



Earnings Release
First Half 2023

Tanmiah sustains top-line performance and affirms commitment to food security in the Kingdom

- **Steady topline growth predominantly driven by fresh poultry sales**
- **Food franchise operations quadruple revenues in 1H2023**
- **Accolades acknowledge Tanmiah's operational excellence and focus on sustainability and innovation**
- **Strategic partnership with Halal Products Development Company**

Riyadh, Saudi Arabia, 13 August 2023 - Tanmiah Food Company ("Tanmiah" or the "Company", 2281 on the Saudi Exchange), a market-leading provider of fresh and processed poultry and other meat products, animal feed and health products, and a foods brand franchise operator, announced its financial results for the first half ending 30 June 2023. Revenues increased 26.6% year on year ("YoY") from SAR 776.7 million to SAR 983.1 million, supported by a 22.2% rise in fresh poultry sales. Gross margin was steady at 23%, while EBITDA of SAR 119.2 million (+45.4% YoY) yielded a margin of 12.1%. Meanwhile, net profit attributable to owners of the company increased 2.2% YoY from SAR 31.7 million to SAR 32.4 million.

Zulfiqar Hamadani CEO of Tanmiah, commented:

"Tanmiah achieved sustained revenue growth during the first half of 2023, with fresh poultry, animal feed and health, and food franchise operations all charting their upward trajectories. Our position as a prominent industry player, coupled with our collaborative association with globally renowned brands, have bolstered this performance.

With a commitment to operational excellence reflected in our sustainability and innovation initiatives, we are delighted to have been honored with esteemed awards such as Forbes' Top 10 Innovative Companies in Sustainability and 2023's Product of the Year. These accolades mirror the growing consumer preference for our nutritious, high-quality products, produced and delivered sustainably by our dedicated team that is guiding the company's path to success.

Looking ahead, we remain focused on spearheading innovation and sustainability in the food sector, which will further enhance our positioning in the market, and enable Tanmiah to unlock a multitude of opportunities and reach new and exciting horizons."

Summary Financial Highlights

SAR million	2Q-23	2Q -22	% Change	1H-23	1H-22	% Change
Revenue	498.7	436.1	14.3%	983.1	776.7	26.6%
Gross Profit (Loss)	106.0	109.2	-3.0%	225.9	179.7	25.7%
EBITDA	53.0	57.0	-7.0%	119.2	82.0	45.4%
Net Profit attributable to owners of the company	11.4	30.2	-62.2%	32.4	31.7	2.2%

Ahmed bin Sharf Osilan, Executive Board Member and Managing Director of Tanmiah said:

"Our progress during the first half of the year speaks to our dedication to fortifying the domestic food sector and supporting Saudi Arabia's journey towards becoming a global Halal hub. Our strategic partnership with Halal Products Development Company (HPDC), a subsidiary of the Public Investment Fund, is an exciting step toward reinforcing the Halal industry whilst enhancing its efficiency and innovation. Aligned with our commitment to supporting the Kingdom's food security objectives, this partnership underscores our dedication to both domestic and international impact in the Halal sector.

We look forward to continuing to collaborate with prominent public and private sector organizations and through our unwavering focus on elevating our operational efficiencies, underpinned by our circular economy model, we aim to enhance the competitiveness of our products, and grow our market share, whilst generating sustainable returns for shareholders."

Revenue Analysis

Tanmiah reported 1H2023 revenues of SAR 983.1 million, up 26.6% YoY from SAR 776.7 million in 1H2022, primarily due to continued growth across all segments, particularly fresh poultry. Food franchise operations also achieved a substantial improvement in revenues from SAR 9.8 million to SAR 37 million.

Fresh Poultry sales, the key contributor to Tanmiah's revenues (84%), increased 22.2% YoY in 1H2023 to SAR 825.7 million from SAR 675.9 million. The growth in revenues can be attributed to a continued rise in sales volumes as well as an increase in production capacity during the period, from 456,000 birds per day as at 31 December 2022, to 500,000 birds per day as at 30 June 2023.

Animal Feed and Health revenues increased 32.4% YoY to SAR 120.5 million from SAR 91.0 million, as a result of rising demand for animal health products and equipment.

