent expenditure).

Breeder birds
The cost of breeder birds is amortised over a period of 35 weeks from the week they start to lay eggs. The Group uses this method of valuation since fair value cannot be measured reliably as the Group's breeder birds have no market value and there is no active market for the similar assets available in the Kingdom of Saudi Arabia livestock industry. The cost of parent chickens, determined on the basis of the weekly's average expenditure, comprises purchase of the Day Old Chicks ("DOC"), expenses incurred in bringing the DOC's to the farm and expenses incurred in rearing and maintaining the breeders until they start to lay eggs.

Hatchery eggs
The value of hatchery egg stock is based on fair value. The fair value measurements for the hatchery eggs have been categorised as Level 3 fair values based on the inputs to the valuation techniques used, as there are no active markets for the hatchery eggs. Costs incurred relating to the production of eggs are capitalised during its growing cycle. Any material fair value adjustment is applied to the cumulative capitalised cost thereof. The fair value adjustment of eggs is determined as the price difference between the sum total of the capitalised cost at point of sale and the price at which the hatching eggs are sold in the external market.

Broilers
Broilers are stated at fair value less cost to sell. The fair value measurements for the broilers have been recognised as Level 3 fair values based on the inputs to the valuation techniques used. Cost to sell includes all cost that would be necessary to sell the broilers.

General and administrative expenses
General and administrative expenses include direct and indirect costs not specifically part of cost of sales. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis. Certain expenses have been reclassified to other income to confirm with the current year presentation.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Selling and distribution expenses

Selling and distribution expenses principally consist of costs incurred in the distribution and selling of the Group's products and services. All other expenses are classified as general and administrative expenses.

Financial instruments

Classification of financial assets

The Group classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or other comprehensive income.

Initial measurement

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated statement of comprehensive income. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value.

Classification of financial liabilities

The Group designates a financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

All other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset so that the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Reclassifications

Financial assets are reclassified when the Group changes its business model for managing financial assets. For example, when there is a change in management's intention to hold the asset for a short-term or long-term. Financial liabilities are not reclassified.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Subsequent measurement

Subsequent measurement of financial assets is as follows:

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of comprehensive income and presented in other gains (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in consolidated statement of comprehensive income and presented net within other gains (losses) in the period in which it arises.

Equity instruments

FVOCI: The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to consolidated statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

De-recognition

The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from financial asset expire, or it transfers substantially all the risks and rewards of ownership of the financial asset. Financial liabilities are derecognised when the obligations specified in the contract is discharged, cancelled or expires. A substantial change in the terms of a debt instrument is considered as an extinguishment of the original liability and the recognition of a new financial liability.

The Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. significant financial difficulty of the issuer or the borrower;
b. a breach of contract, such as a default or past due event (see (ii) above);
c. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e. the disappearance of an active market for that financial asset because of financial difficulties.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines impairment methodology for trade and other receivables and financial guarantee contracts.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Refer Financial Instruments policy for a description of the Group's impairment policies.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing net profit or loss attributable to owners of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the net profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer who makes decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis and are reported to the Chief Executive Officer, being Chief Operating Decision Maker of the Group.

Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are approved by shareholders of the Company.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that, period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements.

Biological assets

As described in note 3, the cost of breeder birds is amortised over a period of 35 weeks from the week they start to lay eggs. The Group uses this method of valuation since fair value cannot be measured reliably as the Group's breeder birds have no market value and there is no active market for the similar assets available in the Kingdom of Saudi Arabia livestock industry.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Biological assets

Biological assets are required to be measured at fair value less cost to sell from the initial recognition of such biological assets up to the point of harvest. Due to absence of an active live broiler market in the Kingdom of Saudi Arabia and lack of observable market data, management has used certain significant assumptions in arriving at the fair valuation of biological assets at each reporting date. See note 14 for the significant assumptions taken and limitations encountered in determining the fair value of the broiler birds and hatchery eggs.

Right-of-use assets and lease liabilities

The lease liabilities are measured at the discounted value of lease payments, using incremental borrowing rate as the interest rate implicit in the lease cannot be readily determined, which is generally the case for leases in the Group. Incremental borrowing rate is the rate that Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing offers received by the Group as a starting point, adjusted to reflect changes in financing conditions.

Long-term assumptions for employees' benefits

Post-employment defined benefits, end-of-service benefits and indemnity payments represent obligations that will be settled in the future and require assumptions to project obligations and fair values of plan assets, if any. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates and employment turnover. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Property and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

The management tests annually whether property and equipment have suffered impairment in accordance with accounting policies stated in note 3. The recoverable amount of an asset is determined based on value-in-use method. This method uses estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

5. DISCONTINUED OPERATIONS

As stated in note 1, the Group entered into an agreement to sell an equity stake in the Group's wholly owned subsidiary, Supreme Foods Processing Company ("SFPC"). The transaction was subject to the approval of regulatory authorities in the Kingdom of Saudi Arabia. The Group has completed the completion conditions and management has announced the completion of the transaction on the Tadawul stock exchange on November 2, 2022.

After the transaction, the Group maintains a 40% ownership in SFPC. Effective November 1, 2022 the ownership has been changed and the legal formalities associated with the amendment of Articles of Association and commercial registration have been completed. The Group by virtue of its contractual right to appoint two out of the five directors to the board of directors in SFPC has assessed significant influence and classified SFPC as an associate.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	Period ended October 31, 2022 SR
Revenue	324,235,793
Expenses	(308,751,104)
Profit for the year	15,484,689
Zakat expense	(3,115,743)
Profit for the year from discontinued operations	12,368,946
Gain on disposal of discontinued operations (note 11)	101,927,470
Net gain attributable to discontinued operations (profit and gain attributable to owners of the Company)	114,296,416

In 2022, SFPC contributed SR 22.1 million to the Group's net operating cash flows, paid SR 26.0 million in respect of investing activities and contributed SR 1.4 million in respect of financing activities.

Gain on disposal of discontinued operations include a gain of SR 69.0 million, net of transaction costs arose on the disposal of 60% interest in SFPC, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and a gain of SR 32.9 million resulting from fair valuing the remaining interest 40% in SFPC (refer note 11).

