

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS AND NINE MONTHS PERIOD
ENDED SEPTEMBER 30, 2024**

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

INDEX	PAGE
Independent auditor's review report	1
Interim condensed consolidated statement of profit or loss and other comprehensive income	2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5 – 6
Notes to the interim condensed consolidated financial information	7 – 19



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**INDEPENDENT AUDITOR'S REVIEW REPORT
ON INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tanmiah Food Company, a Saudi Joint Stock Company (the "Company") and its subsidiaries (together the "Group") as at 30 September 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three months and nine months period then ended and the interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants



Abdul Rahman S. Al-Suwayeh
License No 461
5 Jumada Al-Awwal 1446H
7 November 2024

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

Note	For the three months period ended September 30,		For the nine months period ended September 30,	
	2024 SR	2023 SR	2024 SR	2023 SR
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	15 657,435,886	533,735,407	1,878,603,598	1,516,872,884
Cost of sales	(490,001,700)	(416,370,588)	(1,402,633,014)	(1,173,614,022)
Gross profit	167,435,186	117,364,819	475,970,584	343,258,862
Selling and distribution expenses	(82,739,025)	(60,421,100)	(238,615,719)	(183,434,891)
General and administrative expenses	(37,347,146)	(27,642,413)	(112,417,392)	(77,027,902)
Other income	3,616,506	3,408,489	11,150,202	11,290,158
Impairment loss on financial assets	(2,850,000)	(650,000)	(5,656,022)	(4,100,000)
Operating profit	48,115,521	32,059,795	130,431,653	89,986,227
Finance costs	(17,687,717)	(8,514,041)	(41,241,976)	(22,148,553)
Profit before share of results from associate and zakat and income tax	30,427,804	23,545,754	89,189,677	67,837,674
Share in net results of an associate	1,355,657	(830,963)	2,695,383	(2,284,649)
Profit before zakat and income tax	31,783,461	22,714,791	91,885,060	65,553,025
Zakat and income tax	(4,284,689)	(2,550,745)	(11,412,685)	(7,695,214)
PROFIT FOR THE PERIOD	27,498,772	20,164,046	80,472,375	57,857,811
Other comprehensive income <i>Items that will not be reclassified subsequently to profit or loss</i>				
Re-measurements of employee benefit obligations	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	27,498,772	20,164,046	80,472,375	57,857,811
Profit for the period and total comprehensive income for the period attributable to:				
Owners of the Company	24,118,780	17,171,196	69,093,225	49,571,645
Non-controlling interests	3,379,992	2,992,850	11,379,150	8,286,166
	27,498,772	20,164,046	80,472,375	57,857,811
Earnings per share attributable to owners of the Company:				
Basic and diluted earnings per share	14 1.21	0.86	3.45	2.48


Chairman of the Board of Directors


Chief Executive Officer



Chief Financial Officer


The accompanying notes form an integral part of these interim condensed consolidated financial information


TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

	Notes	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	682,107,802	525,170,688
Right-of-use assets	6	529,818,374	422,692,509
Intangible assets		8,135,868	6,768,411
Financial assets at fair value through other comprehensive income		773,983	773,983
Investment in an associate	7	83,562,049	80,866,666
Total non-current assets		1,304,398,076	1,036,272,257
Current assets			
Inventories	8	326,150,214	262,778,704
Biological assets	9	192,714,797	143,431,624
Prepayments and other receivables		274,312,818	198,120,137
Contract assets		35,543,618	21,922,970
Trade receivables and other debtors		307,690,115	238,824,218
Cash and cash equivalents		134,249,856	111,032,670
Total current assets		1,270,661,418	976,110,323
TOTAL ASSETS		2,575,059,494	2,012,382,580
EQUITY AND LIABILITIES			
Equity			
Share capital	1	200,000,000	200,000,000
Statutory reserve		42,154,397	42,154,397
Other reserve		73,977,280	73,977,280
Retained earnings		333,785,799	302,692,574
Equity attributable to owners of the Company		649,917,476	618,824,251
Non-controlling interests		92,889,453	61,450,234
Total equity		742,806,929	680,274,485
Non-current liabilities			
Employee benefit obligations		111,648,414	98,735,875
Lease liabilities	6	451,671,380	330,127,184
Borrowings	10	330,761,700	122,512,600
Total non-current liabilities		894,081,494	551,375,659
Current liabilities			
Borrowings	10	241,918,391	288,081,444
Trade payables, accruals and other liabilities		607,444,158	400,993,331
Lease liabilities	6	76,674,093	80,315,540
Provision for zakat and income tax	11	12,134,429	11,342,121
Total current liabilities		938,171,071	780,732,436
Total liabilities		1,832,252,565	1,332,108,095
TOTAL EQUITY AND LIABILITIES		2,575,059,494	2,012,382,580


