



*Earnings Release*  
**9 Months 2023**

# Tanmiah sustains top line growth in 9M23 and announces strategic collaborations to reinforce food security in the Kingdom

- **Revenues continue rising during the period, driven by fresh poultry sales**
- **Strategic partnership with MHP SE, with investments surpassing SAR 200 million, and MoU with Vibra Agroindustrial S.A., targeted towards enhancing food security in the Kingdom**

Riyadh, 5 November 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, today announced its results for the nine-months ending 30 September 2023, demonstrating a solid 21.5% year-on-year (YoY) increase in revenues to SAR 1,516.9 million, supported by an 18% rise in fresh poultry sales. EBITDA remained at the same level, reflecting a margin of 12.1%. Net profit attributable to owners of the company declined 21.9% YoY to SAR 49.6 million in 9M23 as a result of the continued investments in capacity and expansion of food franchise operations.

Building on the foundation laid by the Memorandum of Understanding signed earlier this year between Desert Hills Veterinary Services Company Limited (DHV), a wholly owned subsidiary of Tanmiah, and MHP, this partnership will see both companies join forces to invest more than SAR 200 million invested in farming operations with the capacity of more than 1 million parent stock expected to produce approximately 175 million hatching eggs annually, a state-of-the-art hatchery and a poultry feed mill. DHV will hold a 55% and MHP 45% stake in the joint venture, respectively. Furthermore, the recent MoU with Vibra Agroindustrial S.A. will enable Tanmiah to potentially expand its production capacity, thus reinforcing the Kingdom's food security and self-sufficiency objectives.

Zulfiqar Hamadani CEO of Tanmiah, commented:

*"We concluded the first nine months of the year with a robust improvement in our top-line performance, a testament to the growth delivered through our fully integrated business model. We are proud of the sustained improvement achieved across our business segments, with fresh poultry continuing to lead this growth.*

*The tremendous success of Popeyes® in KSA, following the launch of our food franchise vertical in 2021, continues, with revenues more than tripling during the nine months. We continue to invest in diversification initiatives for our product portfolio and have ended the period with 36 stores now in operation in KSA. Our top priority at Tanmiah is to provide high-quality products within KSA and the region through sustainable and innovative production practices while evolving our portfolio to address the changing needs of our customers."*

## Summary Financial Highlights

SAR million	3Q-23	3Q -22	% Change	9M-23	9M-22	% Change
Revenue	533.7	471.5	13.2%	1,516.9	1,248.3	21.5%
Gross Profit (Loss)	117.4	121.3	-3.2%	343.3	301.0	14.1%
EBITDA	65.0	78.4	-17.1%	184.2	185.9	-0.9%
Net Profit attributable to owners of the company	17.2	31.7	-45.7%	49.6	63.5	-21.9%

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

*“Tanmiah continues to focus on investing for the future through strengthening our core business segments, enhancing our capacity, diversifying our revenue streams, and establishing new strategic partnerships. By collaborating with MHP SE, a leading international food and agrotech group in Europe, and Vibra Agroindustrial S.A., a leading international poultry producer and exporter based in Brazil, we aim to boost food security and self-sufficiency in the Kingdom. This will be achieved through fostering innovation, increasing domestic employment opportunities, and implementing global best practices in food production and distribution.*

*As a leading player in the region, Tanmiah remains committed to supporting the fundamental objectives and values of Saudi Vision 2030 with a continued dedication to the highest standards of quality, innovation, and sustainability. By leveraging the favorable dynamics of the domestic ecosystem and the momentum of our operations, we remain focused on generating sustainable long-term returns for our shareholders.”*

### Revenue Analysis

Tanmiah announced nine-month revenues of SAR 1,516.9 million, up 21.5% YoY from SAR 1,248.3 million. The growth in the topline performance was predominantly due to the expansion of sales volumes across the Company’s portfolio of product and service lines.