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

6. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Buildings SR	Leasehold improvements SR	Machinery and equiment SR	Motor Vehicles SR	Furniture and fixtures SR	Capital work-in-progress SR	Total SR
Cost								
At January 1, 2022	45,635,012	96,750,987	26,697,747	260,909,973	19,311,905	3,447,168	92,547,077	545,299,869
Additions	1,098,825	26,443	314,711	14,292,684	-	527,369	144,218,751	160,478,783
Transfer from related party	-	-	-	137,456	-	-	-	137,456
Transfer to related party	-	-	-	(92,593)	-	-	-	(92,593)
Transfers	-	17,181,779	24,963,962	62,438,526	-	1,280,445	(105,864,712)	-
Disposal of a subsidiary	-	(45,306,136)	(6,448,728)	(107,728,746)	(1,411,111)	(1,394,628)	(283,972)	(162,573,321)
Disposals	-	-	-	(79,774)	-	-	-	(79,774)
At December 31, 2022	46,733,837	68,653,073	45,527,692	229,877,526	17,900,794	3,860,354	130,617,144	543,170,420
Additions	**1,365,000**	**635,972**	**1,970,303**	**23,673,230**	**168,000**	**232,933**	**194,503,508**	**222,548,946**
Transfers	**-**	**14,477,050**	**15,762,594**	**31,604,148**	**-**	**845,881**	**(62,689,673)**	**-**
Transfer to intangible asset (note 8)	**-**	**-**	**-**	**-**	**-**	**-**	**(762,500)**	**(762,500)**
Disposals	**-**	**-**	**-**	**(2,330)**	**(1,093,871)**	**-**	**-**	**(1,096,201)**
At December 31, 2023	**48,098,837**	**83,766,095**	**63,260,589**	**285,152,574**	**16,974,923**	**4,939,168**	**261,668,479**	**763,860,665**
Accumulated depreciation								
At January 1, 2022	-	(60,734,189)	(18,444,332)	(190,035,413)	(19,174,556)	(2,662,151)	-	(291,050,641)
Depreciation charge	-	(1,562,316)	(2,368,799)	(17,312,005)	-	(200,872)	-	(21,443,992)
Transfer from related party	-	-	-	(137,456)	-	-	-	(137,456)
Transfer to related party	-	-	-	16,342	-	-	-	16,342
Disposal of a subsidiary	-	22,034,911	1,171,263	82,293,026	1,273,762	886,697	-	107,659,659
Disposals	-	-	-	76,396	-	-	-	76,396
At December 31, 2022	-	(40,261,594)	(19,641,868)	(125,099,110)	(17,900,794)	(1,976,326)	-	(204,879,692)
Depreciation charge	-	(2,515,587)	(5,750,642)	(26,209,498)	(12,364)	(418,385)	-	(34,906,476)
Disposals	**-**	**-**	**-**	**2,330**	**1,093,861**	**-**	**-**	**1,096,191**
At December 31, 2023	**-**	**(42,777,181)**	**(25,392,510)**	**(151,306,278)**	**(16,819,297)**	**(2,394,711)**	**-**	**(238,689,977)**
Net book value								
At December 31, 2023	**48,098,837**	**40,988,914**	**37,868,079**	**133,846,296**	**155,626**	**2,544,457**	**261,668,479**	**525,170,688**
At December 31, 2022	46,733,837	28,391,479	25,885,824	104,778,416	-	1,884,028	130,617,144	338,290,728

Capital work-in-progress represents costs incurred on construction of feed mill, expansion of the current capacity of the processing plant, hatchery expansion and restaurant expansion.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Depreciation charge for the year has been allocated as follows:

	Note	2023 SR	2022 SR
Cost of sales	28	28,113,828	16,374,889
Selling and distribution expenses	29	6,425,455	4,577,966
General and administrative expenses	30	367,193	491,137
		34,906,476	**21,443,992**

Borrowing costs included in the cost of qualifying assets during the year amounted to SR 3.2 million (2022: SR 0.1 million) and are computed by applying a capitalisation rate of 5.5% per annum (2022: 4.9% per annum).

7. LEASES

The Group leases various accommodations, warehouses, buildings, poultry processing plants, farms, vehicles and offices. Rental contracts are typically made for fixed periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

At December 31, 2023 and 2022, the Group did not have any lease contracts classified as right-of-use asset that are variable in nature. As at December 31, 2023 and 2022 no lease contract contain extension options exercisable solely by the Group before the end of the non-cancellable contract period. The Group does not provide residual value guarantees in relation to any of its leases.

Right-of-use assets:

	Vehicles SR	Building SR	Total SR
2023			
Cost			
At January 1, 2023	**137,703,876**	**446,256,241**	**583,960,117**
Additions	**21,756,927**	**160,393,264**	**182,150,191**
Write off on completion of lease	**(15,659,575)**	**(86,934,159)**	**(102,593,734)**
Write off	**-**	**(17,663,314)**	**(17,663,314)**
At December 31, 2023	**143,801,228**	**502,052,032**	**645,853,260**
Accumulated depreciation			
At January 1, 2023	**(66,162,004)**	**(169,086,288)**	**(235,248,292)**
Depreciation for the year	**(27,508,045)**	**(67,849,156)**	**(95,357,201)**
Write off on completion of lease	**15,659,575**	**86,934,159**	**102,593,734**
Write off	**-**	**4,851,008**	**4,851,008**
At December 31, 2023	**(78,010,474)**	**(145,150,277)**	**(223,160,751)**
Net book value			
At December 31, 2023	**65,790,754**	**356,901,755**	**422,692,509**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

	Vehicles SR	Building SR	Total SR
2022			
Cost			
At January 1, 2022	103,731,400	303,697,063	407,428,463
Additions	40,694,092	194,861,410	235,555,502
Disposal of a subsidiary	-	(50,847,949)	(50,847,949)
Write off	(6,721,616)	(1,454,283)	(8,175,899)
At December 31, 2022	137,703,876	446,256,241	583,960,117
Accumulated depreciation			
At January 1, 2022	(43,348,741)	(127,385,353)	(170,734,094)
Depreciation for the year	(27,422,485)	(57,259,143)	(84,681,628)
Disposal of a subsidiary	-	14,468,161	14,468,161
Write off	4,609,222	1,090,047	5,699,269
At December 31, 2022	(66,162,004)	(169,086,288)	(235,248,292)
Net book value			
At December 31, 2022	71,541,872	277,169,953	348,711,825

Lease liabilities:

	2023 SR	2022 SR
At January 1	320,143,272	214,575,803
Additions	182,150,191	235,555,502
Write off	(13,020,108)	(2,196,354)
Disposal of a subsidiary	-	(38,278,398)
Lease payments	(98,751,130)	(104,815,485)
	390,522,225	**304,841,068**
Interest (note 31)	19,920,499	15,302,204
At December 31	**410,442,724**	**320,143,272**

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2023 SR	2022 SR
Current	80,315,540	55,819,552
Non-current	330,127,184	264,323,720
	410,442,724	**320,143,272**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Maturity analysis:

	2023 SR	2022 SR
Not later than one year	80,315,540	55,819,552
Later than 1 year and not later than 5 years	213,926,451	121,791,786
Later than 5 years	116,200,733	142,531,934
	410,442,724	**320,143,272**

Depreciation charge on right-of-use assets for the year has been allocated as follows:

	Note	2023 SR	2022 SR
Cost of sales	28	66,470,391	57,216,160
Selling and distribution expenses	29	25,705,879	24,623,951
General and administrative expenses	30	3,180,931	2,841,517
		95,357,201	84,681,628

During the year, the Group has terminated a few lease contracts and resultantly lease liabilities and right-of-use assets were written off and a net gain of SR 0.21 million (2022: net loss of SR 0.28 million) was realised in the consolidated statement of comprehensive income.

The Group enters in short term leases for certain properties and the expense recognised in the consolidated statement of profit or loss and other comprehensive income amounts to SR 24.89 million (2022: SR 22.24 million) (notes 28, 29 and 30).