Food franchise operator revenues nearly quadrupled from SAR 9.8 million to SAR 37 million in 1H2023, and during the period, Tanmiah opened 11 POPEYES® stores in the Kingdom, bringing the total to 31 operational outlets as of 30 June 2023.

Income Statement Analysis

Cost of Sales increased 26.8% YoY to SAR 757.2 million in the first half of 2023, compared to SAR 597.1 million, as Tanmiah ramped up production and expanded its market reach. Meanwhile, gross profit increased 25.7% YoY to SAR 225.9 million, from SAR 179.7 million, in line with the continued rise in sales volumes; however, during the second quarter the Gross Profit faced pressure due to efforts for ramping up production and distribution capacity, which, despite improved volumes during the quarter had an impact on profits.

EBITDA increased from SAR 82.0 million in 1H2022 to SAR 119.2 million in 1H2023, supported by the strong revenue performance, which has outweighed the 12.7% YoY rise in selling, general, and administrative expenses.

Net Profit attributable to the owners of the company increased 2.2% from SAR 31.7 million to SAR 32.4 million in 1H2023.

Balance Sheet Analysis

Tanmiah ended the period with a **cash position** of SAR 285.0 million, compared to SAR 267.1 million as of 31 December 2022.

Total borrowings increased from SAR 308.4 million to SAR 449.5 million as of 30 June 2023.

Capex increased from SAR 41 million in 1H2022 to SAR 71 million in 1H2023. Planned capital expenditure in the next few years will focus on ramping up primary processing, feed milling and hatching capacities, in addition to expansion of food franchise operations, thus enabling the Company to seize new growth opportunities.

Growth Strategy

Tanmiah's fully integrated and highly efficient business model positions it for growth on local, regional, and global fronts, underpinned by favorable market trends. The global halal food market is expected to grow at an estimated CAGR of 10.8% during 2023-2028, according to industry reports.

The domestic operating environment is indeed conducive to growth and is driving the successful execution of the Company's expansion plans. Saudi Arabia is looking to make investments valued at \$20 billion by 2035 to boost the domestic food sector. It is also worth noting that by the end of the first half of 2023, the Agricultural Development Fund approved a significant number of credit facilities worth more than SAR 4.2 billion, that will primarily be allocated to reinforcing the Kingdom's food security goals and ensuring the stability of food supply chains, in addition to developing the domestic agricultural sector.

Such strategic initiatives that are targeted at boosting the domestic food sector are placing Tanmiah on a solid path to capture several growth opportunities and further enhance its positioning in the market.

Diversification initiatives by the company include the growth of Tanmiah's food franchise vertical, which was launched in 2021, underpinned by the Company's strategy of expanding the footprint of POPEYES® across the Kingdom.

ESG Commitments

Tanmiah implements a strategic, and integrated approach to achieving environmental, economic, and social sustainability through its "Giving, Earning, and Sustaining model."

The Company established its ESG Committee in 2022, which has finalized the focus areas that are aligned to the economic and social goals of the Kingdom's Vision 2030 as well as the United Nations' Sustainable Development Goals.

The Company aims to adopt a suitable international ESG reporting framework over the course of the year, whose objective is to provide meaningful and measurable disclosures to investors and other stakeholders about Tanmiah's ESG activities, in alignment with international reporting standards.

About Tanmiah Food Company

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. It is a publicly listed company on the Saudi stock market. It is worth noting that Al-Dabbagh Holding Group Company is a partner and founding shareholder of Tanmiah Food Company. 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 30 June 2023, Tanmiah operates 114 farms as well as six hatcheries, two feed mills, and four primary processing plants (slaughterhouses). Tanmiah distributes its products through a network of wholesalers, retailers, and food service outlets, as well as online directly to consumers. Sustainability is a core principle at Tanmiah, with initiatives including planting a million trees, using wastewater from its facilities, and turning waste products into fertilizer. For more information, visit www.tanmiah.com

Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal, or economic conditions in Saudi Arabia, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Notes	June 30, 2023 SR (Unaudited)	December 31, 2022 SR (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	392,458,401	338,290,728
Right-of-use assets	6	414,045,682	348,711,825
Intangible assets		6,591,995	4,148,845
Financial assets at fair value through other comprehensive income		773,983	773,983
Investment in an associate	7	86,039,838	87,493,524
Total non-current assets		899,909,899	779,418,905
Current assets			
Biological assets	9	134,740,770	128,748,293
Inventories	8	292,574,887	288,202,232
Contract assets		16,400,376	11,358,204
Prepayments and other receivables		150,370,633	127,924,746
Trade receivables and other debtors		228,778,915	197,882,300
Cash and cash equivalents		285,034,247	267,048,085
Total current assets		1,107,899,828	1,021,163,860
TOTAL ASSETS		2,007,809,727	1,800,582,765
EQUITY AND LIABILITIES			
Equity			
Share capital	1	200,000,000	200,000,000
Statutory reserve		34,560,302	34,560,302
Other reserve		73,977,280	73,977,280
Retained earnings		268,412,955	305,832,956
Equity attributable to owners of the Company		576,950,537	614,370,538
Non-controlling interests		53,535,358	48,242,042
Total equity		630,485,895	662,612,580
Non-current liabilities			
Employee benefit obligations		94,412,072	86,252,675
Lease liabilities	6	334,030,157	264,323,720
Borrowings	10	61,543,000	40,593,000
Total non-current liabilities		489,985,229	391,169,395
Current liabilities			
Borrowings	10	387,954,563	267,835,956
Trade payables, accruals and other liabilities		433,499,141	412,632,557
Lease liabilities	6	58,889,989	55,819,552
Provision for zakat and income tax	11	6,994,910	10,512,725
Total current liabilities		887,338,603	746,800,790
Total liabilities		1,377,323,832	1,137,970,185
TOTAL EQUITY AND LIABILITIES		2,007,809,727	1,800,582,765

Earnings Release for 1H 2023

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 SIX MONTHS PERIOD ENDED JUNE 30, 2023**

	Notes	For the three months period ended June 30,		For the six months period ended June 30,	
		2023 SR	2022 SR	2023 SR	2022 SR
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
CONTINUING OPERATIONS					
Revenue	15	498,657,726	436,103,281	983,137,477	776,722,926
Cost of sales		(392,713,766)	(326,864,908)	(757,243,434)	(597,058,641)
Gross profit		105,943,960	109,238,373	225,894,043	179,664,285
Selling and distribution expenses		(63,152,640)	(54,853,054)	(123,013,791)	(103,433,432)
General and administrative expenses		(23,605,805)	(25,728,370)	(49,385,489)	(49,558,074)
Impairment loss on financial assets		(1,350,000)	(525,000)	(3,450,000)	(825,000)
Other income		3,644,130	4,693,034	7,881,669	9,538,605
Share in net results of an associate	7	(1,044,767)	-	(1,453,686)	-
Operating profit		20,434,878	32,824,983	56,472,746	35,386,384
Finance costs		(5,187,419)	(6,811,098)	(13,634,512)	(11,489,445)
Profit before zakat		15,247,459	26,013,885	42,838,234	23,896,939
Zakat and income tax		(2,060,105)	(642,678)	(5,144,469)	(1,097,977)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		13,187,354	25,371,207	37,693,765	22,798,962
DISCONTINUED OPERATIONS					
Profit for the period from discontinued operations	1	-	4,828,341	-	8,942,568
PROFIT FOR THE PERIOD		13,187,354	30,199,548	37,693,765	31,741,530
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		13,187,354	30,199,548	37,693,765	31,741,530

Earnings Release for H1 2023

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**
FOR THE THREE MONTHS AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Notes	For the three months period ended June 30,		For the six months period ended June 30,	
		2023 SR	2022 SR	2023 SR	2022 SR
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period and total comprehensive income for the period attributable to:					
<u>Owners of the Company</u>					
Profit for the period from continuing operations		11,412,766	25,371,207	32,400,449	22,798,962
Profit for the period from discontinued operations		-	4,828,341	-	8,942,568
Profit for the period attributable to owners of the Company		11,412,766	30,199,548	32,400,449	31,741,530
<u>Non-controlling interests</u>					
Profit for the period from continuing operations		1,774,588	-	5,293,316	-
		13,187,354	30,199,548	37,693,765	31,741,530
Earnings per share attributable to owners of the Company:					
From continuing operations					
Basic and diluted earnings per share	14	0.57	1.27	1.62	1.14
From continuing and discontinued operations					
Basic and diluted earnings per share	14	0.57	1.51	1.62	1.59

Earnings Release for H1 2023



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