**Fresh Poultry** sales, the most significant contributor to Tanmiah’s revenues (83%), increased 18% YoY in 9M23 to SAR 1,263.8 million from SAR 1,070.6 million during the same period last year. The segment’s positive performance is supported by continued growth in sales volumes as well as Tanmiah’s production capacity expansion, from 456,000 birds per day as of 31 December 2022 to 500,000 birds per day as of 30 September 2023.

**Animal Feed and Health** revenues grew by 20% YoY to SAR 192.6 million from SAR 161.1 million, primarily due to increased demand for animal health products and equipment.

**Food franchise operator** revenues increased more than three-fold to SAR 60.5 million in 9M23, from SAR 16.5 million in 9M22. During the period, Tanmiah opened 16 POPEYES® stores across the Kingdom, bringing the total to 36 operational outlets as of 30 September 2023.

### Income Statement Analysis

**Cost of Sales** increased 24% YoY to SAR 1,173.6 million in 9M23, from SAR 947.3 million in 9M22, due to Tanmiah’s fresh chicken production capacity expansion, increase in sales volumes, and expansion of Popeyes stores during the period. Gross profit increased 14% YoY to SAR 343.3 million from SAR 301.0 million in 9M22.

**EBITDA** decreased slightly by 0.9% to SAR 184.2 million in 9M23, compared to SAR 185.9 million in 9M22, supported by the solid top-line performance

**Net Profit attributable to the owners of the company** declined 21.9% to SAR 49.6 million in 9M23, from SAR 63.5 million in 9M22.

### Balance Sheet Analysis

Tanmiah ended the period with SAR 106.2 million in cash and cash equivalents.

**Total borrowings** declined to SAR 285.8 million as of 30 September 2023, from SAR 308.4 million at the end of 2022.

**Capex** increased from SAR 82.7 million in 9M22 to SAR 125.8 million in 9M23. The planned capital expenditure in the next five years will focus on ramping up primary processing, feed milling and hatching capacities, in addition to expanding 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 Saudi government continues to implement various initiatives to reinforce the domestic economy and food sector and achieve self-sufficiency in food production. For instance, the Agricultural Development Fund has signed a memorandum of understanding with the Reef National Foundation to increase the efficiency and productivity of local farmers. This and other strategic measures are providing a favorable environment for Tanmiah to capture multiple 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 and the broader region.

## 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 and 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 September 2023, Tanmiah operates 120 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](http://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 SEPTEMBER 30, 2023**

		September 30, 2023	December 31, 2022
	Notes	SR	SR
		(Unaudited)	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	437,703,781	338,290,728
Right-of-use assets	6	423,102,450	348,711,825
Intangible assets		6,409,234	4,148,845
Financial assets at fair value through other comprehensive income		773,983	773,983
Investment in an associate	7	85,208,875	87,493,524
<b>Total non-current assets</b>		<b>953,198,323</b>	<b>779,418,905</b>
<b>Current assets</b>			
Biological assets	9	131,374,988	128,748,293
Inventories	8	272,447,846	288,202,232
Contract assets		13,701,490	11,358,204
Prepayments and other receivables		177,870,001	127,924,746
Trade receivables and other debtors		229,137,682	197,882,300
Cash and cash equivalents		106,174,372	267,048,085
<b>Total current assets</b>		<b>930,706,379</b>	<b>1,021,163,860</b>
<b>TOTAL ASSETS</b>		<b>1,883,904,702</b>	<b>1,800,582,765</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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		285,686,210	305,832,956
<b>Equity attributable to owners of the Company</b>		<b>594,223,792</b>	<b>614,370,538</b>
Non-controlling interests		56,528,208	48,242,042
<b>Total equity</b>		<b>650,752,000</b>	<b>662,612,580</b>
<b>Non-current liabilities</b>			
Employee benefit obligations		98,209,312	86,252,675
Lease liabilities	6	337,190,493	264,323,720
Borrowings	10	61,543,000	40,593,000
<b>Total non-current liabilities</b>		<b>496,942,805</b>	<b>391,169,395</b>
<b>Current liabilities</b>			
Borrowings	10	224,234,136	267,835,956
Trade payables, accruals and other liabilities		437,009,228	412,632,557
Lease liabilities	6	65,693,510	55,819,552
Provision for zakat and income tax	11	9,273,023	10,512,725
<b>Total current liabilities</b>		<b>736,209,897</b>	<b>746,800,790</b>
<b>Total liabilities</b>		<b>1,233,152,702</b>	<b>1,137,970,185</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,883,904,702</b>	<b>1,800,582,765</b>