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

8. INTANGIBLE ASSETS

	Computer Software SR	Franchise fees SR	Total SR
Cost			
At January 1, 2022	14,594,427	1,625,321	16,219,748
Additions	330,426	1,689,969	2,020,395
Disposal of a subsidiary	(1,875,747)	-	(1,875,747)
At December 31, 2022	13,049,106	3,315,290	16,364,396
Additions	1,182,356	1,409,625	2,591,981
Transfer from property, plant and equipment (note 6)	**762,500**	**-**	**762,500**
At December 31, 2023	**14,993,962**	**4,724,915**	**19,718,877**
Accumulated amortisation			
At January 1, 2022	(13,539,193)	(13,544)	(13,552,737)
Amortisation charge	(291,206)	(219,388)	(510,594)
Disposal of a subsidiary	1,847,780	-	1,847,780
At December 31, 2022	(11,982,619)	(232,932)	(12,215,551)
Amortisation charge	(320,987)	(413,928)	(734,915)
At December 31, 2023	(12,303,606)	(646,860)	(12,950,466)
Net book value			
At December 31, 2023	**2,690,356**	**4,078,055**	**6,768,411**
At December 31, 2022	1,066,487	3,082,358	4,148,845

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments at fair value through other comprehensive income

	2023 SR	2022 SR
Unlisted securities:		
Alexandria Copenhagen Company	773,983	773,983

Alexandria Copenhagen Company is a closed joint stock company registered under commercial registration number 11638 in Alexandria, Egypt. The Company is principally engaged in the production of dairy and meat products which includes raising livestock.

Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 34.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

10. INVESTMENT IN AN ASSOCIATE

As stated in note 1, the Group entered into an agreement with Tyson to sell an equity stake in the Group's wholly owned subsidiary, Supreme Foods Processing Company ("SFPC"). The Group has completed the completion conditions of the SPA and management has announced the completion of the transaction on the Tadawul stock exchange on November 2, 2022.

After the transaction, the Group maintains a 40% ownership in SFPC. Effective November 1, 2022 the ownership has been changed and the legal formalities associated with the amendment of Articles of Association and commercial registration have been completed. The Group by virtue of its contractual right to appoint two out of the five directors to the board of directors has been assessed as significant influence in SFPC and classified it as an associate.

	2022 **SR**
Carrying value of investment in SFPC on November 1, 2022	53,952,083
Goodwill	32,928,873
Fair value of 40% investment in SFPC at date of transaction	86,880,956

Movements in investment in associates is as follows:

	2023 **SR**	**2022** **SR**
Balance at January 1	87,493,524	-
Fair value of the residual interest upon disposal of investment in subsidiary transferred to investment in associate (note 11)	-	86,880,956
Share in (loss) income	(6,626,858)	284,324
Share of other comprehensive income	-	328,244
Balance at December 31	80,866,666	87,493,524

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements.

SFPC

	2023 **SR**	**2022** **SR**
Current assets	179,346,491	210,664,973
Non-current assets	155,011,622	146,764,038
Current liabilities	144,496,881	148,387,913
Non- current liabilities	69,506,181	73,137,772

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 SR	2022 SR
Revenue for the year/ period	331,473,887	61,845,429
Profit before zakat for the year/ period	(14,927,510)	458,879
Profit after zakat for the year/ period	(15,599,534)	559,651
Other comprehensive income for the year/ period	51,259	820,610
Total comprehensive income for the year/ period	(15,548,275)	1,380,261
Group's share of total comprehensive (loss) income for the year/ period	(6,626,858)	612,568

Reconciliation of the above summarised financial information to the carrying amount of the interest in SFPC recognised in the consolidated financial statements is presented below:

	2023 SR	2022 SR
Net assets of the associate, gross of income tax, net of zakat	119,844,483	136,159,698
Proportion of the Group's ownership interest	40%	40%
Share of the Group's interest	47,937,793	54,564,651
Goodwill	32,928,873	32,928,873
Carrying amount of the Group's interest in the associate as at December 31	80,866,666	87,493,524

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

11. DISPOSAL OF A SUBSIDIARY

As referred to in note 5, effective November 1, 2022 the Group disposed of its interest in SPFC and lost control of the subsidiary. The details of the consolidated assets and liabilities of SFPC and its subsidiary (PFF) at the date of disposal were as follows:

	SR
Property, plant and equipment	73,745,822
Right-of-use assets	29,502,615
Intangible assets	17,788
Inventories	109,850,867
Trade and other receivables	77,232,949
Prepaid expenses and other assets	32,660,212
Cash and cash equivalents	9,988,250
Total assets	332,998,503
Bank borrowings	(65,868,175)
Employee defined benefit liabilities	(15,638,542)
Lease liabilities	(31,219,334)
Trade payables	(59,389,162)
Accrued and other liabilities	(22,850,232)
Zakat payable	(3,152,851)
Net assets disposed off	134,880,207
Consideration received	157,984,285
Fair value of the residual interest in SFPC (40%)	86,880,956
Transaction costs allocated towards sale of interest in SFPC	(8,057,564)
	236,807,677
Carrying value of the net assets	(134,880,207)
Gain on disposal	101,927,470
Portion of gain attributable to sale of 60% interest, net of transaction cost	68,998,597
Portion of gain attributable to measuring the investment retained in SFPC at its fair value	32,928,873

The portion of the gain attributable to measuring the investment retained in SFPC at its fair value at the date when control is lost.

	SR
Fair value of the remaining interest as at October 31, 2022	86,880,956
Less: Net assets of the remaining interest retained in SFPC (40%)	53,952,083
Portion of gain attributable to measuring the investment retained in SFPC at its fair value	32,928,873

The impact of SFPC on the Group's results in the current and prior years and the gain on disposal is included in the profit for the year from discontinued operations (note 5).

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

12. NON-CONTROLLING INTERESTS

As stated in note 1, effective November 1, 2022 the Group disposed of non-controlling interest in ADC to the extent of 15% and recorded the gain in the equity, net of transaction cost in lines with the accounting policy stated in note 3 and the non-controlling interest in the consolidated financial statements.

	2022 SR
Consideration received	124,961,442
Net assets of ADC to the extent of 15%	(44,610,840)
Transaction costs allocated towards sale of interest in ADC	(6,373,322)
Gain on disposal	**73,977,280**
Non-controlling interest recognised in the consolidated financial statements	**44,610,840**

Details of non-wholly owned subsidiaries that have material non-controlling interests:

	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	**2023 SR**	**2022 SR**	**2023 SR**	**2022 SR**
Agricultural Development Company Limited	13,208,192	3,631,202	61,450,234	48,242,042

Agricultural Development Company Limited:

	2023 SR	2022 SR
Revenue	1,785,688,743	1,500,576,094
Expenses	(1,680,889,754)	(1,426,550,477)
Profit for the year attributable to the owner of the Group	91,308,430	71,673,195
Profit for the year attributable to the non-controlling interest	13,490,559	2,352,422
Other comprehensive income for the year attributable to the owner of the Group	(1,600,078)	7,246,417
Other comprehensive income for the year attributable to the non- controlling interest	(282,367)	1,278,780
Total comprehensive income attributable to owner of the Group	102,916,554	78,919,612
Dividends paid to NCI	-	-
Total comprehensive income attributable to non-controlling interest	13,208,192	3,631,202
Net cash inflow from operating activities	198,540,362	90,242,957
Net cash outflow from investing activities	(172,599,126)	(123,066,463)
Net cash outflow from financing activities	201,233	(39,338,157)
Net cash inflow (outflow)	26,142,469	(72,161,663)

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

13. INVENTORIES

	2023 SR	2022 SR
Raw materials	138,943,190	163,300,062
Poultry meats and other food items	44,310,962	46,219,457
Animal health products	26,834,088	41,231,021
Packaging materials	13,097,995	14,273,143
Spare parts	22,290,292	13,339,378
Equipment for sale	17,107,907	8,456,029
Other	14,372,915	9,470,214
	276,957,349	**296,289,304**
Less: provision for slow-moving inventories	(14,178,645)	(8,087,072)
	262,778,704	**288,202,232**

Amounts of inventories recognised as expense during the year are disclosed in note 28.