Chairman of the Board of Directors


Chief Executive Officer


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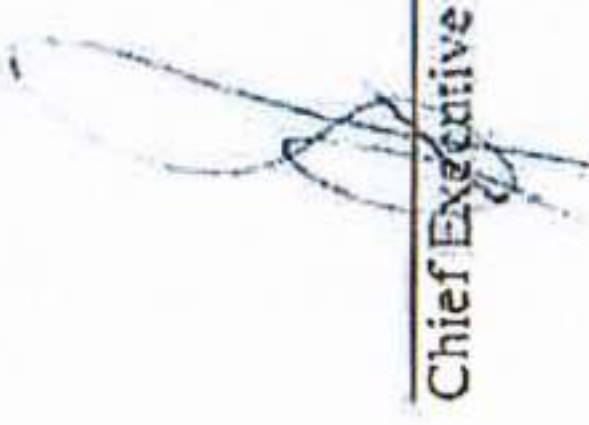
TANMIHAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

	Share capital SR	Statutory reserve SR	Other reserve SR	Retained earnings SR	Total shareholders' equity SR	Non controlling interest SR	Total SR
Balance at January 1, 2023 (audited)	200,000,000	34,560,302	73,977,280	305,832,956	614,370,538	48,242,042	662,612,580
Net profit for the period	-	-	-	49,571,645	49,571,645	8,286,166	57,857,811
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	49,571,645	49,571,645	8,286,166	57,857,811
Dividend distribution (note 16)	-	-	-	(69,991,021)	(69,991,021)	-	(69,991,021)
Zakat reimbursed by the shareholder	-	-	-	272,630	272,630	-	272,630
Balance at September 30, 2023 (unaudited)	200,000,000	34,560,302	73,977,280	285,686,210	594,223,792	56,528,208	650,752,000
Balance at January 1, 2024 (audited)	200,000,000	42,154,397	73,977,280	302,692,574	618,824,251	61,450,234	680,274,485
Net profit for the period	-	-	-	69,093,225	69,093,225	11,379,150	80,472,375
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	69,093,225	69,093,225	11,379,150	80,472,375
Dividend distribution (note 16)	-	-	-	(38,000,000)	(38,000,000)	(6,750,000)	(44,750,000)
Addition of a subsidiary	-	-	-	-	-	26,810,069	26,810,069
Balance at September 30, 2024 (unaudited)	200,000,000	42,154,397	73,977,280	333,785,799	649,917,476	92,889,453	742,806,929