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**TANMIAH FOOD COMPANY**  
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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

	Note	For the three months period ended September 30,		For the nine months period ended September 30,	
		2023	2022	2023	2022
		SR	SR	SR	SR
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>CONTINUING OPERATIONS</b>					
Revenue	15	533,735,407	471,541,035	1,516,872,884	1,248,263,961
Cost of sales		(416,370,588)	(350,235,461)	(1,173,614,022)	(947,294,102)
<b>Gross profit</b>		<b>117,364,819</b>	<b>121,305,574</b>	<b>343,258,862</b>	<b>300,969,859</b>
Selling and distribution expenses		(60,421,100)	(58,192,326)	(183,434,891)	(161,625,758)
General and administrative expenses		(27,642,413)	(26,937,932)	(77,027,902)	(76,496,006)
Other income		3,408,489	4,764,475	11,290,158	14,303,080
Impairment loss on financial assets		(650,000)	(1,025,000)	(4,100,000)	(1,850,000)
<b>Operating profit</b>		<b>32,059,795</b>	<b>39,914,791</b>	<b>89,986,227</b>	<b>75,301,175</b>
Finance costs		(8,514,041)	(9,395,097)	(22,148,553)	(20,884,542)
<b>Profit before share in results of an associate and zakat and income tax</b>		<b>23,545,754</b>	<b>30,519,694</b>	<b>67,837,674</b>	<b>54,416,633</b>
Share in net results of an associate	7	(830,963)	-	(2,284,649)	-
<b>Profit before zakat and income tax</b>		<b>22,714,791</b>	<b>30,519,694</b>	<b>65,553,025</b>	<b>54,416,633</b>
Zakat and income tax		(2,550,745)	(986,336)	(7,695,214)	(2,084,313)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>20,164,046</b>	<b>29,533,358</b>	<b>57,857,811</b>	<b>52,332,320</b>
<b>DISCONTINUED OPERATIONS</b>					
Profit for the period from discontinued operations	1	-	2,203,200	-	11,145,768
<b>PROFIT FOR THE PERIOD</b>		<b>20,164,046</b>	<b>31,736,558</b>	<b>57,857,811</b>	<b>63,478,088</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Re-measurements of employee benefit obligations		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>20,164,046</b>	<b>31,736,558</b>	<b>57,857,811</b>	<b>63,478,088</b>

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**TANMIAH FOOD COMPANY**  
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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (CONTINUED)  
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

Note	For the three months period ended September 30,		For the nine months period ended September 30,	
	2023 SR	2022 SR	2023 SR	2022 SR
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Profit for the period and total comprehensive income for the period attributable to:</b>				
<b><u>Owners of the Company</u></b>				
Profit for the period from continuing operations	17,171,196	29,533,358	49,571,645	52,332,320
Profit for the period from discontinued operations	-	2,203,200	-	11,145,768
Profit for the period attributable to owners of the Company	17,171,196	31,736,558	49,571,645	63,478,088
<b><u>Non-controlling interests</u></b>				
Profit for the period from continuing operations	2,992,850	-	8,286,166	-
	20,164,046	31,736,558	57,857,811	63,478,088
<b>Earnings per share attributable to owners of the Company:</b>				
<b>From continuing operations</b>				
Basic and diluted earnings per share	14 0.86	1.48	2.48	2.62
<b>From continuing and discontinued operations</b>				
Basic and diluted earnings per share	14 0.86	1.59	2.48	3.17

*Earnings Release for 9M 2023*





## Investor Relations & Media Enquiries

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