Movement in provision for slow-moving inventories is as follows:

	2023 SR	2022 SR
Opening balance	8,087,072	8,005,768
Provision for the year	6,296,489	3,085,571
Disposal of a subsidiary	-	(1,361,595)
Write-offs	(204,916)	(1,642,672)
Closing balance	14,178,645	8,087,072

14. BIOLOGICAL ASSETS

	2023 SR	2022 SR
Opening balance	128,748,293	87,611,058
Additions	1,289,495,545	999,915,775
Amortisation	(109,752,915)	(76,766,885)
Transfers to inventories	(1,165,059,299)	(882,011,655)
Closing balance	143,431,624	128,748,293
Categories of biological assets:		
Breeder birds – rearing & production	84,379,254	73,843,673
Hatchery eggs	23,224,725	24,573,902
Broiler birds	35,827,645	30,330,718
	143,431,624	**128,748,293**

As at December 31, 2023, the Group had 13.8 million broiler birds (2022: 11.0 million broiler birds). Further, 144 million broiler birds were slaughtered during the year ended December 31, 2023 (2022: 121.6 million broiler birds were slaughtered).

As at December 31, 2023 the Group had 1.9 million breeder birds and 17.7 million hatchery eggs (2022: 1.5 million breeder birds and 20.0 million hatchery eggs).

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The fair value measurements for the broiler birds and hatchery eggs have been categorised as Level 3 in the fair value hierarchy based on the inputs to the valuation techniques used. Valuation techniques and significant unobservable inputs used for valuation of biological assets are as below:

Biological assets	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Live broiler birds	The valuation model considers the average weight of bird, mortality and the estimated selling price less cost to sell [including the additional cost required to bring the birds as ready to sell (i.e. feed cost, medicines and overheads)].	• Mortality of birds • Average weight of birds • Processing loss • Sales price of fully-grown bird less cost to sell.	The estimated fair value would increase/ (decrease) if: • Mortality was lower / (higher). • Average weight of birds higher/ (lower) • Selling price of fully-grown bird less cost to sell was higher/ (lower).
Hatchery eggs	The valuation model considers the actual selling price less cost to sell [including the additional cost required to bring the eggs as ready to sell (i.e. overhead and vaccine cost)].	Hatchability of the eggs	The estimated fair value would increase/ (decrease) if the hatchability was higher / (lower).

The Group's finance department includes a team that performs valuations of the Group's biological assets for financial reporting purposes, including level 3 fair values. This team reports directly to the Group Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every three months.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Mortality rate and processing loss of the broiler birds have been determined based on the historical rate and environmental factors.
- The broilers birds grow at different rates and there can be a considerable spread in the quality and weight of broilers that affects the price achieved. An average weight is assumed for the slaughter of broiler bird that are not yet at marketable weight.
- Hatchability rate of the eggs have been determined based on the historical rate and environmental factors.
- Hatchery eggs before incubation can be sold at a uniform price that does not fluctuate materially since the quality and weight of the eggs is not relevant at the stage of hatchery.

15. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets related to contracts with customers:

	2023 SR	2022 SR
Contract assets relating to the construction of poultry farms	21,922,970	11,358,204
Contract liabilities relating to the construction of poultry farms	641,517	287,848

Contracts for construction of poultry farms are for a period of one year or less and are billed based on work performed.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

16. TRADE RECEIVABLES AND OTHER DEBTORS

	Note	2023 SR	2022 SR
Trade receivables		204,357,350	173,586,415
Due from related parties	25	51,571,235	36,723,600
		255,928,585	**210,310,015**
Less: provision for impairment of trade receivables		(17,104,367)	(12,427,715)
		238,824,218	**197,882,300**

Due from related parties as at December 31, 2023 comprises of trade receivables amounting to SR 48.0 million (2022: SR 33.0 million) and other receivables amounting to SR 3.6 million (2022: SR 3.7 million).

Trade receivables and other debtors are non-derivative financial assets carried at amortised cost and are generally on terms of 30 to 90 days. The carrying value may be affected by changes in the credit risk of the counterparties. It is not the practice of the Group to obtain collateral over third party trade receivables and these are, therefore, unsecured. The vast majority of the Group's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at December 31, 2023, five largest customers accounted for 34% (2022: 27%) of the outstanding trade receivables. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measure them subsequently at amortised cost. Due to short-term nature of the trade receivables and other debtors their carrying amounts are considered to approximate their fair values.

The Group writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Trade receivables written-off during the year ended December 31, 2023 and 2022 are not subject to enforcement activity.

Movement in provision for impairment of trade receivables and other debtors is as follows:

	2023 SR	2022 SR
Opening balance	12,427,715	14,967,131
Additions	5,150,000	3,525,000
Disposal of a subsidiary	-	(6,010,099)
Write-offs	(473,348)	(54,317)
Closing balance	17,104,367	12,427,715

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The following table provides information about the exposure to credit risk and ECLs for trade receivables from external customers:

December 31, 2023	Weighted average loss rate	Gross carrying amount SR	Loss Allowance SR
Current (not past due)	0.15%	119,893,254	181,821
1–90 days past due	0.30%	57,149,421	173,838
91–180 days past due	3.28%	3,807,354	124,896
181–270 days past due	12.19%	2,381,951	290,327
271–360 days past due	12.11%	1,079,838	130,745
More than 360 days past due	61.85%	10,073,732	6,230,940
Specific provision	100%	9,971,800	9,971,800
	8.37%	**204,357,350**	**17,104,367**

December 31, 2022	Weighted average loss rate	Gross Carrying Amount SR	Loss Allowance SR
Current (not past due)	0.07%	100,189,932	67,082
1–90 days past due	0.12%	46,401,389	57,927
91–180 days past due	1.00%	5,788,301	58,019
181–270 days past due	1.63%	3,970,597	64,913
271–360 days past due	8.39%	341,587	28,665
More than 360 days past due	54.40%	10,403,219	5,659,719
Specific provision	100.00%	6,491,390	6,491,390
	7.16%	**173,586,415**	**12,427,715**

17. PREPAYMENTS AND OTHER RECEIVABLES

	2023 SR	2022 SR
Advances to suppliers	140,107,351	74,304,710
Prepaid expenses	41,137,731	39,349,080
Other receivables	2,788,092	2,752,000
Employee receivables	5,342,856	3,806,310
Government subsidy receivable	8,744,107	7,712,646
	198,120,137	**127,924,746**

Government subsidy, employee receivables and other receivables are generally settled within 12 months from the reporting date. Hence, their carrying amount is considered to be the same as fair value.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Movement in government subsidy receivable during the year is as follows:

	2023 SR	2022 SR
Opening balance	7,712,646	7,887,619
Additions	65,194,009	57,835,053
Collections	(64,162,548)	(58,010,026)
Closing balance	8,744,107	7,712,646

18. CASH AND CASH EQUIVALENTS

	2023 SR	2022 SR
Cash at banks	104,599,446	254,062,357
Cash in hand	6,433,224	12,985,728
	111,032,670	**267,048,085**

The cash is held in current accounts with banks having sound credit ratings and does not carry any mark-up. The carrying value at each reporting date is estimated to be the same as their fair value.

19. SHARE CAPITAL

At December 31, 2023 and 2022, the Company's share capital of SR 200 million consisted of 20 million issued and fully paid shares of SR 10 each. Also, see Note 1.