Chairman of the Board of Directors



Chief Executive Officer



Chief Financial Officer

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TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Note	September 30, 2024 SR	September 30, 2023 SR
CASH FLOWS FROM OPERATING ACTIVITIES		(unaudited)	(unaudited)
Profit before zakat and income tax		91,885,060	65,553,025
Adjustments for:			
Depreciation on property, plant and equipment	5	32,161,918	25,644,680
Depreciation on right-of-use assets	6	90,279,238	70,347,049
Amortisation of intangible assets		752,404	514,021
Impairment loss on financial assets		5,656,022	4,100,000
Provision for slow-moving inventories	8	2,919,328	6,426,021
Net loss (gain) on disposal of property, plant and equipment		2,424	(28,500)
Property, plant and equipment written off		348,900	-
Share of results from an associate	7	(2,695,383)	2,284,649
Provision for employee benefit obligations		15,295,518	13,659,301
Government subsidy accrued		(31,876,370)	(56,470,904)
Gain on termination of lease contracts		-	(207,802)
Finance costs		14,693,229	7,518,921
Interest on lease liabilities	6	26,548,747	14,629,632
Changes in operating assets and liabilities:			
Inventories		(66,290,838)	9,328,365
Trade receivables and other debtors		(74,521,919)	(35,355,382)
Biological assets		(49,283,173)	(2,626,695)
Contract assets		(13,620,648)	(2,343,286)
Prepayments and other receivables		(78,001,618)	(46,941,007)
Government subsidy received		33,685,307	53,466,656
Trade payable, accruals and other liabilities		202,071,381	21,071,155
Cash generated from operations		200,009,527	150,569,899
Employee benefit obligations paid		(2,382,979)	(1,702,664)
Zakat and income tax paid		(10,620,377)	(8,662,286)
Finance costs paid		(10,313,783)	(7,634,440)
Net cash generated from operating activities		176,692,388	132,570,509
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment	5	(191,493,953)	(125,820,243)
Proceeds from disposal of property, plant and equipment		13,736	28,510
Payments for additions to intangible assets		(90,000)	(2,011,910)
Net cash used in investing activities		(191,570,217)	(127,803,643)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	6	(106,051,101)	(76,418,773)
Contribution from non-controlling interest	1	26,810,069	-
Short-term borrowings		(54,913,953)	(7,065,468)
Proceeds from long-term borrowings		217,000,000	20,950,000
Repayment of long-term borrowings		-	(33,115,317)
Dividends paid	16	(44,750,000)	(69,991,021)
Net cash generated from (used in) financing activities		38,095,015	(165,640,579)
Net increase (decrease) in cash and cash equivalents		23,217,186	(160,873,713)
Cash and cash equivalents at the beginning of the period		111,032,670	267,048,085
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		134,249,856	106,174,372

TANMIAH FOOD COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	September 30, 2024 SR	September 30, 2023 SR
Supplemental non-cash information:		
Addition to right-of-use assets and lease liabilities (note 6)	197,405,103	155,017,311
Transfer from property, plant and equipment to intangible assets (note 5)	2,029,861	762,500
Reimbursement of zakat by the shareholder	-	272,630
Lease liabilities written off due to termination of lease contracts	-	10,487,439
Right-of-use assets written off due to termination of lease contracts	-	(10,279,637)



Chairman of the Board of Directors



Chief Executive Officer



Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial information

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

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 P.O. Box 86909, Riyadh 11632, 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"), in the Kingdom of Bahrain ("Bahrain"), State of Kuwait ("Kuwait) and State of Qatar ("Qatar").

The Group is principally engaged in food and agriculture business which includes 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 September 30, 2024 and December 31, 2023, the Company's share capital of SR 200 million consisted of 20 million issued and fully paid shares of SR 10 each.

The Group's principal subsidiaries at September 30, 2024 and December 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of business.

Subsidiary	Country of incorporation	Effective ownership at September 30, 2024	Effective ownership at December 31, 2023	Principal activities
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.
Supreme Foods Bahrain W.L.L. ("SFB") *	Kingdom of Bahrain	85%	85%	General trading
Tanmiah Restaurants for Fast Food Company ("TRC")	Kingdom of Saudi Arabia	100%	100%	Restaurants with buffets (cafeterias), fast food activities, activities for serving meals only, etc.
Gulf Brand for Fast Foods Company ("GBFFC") **	Kingdom of Saudi Arabia	100%	100%	Restaurant outlets with related services
Al Tanmiah International General Trading L.L.C (Formerly Dabbagh International (UAE) (L.L.C))	United Arab Emirates (UAE)	100%	100%	Dormant company
Gulf Brands Restaurants Management Company ("GBRMC") **	State of Kuwait	100%	100%	Dormant company
Nola Management Company W.L.L. ("Nola") **	Kingdom of Bahrain	100%	100%	Restaurant outlets with related services
Al Tanmiah for Administration of Restaurants ("ATAR") **	State of Qatar	100%	100%	Dormant company
MHP Desert Hills for Poultry Company Limited ("MDP") ***	Kingdom of Saudi Arabia	55%	-	Developing and operating poultry breeding facilities and include the establishment of a greenfield hatchery

* SFB is a wholly owned subsidiary of ADC.

