

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED) AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD
ENDED MARCH 31, 2024**

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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

To the Shareholders of
Tammiah 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 Tammiah Food Company, a Saudi Joint Stock Company (the "Company") and its subsidiaries (together the "Group") as at March 31, 2024, and the related interim condensed consolidated statement of comprehensive income for the three months period then ended and the interim condensed consolidated statements of changes in equity and cash flows for the three 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



Mazen A. Al Omari
License No 480
8 Dhu-al Qa'dah, 1445H
May 16, 2024



TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

	Notes	For the three months period ended March 31	
		2024 SR	2023 SR
		(unaudited)	(unaudited)
Revenue	15	581,362,210	484,479,751
Cost of sales		(436,898,746)	(364,529,668)
Gross profit		144,463,464	119,950,083
Selling and distribution expenses		(72,253,754)	(59,861,151)
General and administrative expenses		(35,485,456)	(25,779,684)
Impairment loss on financial assets		(1,225,000)	(2,100,000)
Other income		3,970,719	4,237,539
Operating profit		39,469,973	36,446,787
Finance costs		(11,785,234)	(8,447,093)
Profit before share of result from associate and zakat and income tax		27,684,739	27,999,694
Share in results of an associate	7	322,522	(408,919)
Profit before zakat and income tax		28,007,261	27,590,775
Zakat and income tax		(2,870,226)	(3,084,364)
PROFIT FOR THE PERIOD		25,137,035	24,506,411
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		25,137,035	24,506,411
Profit for the period attributable to:			
Owners of the Company		20,955,015	20,987,683
Non-controlling interests		4,182,020	3,518,728
		25,137,035	24,506,411
Total comprehensive income for the period attributable to:			
Owners of the Company		20,955,015	20,987,683
Non-controlling interests		4,182,020	3,518,728
		25,137,035	24,506,411
Earnings per share attributable to owners of the Company:			
Basic and diluted earnings per share	14	1.05	1.05


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 MARCH 31, 2024

		March 31, 2024	December 31, 2023
	Notes	SR (Unaudited)	SR (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	571,824,690	525,170,688
Right-of-use assets	6	450,899,207	422,692,509
Intangible assets		7,805,085	6,768,411
Financial assets at fair value through other comprehensive income		773,983	773,983
Investment in an associate	7	81,189,188	80,866,666
Total non-current assets		1,112,492,153	1,036,272,257
Current assets			
Inventories	8	262,190,103	262,778,704
Biological assets	9	155,172,106	143,431,624
Contract assets		24,221,407	21,922,970
Trade receivables and other debtors		254,118,604	238,824,218
Prepayments and other receivables		221,936,090	198,120,137
Cash and cash equivalents		158,722,384	111,032,670
Total current assets		1,076,360,694	976,110,323
TOTAL ASSETS		2,188,852,847	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		323,647,589	302,692,574
Equity attributable to owners of the Company		639,779,266	618,824,251
Non-controlling interests		65,632,254	61,450,234
Total equity		705,411,520	680,274,485
Non-current liabilities			
Employee benefit obligations		103,220,656	98,735,875
Lease liabilities	6	368,928,683	330,127,184
Borrowings	10	167,512,600	122,512,600
Total non-current liabilities		639,661,939	551,375,659
Current liabilities			
Borrowings	10	255,592,912	288,081,444
Trade payables, accruals and other liabilities		501,398,611	400,993,331
Lease liabilities	6	72,575,518	80,315,540
Provision for zakat and income tax	11	14,212,347	11,342,121
Total current liabilities		843,779,388	780,732,436
Total liabilities		1,483,441,327	1,332,108,095
TOTAL EQUITY AND LIABILITIES		2,188,852,847	2,012,382,580


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

TANVILAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 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, 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	-	-	-	20,955,015	20,955,015	4,182,020	25,137,035
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	20,955,015	20,955,015	4,182,020	25,137,035
Balance at March 31, 2024 (unaudited)	200,000,000	42,154,397	73,977,280	323,647,589	639,779,266	65,632,254	705,411,520
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	-	-	-	20,987,683	20,987,683	3,518,728	24,506,411
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	20,987,683	20,987,683	3,518,728	24,506,411
Balance at March 31, 2023 (unaudited)	200,000,000	34,560,302	73,977,280	326,820,639	635,358,221	51,760,770	687,118,991



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 CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

	Note	March 31, 2024 SR (unaudited)	March 31, 2023 SR (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		28,007,261	27,590,775
Adjustments for:			
Depreciation on property, plant and equipment	5	10,122,469	7,940,175
Depreciation on right-of-use assets	6	27,851,339	22,102,373
Amortisation of intangible assets		241,386	141,838
Impairment loss on financial assets		1,225,000	2,100,000
Provision for slow-moving inventories	8	468,110	1,232,406
Net gain on disposal and of property, plant and equipment		(1,274)	(28,490)
Share of results from an associate	7	(322,522)	408,919
Provision for employee benefit obligations		5,050,422	4,493,860
Government subsidy accrued		(7,959,899)	(26,681,743)
Finance costs		4,033,176	4,114,893
Interest on lease liabilities	6	7,752,058	4,332,200
Write-off of property, plant and equipment	5	348,900	-
Changes in operating assets and liabilities:			
Inventories		120,491	(11,858,189)
Trade receivables and other debtors		(16,519,386)	(30,227,245)
Biological assets		(11,740,482)	(8,888,246)
Contract assets		(2,298,437)	(3,445,868)
Prepayments and other receivables		(26,073,006)	(4,616,287)
Government subsidy received		10,216,952	26,287,131
Trade payable, accruals and other liabilities		97,042,666	6,554,052
Cash generated from operations		127,565,224	21,552,554
Employee benefit obligations paid		(565,641)	(414,713)
Finance costs paid		(670,562)	(3,800,397)
Net cash generated from operating activities		126,329,021	17,337,444
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment	5	(58,408,212)	(37,245,251)
Proceeds from disposal of property, plant and equipment		6,055	28,500
Payments for additions to intangible assets		-	(939,750)
Net cash used in investing activities		(58,402,157)	(38,156,501)