20. RESERVES

Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the profit for the year to a statutory reserve until it equals to 30% of its share capital. The reserve is not available for distribution to the shareholders of the Company.

Other reserve

The gain resulting from disposal of share in a subsidiary where in the Group continues to exercise control over the respective subsidiary.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

21. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a defined benefit plan in line with the labour law requirements in the Kingdom of Saudi Arabia, and Bahrain, where the Group operates. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the labour laws of the Kingdom of Saudi Arabia and Bahrain. Employees' end of service benefit plans are unfunded plans and the benefit payment obligations are met by the Group when they fall due upon termination of employment.

	2023 SR	2022 SR
Opening balance	86,252,675	98,755,351
Current service cost	10,493,685	11,892,554
Interest cost	3,802,177	1,445,631
Employee benefit obligations transferred from a related party	9,788	65,707
Employee benefit obligations transferred to a related party	(135,556)	(280,117)
Actuarial loss (gain) on the obligation	2,051,213	(8,419,155)
Transfer on disposal of a subsidiary	-	(13,586,387)
Benefits paid	(3,738,107)	(3,620,909)
Closing balance	**98,735,875**	**86,252,675**

Amounts recognised in the consolidated statement of comprehensive income related to employee benefit obligations are as follows:

	2023 SR	2022 SR
Current service cost	10,493,685	11,892,554
Interest cost	3,802,177	1,445,631
Total amount recognised in consolidated profit or loss	14,295,862	13,338,185
Effect of changes in actuarial assumptions	2,051,213	(8,419,155)
Total amount recognised in consolidated statement of comprehensive income	**16,347,075**	**4,919,030**

Principal assumptions used in determining employee benefit obligation for the Group are as follows:

	2023 SR	2022 SR
Discount rate	4.75%	4.35%
Future salary increase rate	3.75%	3.85%

A reasonable possible change in the discount rate will result in (decrease) or increase in the profit as follows:

	2023 SR	2022 SR
0.5% increase in discount rate	3,483,535	3,057,621
0.5% decrease in discount rate	(3,501,365)	(3,140,955)

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

A reasonable possible change in the salary growth rate will result in (decrease) or increase in the profit as follows:

	2023 SR	2022 SR
0.5% increase in salary escalation rate	(3,759,985)	(2,545,058)
0.5% decrease in salary escalation rate	3,755,934	2,527,665

The expected maturity analysis of undiscounted employee benefit obligations is as follows:

	2023 SR	2022 SR
1 – 5 years	62,071,539	53,950,234
Over 5 years	67,993,542	59,281,167

22. BORROWINGS

	2023 SR	2022 SR
Non-current		
Long-term Murabaha bank loan	122,512,600	73,708,317
Less: Current portion of medium-term Murabaha bank loan	-	(33,115,317)
	122,512,600	**40,593,000**
Current		
Short-term bank Islamic loans	138,081,444	81,299,604
Short-term loan from Agricultural Development Fund (“ADF”)	150,000,000	150,000,000
Current portion of medium-term Murabaha bank loan	-	33,115,317
Interest payable	-	3,421,035
	288,081,444	**267,835,956**

Borrowings consist of floating rate loans denominated in the following currencies:

	2023 SR	2022 SR
Saudi Riyal	251,129,899	255,305,480
USD	36,951,545	9,109,441
Euro	122,512,600	40,593,000
	410,594,044	**305,007,921**

The Group has short-term Islamic loan facilities from commercial banks of SR 762 million (2022: SR 770 million). The unused balance of these facilities as at December 31, 2023 amounted to SR 249 million (2022: SR 224 million). These facilities bear finance costs at market rates, which are generally based on Saudi Inter Bank Offered Rate (“SIBOR”) and Secured Overnight Financing Rate (“SOFR”). Short-term Islamic facilities are collaterised by promissory notes signed by the borrowing entities of the Group and corporate guarantees from the Company to its subsidiaries. The short-term Islamic loans contain certain financial covenants to be complied with during the term of the loan and as at December 31, 2023 the Group companies are in compliant with the financial covenants.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The Group had obtained medium-term Murabaha bank loan facility from local commercial bank of SR 33 million and loan has been settled during the year.

In 2022, the Group obtained a long-term Murabaha facility of EURO 48 million (SR 191.5 million) through its subsidiary for the purpose of building a new plant. The loan carries interest charge at EURIBOR plus 1.75% and the repayment in semi-annual equal instalments amounting to EURO 3.4 million which will start from 2025 over a period of seven years. As at December 31, 2023 the Group has drawn EURO 30 million (SR 122.5 million) (2022: EURO 10.5 million (SR 40.6 million)) of the total facility amount. The Murabaha loan agreement contains certain financial covenants to be complied with during the term of the loan and as at December 31, 2023 the Group companies are in compliant with the financial covenants.

In 2022, the Group obtained and fully drawn down an interest-free loan of SR 150 million from the ADF and obtained another interest-free loan of SR 150 million during the year 2023 which has been drawn as at December 31, 2023. The loans are repayable in full within one year period, accordingly management assessed that the fair value of the loan approximates the carrying value of the loan. During the year, the Group has settled the loan amounting to SR 150 million drawn in 2022.

During the year, the Company obtained a long-term Tawarroq facility of SR 450 million from a commercial bank to support the capital expenditures to be incurred in the subsidiaries. The loan carries profit mark-up at SAIBOR plus 1.5% and the repayment in ten semi-annual equal instalments of SR 45 million each which will start after two years from the drawdown date. As at December 31, 2023 the Company has not made any drawdown from the said Tawarroq facility.

The average interest rates during the year ended December 31, 2023 on these facilities varied between 5.5% to 9.3% per annum (2022: 1.7% - 8.0% per annum).

Management assessed that fair value of short-term Islamic bank loans is approximately equal to their carrying amounts due to the short-term maturities and interest payable on those borrowings being at current market rates. Fair value of long-term Murabaha borrowing is approximately equal to their carrying amounts as they are subject to interest at market rates.

The aggregate maturities of the total loan facilities are summarised as follows:

	2023 SR	**2022 SR**
Less than 1 year	288,081,444	264,414,921
More than 1 year	122,512,600	40,593,000
	410,594,044	**305,007,921**

The finance costs recognised as expense on the above borrowings have been disclosed in note 31.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

23. TRADE AND OTHER PAYABLES

	Note	2023 SR	2022 SR
Trade payables		199,735,681	184,228,448
Notes payable		2,892,921	56,019,238
Due to related parties	25	3,995,704	492,899
		206,624,306	240,740,585

Trade payables are unsecured and are usually paid within 3 to 12 months of recognition. The carrying amounts of trade payables are considered to approximate their fair values, due to their short-term nature.

24. ACCRUED AND OTHER LIABILITIES

	2023 SR	2022 SR
Accrued employee related costs	99,230,803	86,004,118
Accrued expenses	69,260,352	69,502,143
Utilities payable	7,408,347	5,518,674
Advances from customers	4,785,258	5,782,594
Interest payable	1,041,925	-
Others	12,000,823	4,796,595
	193,727,508	**171,604,124**

Accrued expenses, accrued employee related costs and utilities payable are usually settled within 12 months from the reporting date. Hence, the carrying amounts of these balances are considered to approximate their fair values. Others mainly includes VAT payable.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

25. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a member of an affiliated group of companies, which are directly or indirectly controlled by Al Dabbagh Group Holding Company ("ADGHC"), the ultimate majority shareholder.