** GBFFC, GBRMC, Nola and ATAR are wholly owned subsidiaries of TRC.

*** MDP is a subsidiary of DHV.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

1. CORPORATE INFORMATION (CONTINUED)

During the period, the Group has established a new subsidiary namely, MHP Desert Hills for Poultry Company Limited through one of its subsidiaries, Desert Hills Veterinary Services Company Limited (DHV), in partnership with MHP SE, a company listed in the Ukrainian stock exchange. The subsidiary is established for developing and operating poultry breeding facilities and including the establishment of a greenfield hatchery in the Kingdom of Saudi Arabia. The subsidiary's paid up share capital amounts to SR 59.58 million, with a 55% ownership held by the Group and 45% ownership held by the non-controlling shareholder, MHP SE. The Group's contribution to the capital is SR 32.77 million while the non-controlling shareholder's contribution amounts to SR 26.81 million.

2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim condensed consolidated financial information of the Group are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation

This interim condensed consolidated financial information of the Group has been prepared in compliance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as endorsed by Saudi Organisation for Chartered and Professional Accountants (SOCPA) and the requirements of the laws and regulations in Saudi Arabia.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023. IAS 34 states that the interim condensed consolidated financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosure in interim financial information than IFRS requires in annual financial statements.

The Group has elected to present a single interim condensed consolidated statement of comprehensive income and presents its expenses by function.

This interim condensed consolidated financial information has been prepared on a historical cost basis, except for the following material items in the interim condensed 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, are measured at fair value.
- Equity investments at fair value through other comprehensive income ("FVOCI") are measured at fair value.

This interim condensed consolidated financial information is presented in Saudi Riyals (SR), which is the functional currency of all the Group entities except for Supreme Food Bahrain (SFB), Gulf Brands Restaurants Management Company (GBRMC), Nola Management Company W.L.L (Nola) and Al Tanmiah for Administration of Restaurants (ATAR). The functional currency SFB and Nola is Bahraini Dinar, GBRMC is Kuwaiti Dinar and ATAR is Qatari Riyal. The presentation currency of the Group is SR. This interim condensed consolidated financial information has been rounded-off to nearest SR, unless otherwise stated.

The activities of the Group are evenly spread throughout the year, therefore there is no seasonal or cyclical changes that affect the Group's operations.

**TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

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

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards, interpretations and amendments as of January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following amendment applies for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group:

- Amendment to IFRS 16 – Leases on sale and leaseback - effective from January 1, 2024
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements - effective from January 1, 2024
- Amendment to IAS 1 – Non-current liabilities with covenants - effective from January 1, 2024
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) (effective from January 1, 2024 subject to endorsement from SOCPA).
- IFRS S2 Climate-related Disclosures (IFRS S2) (effective from January 1, 2024 subject to endorsement from SOCPA).

There has been no material impact on the interim condensed consolidated financial information of the Group upon adoption of the above amended standards.

New and amended standards not effective and not yet adopted by the Group

At the date of the interim condensed consolidated financial information, the following other standards, amendments and interpretations are not yet effective and have not been early adopted by the Group:

- 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)
- Amendment to IAS 21 – Lack of exchangeability (effective from January 1, 2025).

Management anticipates that the application of the above amendments in future periods will have no material impact on the interim condensed consolidated financial information of the Group in the period of initial application.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Preparation of the Group's condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period were the same as those described in the latest annual consolidated financial statements with the addition of the following matter. The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

5. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Net book value at the beginning of the period / year	525,170,688	338,290,728
Additions	191,493,953	222,548,946
Depreciation for the period/ year	(32,161,918)	(34,906,476)
Transfer to intangible asset	(2,029,861)	(762,500)
Disposals	(16,160)	(10)
Write-off	(348,900)	-
Carrying value at the end of the period/ year	<u>682,107,802</u>	<u>525,170,688</u>

The additions during the nine month period ended September 30, 2024 amounting to SR 191.5 million (December 31, 2023: SR 222.5 million), mainly represent additions to capital work-in-progress for construction of feed mill, expansion of the current capacity of the processing plant, hatchery expansion, restaurant expansion and office premises.