Following is the list of related parties with whom the Group has significant transactions and balances:

Name of related party	Nature of relationship
ADGHC	Ultimate Parent
National Scientific Company Limited (NSCL)	Affiliate
Saed International for Istiqdam Company (SAED)	Affiliate
Advanced Petroleum Services Limited (APSL)	Affiliate
Aldukan Limited Company (Dukan)	Affiliate
Petromin Corporation (Petromin)	Affiliate
Supreme Food Processing Company and its subsidiary	Associate
National Fuel Limited Company (NFLC)	Affiliate
Petrolube Oil Company (POC)	Affiliate
National Transportation Solutions Company (NTSC)	Affiliate

Affiliates are entities which are directly or indirectly controlled or under significant influence of ADGHC. During the year ended December 31, 2023 and 2022, a number of transactions were conducted in the ordinary course of business with the affiliated companies, which are based on prices and contract terms that are mutually agreed between affiliates and management of the Group. The aggregate values of such transactions with affiliated companies are mentioned as follows:

Related party transactions

	2023 SR	2022 SR
Transaction with affiliate		
Sales to an affiliate	(8,039,563)	(12,950,799)
Employee costs paid to an affiliate	289,157	696,464
Rent	1,713,938	500,000
Payments on behalf of parent and affiliate	140,184	1,816,089
Purchases from affiliates	317,314	321,709
Employee benefit obligations transferred to a related party	(135,556)	(280,117)
Employee benefit obligations transferred from a related Party	9,788	65,707
Transfer of property, plant and equipment	-	(76,251)

	2023 SR	2022 SR
Transaction with associate		
Sales to an associate	(22,335,711)	(3,143,926)
Management fees	13,570,872	2,511,140
Purchases from an associate	2,130,465	-
Rent	413,719	71,265
Others	24,576	9,925

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Key management personnel compensation

	2023 SR	2022 SR
Remuneration	22,917,790	15,818,199
Provision for employee benefit obligations	2,045,691	1,192,143

At December 31, 2023, payable balance of key management personnel compensation is SR 0.65 million (2022: SR 1 million).

Key management personnel include the Board of Directors, Chief Executive Officer and heads of departments. Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

Related party balances

Significant year end balances arising from transactions with related parties, are as follows:

Due from related parties (note 16)

	2023 SR	2022 SR
SFPC	44,026,949	29,404,424
ADGHC	3,604,568	3,744,752
Dukan	3,807,314	3,439,766
NSCL	100,200	102,454
APSL	32,204	32,204
	51,571,235	**36,723,600**

Due to related parties (note 23)

	2023 SR	2022 SR
PFF	3,932,080	435,640
SAED	11,798	53,996
Petromin	51,826	3,263
	3,995,704	**492,899**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

26. ZAKAT AND INCOME TAX

Components of zakat base

The Company and its subsidiaries registered in Kingdom of Saudi Arabia file zakat declarations on consolidated basis. However, as a result of adding a new foreign shareholder in ADC and SFPC in 2022, their income is subject to zakat and income tax.

The principal elements of the zakat base are as follows:

	2023 SR	2022 SR
Non-current assets	1,036,272,257	779,418,905
Non-current liabilities	551,375,659	391,169,395
Opening shareholders' equity	614,370,538	356,202,659
Dividends paid	69,991,021	10,198,135
Government subsidy	8,744,107	7,712,646
Net income before zakat	99,195,821	199,896,453

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Movement in provision for zakat

	2023 SR	2022 SR
Opening balance	10,073,869	8,637,498
Provision for the year	6,653,839	8,997,973
Payment of zakat reimbursed by the shareholder	(272,630)	(110,221)
Reversal of provision	-	(1,818,435)
Payment	(8,232,708)	(4,171,280)
Disposal of a subsidiary	-	(1,461,666)
Closing balance	**8,222,370**	**10,073,869**

Movement in provision for income tax

	2023 SR	2022 SR
Opening balance	438,856	-
Provision for the year	3,110,473	438,856
Payment	(429,578)	-
Closing balance	**3,119,751**	**438,856**
Total zakat and income tax payable	**11,342,121**	**10,512,725**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The charge for the year for zakat and income tax is as follows:

	2023 SR	2022 SR
Zakat		
in respect of current year	5,598,025	8,997,973
in respect of prior year(s)	1,055,814	(1,818,435)
Income tax		
in respect of current year	3,119,750	438,856
in respect of prior year	(9,277)	-
Total zakat and income tax recognised in the current year	**9,764,312**	**7,618,394**

Deferred tax balances

Deferred tax adjustment has not been recognised in the current year as the impact is not material to the consolidated financial statements.

Status of final assessments

In 2019, Al Dabbagh Group Holding Company ("ADGHC"), the ultimate parent, had given a letter of undertaking whereby all liabilities related to additional zakat assessment up to the date of the Company being listed in Saudi Stock Exchange (Tadawul) which is on August 4, 2021 will be reimbursed to the Company by ADGHC.

In 2019, the Company obtained the approval from the ZATCA to file consolidated zakat return for the Company and its subsidiaries ADC, SFPC and DHV. The Company has finalised its zakat assessment with the ZATCA up to 2010. The Company has filed its consolidated zakat returns upto 2021 and filed its unconsolidated zakat return for the year 2022 as its subsidiaries are not 100% owned.

Various assessments with additional zakat claimed by the ZATCA have been received by the Company and its subsidiaries for the years 2015 to 2018, have either been objected or paid under protest by the Company and its subsidiaries. The total amount of additional zakat claimed by the ZATCA objected and paid under protest amounted to SR 4.7 million and SR 0.98 million respectively. Final assessment for the Company and its subsidiaries for the years 2019 through 2022 have not yet been raised by the ZATCA.

27. REVENUE

The Group derives its revenue at a point in time from sale of products to the customers and from contracts with customers for the transfer of goods and services over time. This is consistent with the revenue information that is disclosed for each reportable segment (see note 36).

	2023 SR	2022 SR
At a point in time (food and agricultural products) *	2,037,902,040	1,700,057,858
Over the period of time (construction of poultry farms) *	55,190,767	26,983,887
	2,093,092,807	**1,727,041,745**

* Refer note 36 for additional disaggregation of revenue by different geography.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

28. COST OF SALES

	Note	2023 SR	2022 SR
Materials consumed		994,940,324	825,868,928
Employee related costs		310,195,777	268,826,201
Transport and travel		80,504,799	49,503,069
Depreciation on right-of-use assets	7	66,470,391	57,216,160
Utilities		47,094,346	34,007,629
Depreciation on property, plant and equipment	6	28,113,828	16,374,889
Rent		17,879,720	15,997,461
Repairs and maintenance		9,693,811	9,026,781
External processing charges		-	6,787,460
Others		43,427,000	23,244,489
		1,598,319,996	**1,306,853,067**

29. SELLING AND DISTRIBUTION EXPENSES

	Note	2023 SR	2022 SR
Employee related costs		109,434,283	95,973,645
Transport and travel		40,024,315	34,328,800
Advertising and sales promotion		27,929,102	20,553,407
Depreciation on right-of-use assets	7	25,705,879	24,623,951
Sales commission		17,154,809	19,439,052
Depreciation on property, plant and equipment	6	6,425,455	4,577,966
Rent		4,898,563	3,678,370
Others		19,981,265	14,594,675
		251,553,671	**217,769,866**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

30. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2023 SR	2022 SR
Employee related costs		72,649,762	72,886,390
Professional fees		20,857,850	10,349,870
IT infrastructure cost		4,664,635	3,012,301
Depreciation on right-of-use assets	7	3,180,931	2,841,517
Transport and travel		3,760,152	3,615,253
Rent		2,110,849	2,559,274
Directors' remuneration		2,067,482	1,280,296
Depreciation on property, plant and equipment	6	367,193	491,137
Others		6,503,967	6,972,334
		116,162,821	**104,008,372**

31. FINANCE COSTS

	Note	2023 SR	2022 SR
Interest on lease liabilities	7	19,920,499	15,302,204
Finance costs on Islamic borrowings		8,352,261	12,603,183
Others		2,641,655	3,264,078
		30,914,415	**31,169,465**

Others mainly includes bank charges.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

32. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies

At December 31, the Group had the following commitments:

	2023 SR	2022 SR
Capital commitments	**140,816,889**	**144,802,044**

At December 31, the Group had the following contingencies:

	2023 SR	2022 SR
Letters of credit	222,252,347	278,478,297
Letters of guarantee	2,613,438	2,793,438

The Group had the following share of contingencies and commitments in an associate

	2023 SR	2022 SR
Capital commitments	51,613	6,530,938
Letters of credit	-	1,302,083
Letters of guarantee	319,458	119,458

Short-term leases

The short-term lease commitments as of December 31, 2023 amount to SR 0.2 million (2022: SR 1.0 million).

33. AUDITORS REMUNERATION

	2023 SR	2022 SR
Audit fees for the Company and its subsidiaries	1,320,000	1,350,000
Fees for non-audit service	25,000	25,000
	1,345,000	**1,375,000**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

34. FINANCIAL INSTRUMENTS

Fair value measurement of financial instruments

a) Recognised fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Fair value hierarchy

	December 31, 2023					
	FVOCI SR	Amortised cost SR	Total SR	Level 1 SR	Level 2 SR	Level 3 SR
Financial assets						
Unlisted equity securities	773,983	-	773,983	-	-	773,983
Trade receivables and other debtors	-	238,824,218	238,824,218	-	-	-
Contract assets	-	21,922,970	21,922,970	-	-	-
Cash and cash equivalents	-	111,032,670	111,032,670	-	-	-
Government subsidy, employee and other receivables	-	16,875,055	16,875,055	-	-	-
Total financial assets	**773,983**	**388,654,913**	**389,428,896**	**-**	**-**	**773,983**

	December 31, 2022					
	FVOCI SR	Amortised Cost SR	Total SR	Level 1 SR	Level 2 SR	Level 3 SR
Financial assets						
Unlisted equity securities	773,983	-	773,983	-	-	773,983
Trade receivables and other debtors	-	197,882,300	197,882,300	-	-	-
Contract assets	-	11,358,204	11,358,204	-	-	-
Cash and cash equivalents	-	267,048,085	267,048,085	-	-	-
Government subsidy, employee and other receivables	-	14,270,956	14,270,956	-	-	-
Total financial assets	773,983	490,559,545	491,333,528	-	-	773,983

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The carrying value of all the financial assets classified at amortised cost approximates their fair value on each reporting date.

Financial liabilities includes borrowings, trade payables, contract liabilities, accrued and other liabilities and lease liabilities. All financial liabilities as of December 31, 2023 and 2022 are measured at amortised cost. The carrying values of the financial liabilities under amortised cost approximate their fair values.

c) Valuation technique

For unlisted securities discounted cash flow analysis is used to determine the fair value.

d) Valuation process

The finance department of the Group includes a team that performs the valuations of financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). The main level 3 inputs used by the Group are derived and evaluated based on:

- expected cash inflow from the disposal of investment.
- earnings growth factor for unlisted equity securities are based on the actual growth rate of the investee till the date of its disposal.

Risk management framework

The Group's top management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. There are no changes to the Group's risk management policies during the year. The Group is continuously monitoring the evolving scenario and any change in the risk management policies will be reflected in the future reporting periods.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk (currency risk, fair value and cash flow interest risk and price risk)

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

a) Credit risk

Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables from other parties.

Credit risk refers to the risk that a counterparty including related parties will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties including related parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are set in accordance with limits set by the management. Refer to Note 16 for concentration of credit risk on trade receivables.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write-off when a debtor fails to make contractual payments greater than 720 days past due. Where receivables have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are directly recognised in the consolidated statement of comprehensive income.

The Group's exposure to credit risk at the reporting date is as follows:

	2023 SR	2022 SR
Cash at banks	104,599,446	254,062,357
Trade receivables and other debtors, net – third parties	187,252,983	161,158,700
Trade receivables and other debtors – related parties	51,571,235	36,723,600
Contract asset	21,922,970	11,358,204
Government subsidy, employee and other receivables (included within prepayments and other receivables)	16,875,055	14,270,956
	382,221,689	**477,573,817**

The Group uses the forward-looking 'expected credit loss' (ECL) model to measure the impairment loss on financial assets. Cash at banks are placed with banks with sound credit ratings. Government subsidy, contract assets, employee and other receivables are considered to have low credit risk; therefore, 12 months expected loss model was used for impairment assessment. Based on management's impairment assessment, there is no provision required in respect of these balances for all the years presented.

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables based on a provision matrix. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The historical loss rates are also considered to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The trade receivables balance from the related parties are from the affiliates of the Group having the same majority shareholder. Based on management's impairment assessment, there is no provision required in respect of these balances for all the periods presented as they are considered to have low credit risk.

Refer note 16 for the impairment losses on financial assets recognised in the consolidated statement of profit or loss and other comprehensive income.

b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Within 12 months	More than 12 months	Total	Carrying amount
December 31, 2023				
Borrowings	294,048,331	146,096,276	440,144,607	410,594,044
Trade and other payables	206,624,306	-	206,624,306	206,624,306
Lease liabilities	108,162,216	399,853,409	508,015,625	410,442,724
Accrued and other liabilities	188,942,250	-	188,942,250	188,942,250
	797,777,103	**545,949,685**	**1,343,726,788**	**1,216,603,324**

	Within 12 months	More than 12 months	Total	Carrying amount
December 31, 2022				
Borrowings	267,455,693	47,148,114	314,603,807	305,007,921
Trade payables	240,740,585	-	240,740,585	240,740,585
Lease liabilities	83,818,545	304,704,254	388,522,799	320,143,272
Accrued and other liabilities	165,821,530	-	165,821,530	165,821,530
	757,836,353	**351,852,368**	**1,109,688,721**	**1,031,713,308**

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. Refer to Note 22 for unused credit facilities and Note 18 for closing cash position of the Group. The Group's terms of sales require amounts to be paid either on a cash on delivery or on terms basis.

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

c) Market risk

Market risk is the risk that changes in market prices, such as commission rates, equity prices and foreign currency exchange rates may affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group is exposed to market risk, in the form of commission rate risk and foreign currency risk as described below. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

i) Currency risk

The Group undertakes transactions denominated in foreign currencies principally in Saudi Riyals, United Arab Emirates Dirhams, Bahraini Dinars, Euros and United States Dollars; consequently, exposures to exchange rate fluctuations arise. As a result, it is subject to foreign exchange currency risk due to exchange rate movements, which will affect the Group's transaction costs and its financial assets and liabilities.