6 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.

Right-of-use assets:

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Net book value at the beginning of the period / year	422,692,509	348,711,825
Additions	197,405,103	182,150,191
Depreciation for the period/ year	(90,279,238)	(95,357,201)
Write off	-	(12,812,306)
Carrying value at the end of the period/ year	<u>529,818,374</u>	<u>422,692,509</u>

Lease Liabilities:

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
At beginning of period / year	410,442,724	320,143,272
Additions	197,405,103	182,150,191
Write off	-	(13,020,108)
Interest	26,548,747	19,920,499
Lease payments	(106,051,101)	(98,751,130)
At end of period / year	<u>528,345,473</u>	<u>410,442,724</u>

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

6. LEASES (CONTINUED)

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

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Lease liabilities		
Current	76,674,093	80,315,540
Non-current	451,671,380	330,127,184
	<u>528,345,473</u>	<u>410,442,724</u>

7. INVESTMENT IN AN ASSOCIATE

The Group maintains a 40% ownership in Supreme Foods Processing Company ("SFPC"). 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.

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Opening balance	80,866,666	87,493,524
Share of results for the period/ year	2,695,383	(6,626,858)
	<u>83,562,049</u>	<u>80,866,666</u>

8. INVENTORIES

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Raw materials	154,178,543	138,943,190
Poultry meats and other food stuff	55,915,101	44,310,962
Animal health products	55,597,882	26,834,088
Packaging materials	14,552,118	13,097,995
Spare parts	26,007,535	22,290,292
Equipment for sale	17,342,110	17,107,907
Others	15,561,096	14,372,915
	<u>339,154,385</u>	<u>276,957,349</u>
Less: provision for slow-moving inventories	<u>(13,004,171)</u>	<u>(14,178,645)</u>
	<u>326,150,214</u>	<u>262,778,704</u>

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

8. INVENTORIES (CONTINUED)

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

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Opening balance	14,178,645	8,087,072
Provision for the period / year	2,919,328	6,296,489
Write-offs	(4,093,802)	(204,916)
	<u>13,004,171</u>	<u>14,178,645</u>

9. BIOLOGICAL ASSETS

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Broiler birds	38,754,205	35,827,645
Breeder birds – rearing & production	121,465,321	84,379,254
Hatchery eggs	32,495,271	23,224,725
	<u>192,714,797</u>	<u>143,431,624</u>

As at September 30, 2024, the Group had 14.0 million broiler birds (December 31, 2023: 13.8 million broiler birds). Further, 117.7 million broiler birds were slaughtered during the period ended September 30, 2024 (period ended September 30, 2023: 106.08 million broiler birds were slaughtered).

As at September 30, 2024 the Group had 3 million breeder birds and 27.8 million hatchery eggs (December 31, 2023: 1.9 million breeder birds and 17.7 million hatchery eggs).

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). -Processing loss was lower/ (higher) -Selling price of fully-grown bird less cost to sell was higher/ (lower).
Hatchery eggs	The valuation model considers the hatchability and 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).

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

10. BORROWINGS

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
<i>Non-current</i>		
Long-term Tawarroq facility	217,000,000	-
Long-term Murabaha bank loan	113,761,700	122,512,600
	<u>330,761,700</u>	<u>122,512,600</u>
<i>Current</i>		
Short-term bank Islamic loans	233,167,491	138,081,444
Short-term loan from Agricultural Development Fund ("ADF")	-	150,000,000
Long-term Murabaha bank loan	8,750,900	-
	<u>241,918,391</u>	<u>288,081,444</u>

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 May 2025 over a period of seven years. As at September 30, 2024 the Group has drawn down EURO 30 million (SR 122.5 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 September 30, 2024 the Group companies are in compliance with the financial covenants.

During 2023, the Group 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 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 September 30, 2024 the Group has drawn SR 217 million from the said Tawarroq facility. The Tawarroq facility contains certain financial covenants to be complied with during the term of the loan and as at September 30, 2024 the Group companies are in compliance with the financial covenants.

The short-term Islamic loan facilities from commercial banks 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 collateralised 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 September 30, 2024 the Group companies are in compliance with the financial covenants.

In 2023, the Group obtained and fully draw down an interest-free loan of SR 150 million from the ADF which is fully repaid in the current period.

The loans are repayable in full within a one year period, accordingly management assessed that the fair value of the loan approximates the carrying value of the loan.

The average interest rates during the nine-months period ended September 30, 2024 on these facilities varied between 5.5% to 9.1% per annum (December 31, 2023: 5.5% to 9.3 % per annum).

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

11. ZAKAT AND INCOME TAX

The Zakat is based on the interim condensed financial information of the Group. The movement in Group's zakat provision is as follows:

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Opening balance	8,222,370	10,073,869
Provision for the period / year	7,922,765	6,653,839
Provision for prior year	63,112	-
Payment of zakat reimbursed by the shareholder	-	(272,630)
Payment	(5,647,976)	(8,232,708)
Closing balance	<u>10,560,271</u>	<u>8,222,370</u>

Movement in provision for income tax

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Opening balance	3,119,751	438,856
Provision for the period / year	3,231,625	3,110,473
Provision for prior year	195,183	-
Payment	(4,972,401)	(429,578)
Closing balance	<u>1,574,158</u>	<u>3,119,751</u>
Zakat and income tax payable	<u>12,134,429</u>	<u>11,342,121</u>

Deferred tax balances

Deferred tax adjustment has not been recognised in nine months period ended September 30, 2024 and year ended December 31, 2023 as the impact is not material to the interim condensed consolidated financial information.

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 4.1 million and SR 0.90 million respectively. Final assessment for the Company and its subsidiaries for the years 2019 through 2022 have not yet been raised by the ZATCA.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company is a member of an affiliated Group of companies, which are directly or indirectly controlled by ADGHC, the ultimate parent.

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

<u>Name of related party</u>	<u>Nature of relationship</u>
ADGHC	Ultimate parent
National Scientific Company Limited ("NSCL")	Affiliate
Saed International for Istiqdam Company ("SAED")	Affiliate
Aldukan Limited Company ("Dukan")	Affiliate
Petromin Corporation ("Petromin")	Affiliate
Advanced Petroleum Services Limited ("APSL")	Affiliate
National Fuel Limited Company ("NFLC")	Affiliate
Petrolube Oil Company ("POC")	Affiliate
National Transportation Solutions Company ("NTSC")	Affiliate
Supreme Foods Processing Company ("SFPC") and subsidiary	Associate

During the nine-month periods ended September 30, 2024 and 2023, a number of transactions were carried out in the ordinary course of business with the affiliated companies, which are based on prices and contractual terms that are mutually agreed by management of the Group. The aggregate values of such transactions with affiliated companies are mentioned as follows:

Other related party transactions

	<u>Nine-months period ended</u>	
	<u>September 30, 2024</u>	<u>September 30, 2023</u>
	<u>SR</u>	<u>SR</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Sales to an affiliate	11,495,648	5,609,086
Sales to an associate	13,335,536	14,235,653
Payments on behalf of ultimate Parent	586,468	1,590,944
Rent cost to affiliates	4,086,000	1,084,664
Employee cost paid to an affiliate	147,453	248,960
Purchases of goods and services from affiliates	165,900	234,758
Purchases from an associate	1,501,754	1,964,340
Management fees charged to an associate	9,617,166	10,365,150
Zakat reimbursed by the shareholder	-	272,630
Others	398,915	296,035

Transactions with key management personnel

	<u>Nine-months period ended</u>	
	<u>September 30, 2024</u>	<u>September 30, 2023</u>
	<u>SR</u>	<u>SR</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Remuneration	16,484,708	15,137,570
Provision for employee benefit obligations	1,328,119	1,728,346
	<u>17,812,827</u>	<u>16,865,916</u>

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Due from related parties

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
SFPC	53,167,072	44,026,949
Dukan	6,146,476	3,807,314
ADGHC	4,191,036	3,604,568
NSCL	100,200	100,200
APSL	32,204	32,204
SAED	47,096	-
	<u>63,684,084</u>	<u>51,571,235</u>