The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is monitored by the management. The net Group's major foreign currency denominated financial assets and financial liabilities, which give rise to foreign exchange risk as at:

	2023 SR	2022 SR
Financial liabilities		
Borrowings (currency EUR)	**122,512,600**	**40,593,000**

The Group's financial assets and liabilities will increase / decrease by SR 1.23 million (2022: SR 0.41 million) if the Euro currency appreciates / depreciates by 1%.

ii) Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, are at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value risks to the Group are not significant. There are no interest-bearing financial assets at the end of reporting period.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	2023 SR	2022 SR
Financial liabilities, principally borrowings	**410,594,044**	**305,007,921**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rate on the Group's profit before zakat, through the impact of floating rate borrowings:

	2023 SR	2022 SR
Interest rate-increases by 100 basis points	(309,144)	(311,695)
Interest rate-decreases by 100 basis points	309,144	311,695

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Group does not have any financial instruments that are subject to price risk.

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position at fair value through other comprehensive income. The probable fluctuations in the investment value is not material to the consolidated financial statements of the Group.

d) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximise shareholders' value. The capital structure includes all components of equity totalling SR 618.8 million at December 31, 2023 (2022: SR 614.3 million) attributable to the owners of the Company. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company and its subsidiaries monitor capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total capital.

	2023 SR	2022 SR
Borrowings	410,594,044	308,428,956
Lease liabilities	410,442,724	320,143,272
Less: cash and cash equivalents	(111,032,670)	(267,048,085)
Net debt (A)	710,004,098	361,524,143
Shareholders' equity (B)	618,824,251	614,370,538
Total capital (A+B)	1,328,828,349	975,894,681
Gearing ratio (A / (A+B))	53%	37%

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

e) Financial risk management strategies for biological assets

The Group is exposed to risks arising from environmental and climatic changes risks.

i. Regulatory and environmental risk

The Group is subject to laws and regulations of Kingdom of Saudi Arabia. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

ii. Climate and other risks

The Group is exposed to risk of loss from climate changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections, vaccination policies and state of the art farms to provide a barrier against diseases. Further, the Group's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as floods and disease outbreaks.

35. EARNINGS PER SHARE

Earnings per share have been calculated by dividing the net profit attributable to the owners of the Company by the weighted average number of shares outstanding during the year. As the Group does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	2023 SR	2022 SR
From continuing operations		
Net profit attributable to the owners of the Company	75,940,950	186,809,894
Adjustment to exclude gain for the year from discontinued operations	-	(114,296,416)
Net profit attributable to the owners of the Company from continuing operations for the purpose of basic and diluted earnings per share.	75,940,950	72,513,478
Weighted average number of shares	20,000,000	20,000,000
Basic and diluted earnings per share (SR per share)	3.80	3.63
From discontinued operations		
Basic and diluted earnings per share (SR per share)	-	5.71
From continuing and discontinued operations		
Basic and diluted earnings per share (SR per share)	3.80	9.34

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

36. SEGMENT INFORMATION

The Group operates principally in a single business segment of Agriculture and Food business which includes manufacturing and distribution of fresh and processed poultry and poultry related products. This is in line with the operating segment that is regularly reported to the Chief Operating Decision Maker. This is also the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance. However, the Group operates in the following geographical areas:

	Poultry, food and agriculture				
For the year ended December 31, 2023	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Kingdom of Bahrain SR	Other GCC countries SR	Total SR
Revenue from external customers					
Timing of revenue recognition					
At a point in time	1,940,625,843	-	96,886,152	390,045	2,037,902,040
Over time	55,190,767	-	-	-	55,190,767
	1,995,816,610	**-**	**96,886,152**	**390,045**	**2,093,092,807**

	Poultry, food and agriculture				
For the year ended December 31, 2022	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Kingdom of Bahrain SR	Other GCC countries SR	Total SR
Revenue from external customers					
Timing of revenue recognition					
At a point in time	1,601,430,600	4,392,007	93,335,151	900,100	1,700,057,858
Over time	26,983,887	-	-	-	26,983,887
	1,628,414,487	**4,392,007**	**93,335,151**	**900,100**	**1,727,041,745**

The revenue for the year ended December 31, 2023 from top five customers in the food and agriculture stream represents 13.43% of the Group's revenues (2022: 13.31%).

	December 31, 2023		
	Kingdom of Saudi Arabia	Kingdom of Bahrain	Total
Property, plant and equipment	524,658,451	512,237	525,170,688
Right-of-use assets	420,814,496	1,878,013	422,692,509
Intangible assets	6,700,076	68,335	6,768,411
Financial assets at FVOCI	773,983	-	773,983

	December 31, 2022		
	Kingdom of Saudi Arabia	Kingdom of Bahrain	Total
Property, plant and equipment	337,899,512	391,216	338,290,728
Right-of-use assets	347,750,092	961,733	348,711,825
Intangible assets	4,072,336	76,509	4,148,845
Financial assets at FVOCI	773,983	-	773,983

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

37. DIVIDENDS

On April 26, 2023, the shareholders in their meeting approved and distributed a cash dividend of SR 3.5 per share amounting to SR 69.9 million for the year ended December 31, 2022 (2022: SR 0.51 per share amounting to SR 10.2 million).

38. CASH FLOW INFORMATION

(a) Net debt

	2023 SR	2022 SR
Cash and cash equivalents	111,032,670	267,048,085
Lease liabilities	(410,442,724)	(320,143,272)
Borrowings	(410,594,044)	(308,428,956)
Net debt	**(710,004,098)**	**(361,524,143)**

Borrowings of the Group carry variable interest rates.

(b) Net debt reconciliation

	Cash and cash equivalents SR	Borrowings SR	Leases SR	Total SR
January 1, 2022	185,891,241	(323,150,453)	(214,575,803)	(351,835,015)
Additions to leases	-	-	(235,555,502)	(235,555,502)
Interest on lease liabilities	-	-	(15,302,204)	(15,302,204)
Disposal of a subsidiary	(12,722,450)	56,889,067	38,278,398	82,445,015
Lease liabilities written off due to termination of lease contracts	-	-	2,196,354	2,196,354
Finance costs	-	(15,867,261)	-	(15,867,261)
Finance costs paid (presented as operating cash flows)	-	13,906,928	-	13,906,928
Cash flows	93,879,294	(40,207,237)	104,815,485	158,487,542
December 31, 2022	267,048,085	(308,428,956)	(320,143,272)	(361,524,143)
Additions to leases	**-**	**-**	**(182,150,191)**	**(182,150,191)**
Interest on lease liabilities	**-**	**-**	**(19,920,499)**	**(19,920,499)**
Lease liabilities written off due to termination of lease contracts	**-**	**-**	**13,020,108**	**13,020,108**
Finance costs	**-**	**(9,951,991)**	**-**	**(9,951,991)**
Finance costs paid (presented as operating cash flows)	**-**	**13,373,026**	**-**	**13,373,026**
Cash flows	**(156,015,415)**	**(105,586,123)**	**98,751,130**	**(162,850,408)**
December 31, 2023	**111,032,670**	**(410,594,044)**	**(410,442,724)**	**(710,004,098)**

TANMIAH FOOD COMPANY (A SAUDI JOINT STOCK COMPANY)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

39. EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to December 31, 2023 and occurring before the date of the approval of the consolidated financial statements that are expected to have a significant impact on these consolidated financial statements.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements of the year ended December 31, 2023 was approved for issuance by the Board of Directors of the Group on February 8, 2024.