Due to related parties

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Perfect Food Factory	8,082,559	3,932,080
NTSC	535,475	-
Petromin	31,206	51,826
SAED	-	11,798
	<u>8,649,240</u>	<u>3,995,704</u>

13. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies

The Group had the following commitments:

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Capital commitments	<u>160,608,522</u>	<u>140,816,889</u>

At September 30, the Group had the following contingencies:

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Letters of credit	<u>253,546,943</u>	<u>222,252,347</u>
Letters of guarantee	<u>507,118</u>	<u>2,613,438</u>

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

	September 30, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Capital commitments	1,280	51,613
Letters of guarantee	319,458	319,458
Letters of credit	163,556	-

Short-term leases

The short-term lease commitments as of September 30, 2024 amount to SR 0.3 million (December 31, 2023: SR 0.2 million).

14. 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 period. As the Group does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	<u>Three-months period ended</u>		<u>Nine-months period ended</u>	
	September 30, 2024 SR (Unaudited)	September 30, 2023 SR (Unaudited)	September 30, 2024 SR (Unaudited)	September 30, 2023 SR (Unaudited)
Net profit attributable to owners of the Company	24,118,780	17,171,196	69,093,225	49,571,645
Weighted average number of shares	20,000,000	20,000,000	20,000,000	20,000,000
Basic and diluted earnings per share (SR per share)	1.21	0.86	3.45	2.48

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

15. SEGMENT AND GEOGRAPHICAL INFORMATION

The Group operates principally in a single business segment of Food and Agriculture 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																					
	Three-months period ended September 30, 2024 (Unaudited)					Nine-months period ended September 30, 2024 (Unaudited)																
	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR												
Revenue from external customers																						
<i>Timing of revenue recognition</i>																						
At a point in time	606,577,825	7,627,833	28,367,805	9,408,331	651,981,794	1,733,343,609	14,625,434	90,215,595	9,633,271	1,847,817,909												
Over time	5,455,092	-	-	-	5,455,092	30,785,689	-	-	-	30,785,689												
	612,032,917	7,627,833	28,367,805	9,408,331	657,436,886	1,764,129,298	14,625,434	90,215,595	9,633,271	1,878,603,598												
	Poultry, food and agriculture																					
	Three-months period ended September 30, 2023 (Unaudited)					Nine-months period ended September 30, 2023 (Unaudited)																
	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR	Kingdom of Saudi Arabia SR	United Arab Emirates SR	Bahrain SR	Other GCC countries SR	Total SR												
Revenue from external customers																						
<i>Timing of revenue recognition</i>																						
At a point in time	495,693,128	-	21,564,930	-	517,258,058	1,416,278,098	-	72,836,217	390,045	1,489,504,360												
Over time	16,477,349	-	-	-	16,477,349	27,368,524	-	-	-	27,368,524												
	512,170,477	-	21,564,930	-	533,735,407	1,443,646,622	-	72,836,217	390,045	1,516,872,884												

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

15. SEGMENT AND GEOGRAPHICAL INFORMATION (CONTINUED)

	September 30, 2024 (Unaudited)		
	Kingdom of Saudi Arabia SR	Kingdom of Bahrain SR	Total SR
Property, plant and equipment	681,694,919	412,883	682,107,802
Right-of-use assets	527,553,663	2,264,711	529,818,374
Intangible assets	8,073,648	62,220	8,135,868
Financial assets at FVOCI	773,983	-	773,983

	December 31, 2023 (Audited)		
	Kingdom of Saudi Arabia SR	Kingdom of Bahrain SR	Total SR
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

16. DIVIDENDS

On June 10, 2024, the shareholders in their meeting approved and distributed a cash dividend of SR 1.9 per share amounting to SR 38 million for the fiscal year 2023 (2023: SR 69.9 million).

17. SUBSEQUENT EVENTS

There were no events subsequent to September 30, 2024 and occurring before the date of the approval of the interim condensed consolidated financial information by the Board of Directors that are expected to have a significant impact on this interim condensed consolidated financial information.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This interim condensed consolidated financial information for the nine-month period ended September 30, 2024 were approved for issuance by the Board of Directors of the Group on October 31, 2024.