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

	Note	March 31, 2024 SR	March 31, 2023 SR
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments	6	(32,748,618)	(24,379,339)
Short term borrowings		(32,488,532)	44,013,798
Proceeds from long-term borrowings		45,000,000	-
Repayment of long-term borrowings		-	(33,115,317)
Net cash used in financing activities		(20,237,150)	(13,480,858)
Net increase (decrease) in cash and cash equivalents		47,689,714	(34,299,915)
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		158,722,384	232,748,170
	Note	March 31, 2024 SR	March 31, 2023 SR
Supplemental non-cash information:			
Addition to right-of-use assets and lease liabilities	6	56,058,037	65,801,561


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 PERIOD ENDED MARCH 31, 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 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”), 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 March 31, 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 March 31, 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 March 31, 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.
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%	100%	Restaurants with buffets (cafeterias), fast food activities, activities for serving meals only, etc.
Gulf Brands Restaurants Management Company	State of Kuwait	100%	100%	Dormant company
Nola Management Company W.L.L	Kingdom of Bahrain	100%	100%	Dormant company
Al Tanmiah for Administration of Restaurants	State of Qatar	100%	100%	Dormant company

* SFB is a wholly owned subsidiary of ADC.

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

1. CORPORATE INFORMATION (CONTNUED)

In March 2023, the Group received an 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.

2. MATERIAL ACCOUNTING POLICIES

The material 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 Organization for Chartered and Professional Accountant (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 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 interim condensed consolidated 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 PERIOD ENDED MARCH 31, 2024

5. PROPERTY, PLANT AND EQUIPMENT

	March 31, 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	58,408,212	222,548,946
Depreciation for the period/ year	(10,122,469)	(34,906,476)
Transfer to intangible asset	(1,278,060)	(762,500)
Disposals	(4,781)	(10)
Write-off	(348,900)	-
Carrying value at the end of the period/ year	<u>571,824,690</u>	<u>525,170,688</u>

The additions during the three months period ended March 31, 2024 amounting to SR 58.4 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 and restaurant expansion.

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:

	March 31, 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	56,058,037	182,150,191
Depreciation for the period/ year	(27,851,339)	(95,357,201)
Write off	-	(12,812,306)
Carrying value at the end of the period/ year	<u>450,899,207</u>	<u>422,692,509</u>

Lease Liabilities:

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
At beginning of period / year	410,442,724	320,143,272
Additions	56,058,037	182,150,191
Write off	-	(13,020,108)
Interest	7,752,058	19,920,499
Lease payments	(32,748,618)	(98,751,130)
At end of period / year	<u>441,504,201</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 PERIOD ENDED MARCH 31, 2024

6. LEASES (CONTINUED)

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

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Lease liabilities		
Current	72,575,518	80,315,540
Non-current	<u>368,928,683</u>	<u>330,127,184</u>
	<u>441,504,201</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.

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Opening balance	80,866,666	87,493,524
Share of results for the period/ year	<u>322,522</u>	<u>(6,626,858)</u>
Closing balance	<u>81,189,188</u>	<u>80,866,666</u>

8. INVENTORIES

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Raw materials	120,932,992	138,943,190
Poultry meats and other food items	44,574,799	44,310,962
Animal health products	39,138,351	26,834,088
Packaging materials	12,670,465	13,097,995
Spare parts	23,753,147	22,290,292
Equipment for sale	15,806,501	17,107,907
Other	<u>15,876,517</u>	<u>14,372,915</u>
	<u>272,752,772</u>	<u>276,957,349</u>
Less: provision for slow-moving inventories	<u>(10,562,669)</u>	<u>(14,178,645)</u>
	<u>262,190,103</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 PERIOD ENDED MARCH 31, 2024

8. INVENTORIES (CONTINUED)

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

	March 31, 2024	December 31, 2023
	SR	SR
	(Unaudited)	(Audited)
Opening balance	14,178,645	8,087,072
Provision for the year	468,110	6,296,489
Write-offs	(4,084,086)	(204,916)
	10,562,669	14,178,645

9. BIOLOGICAL ASSETS

	March 31, 2024	December 31, 2023
	SR	SR
	(Unaudited)	(Audited)
Broiler birds	33,291,645	35,827,645
Breeder birds – rearing & production	100,284,685	84,379,254
Hatchery eggs	21,595,776	23,224,725
	155,172,106	143,431,624

As at March 31, 2024, the Group had 12.8 million broiler birds (December 31, 2023: 13.8 million broiler birds). Further, 39 million broiler birds were slaughtered during the period ended March 31, 2024 (period ended March 31, 2023: 34 million broiler birds were slaughtered).

As at March 31, 2024 the Group had 2.7 million breeder birds and 16.6 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 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).

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10. BORROWINGS

	March 31, 2024	December 31, 2023
	SR	SR
	(Unaudited)	(Audited)
<i>Non-current</i>		
Long-term Murabaha bank loan	167,512,600	122,512,600
<i>Current</i>		
Short-term bank Islamic loans	105,592,912	138,081,444
Short-term loan from Agricultural Development Fund ("ADF")	150,000,000	150,000,000
	255,592,912	288,081,444

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 March 31, 2024 the Group has drawn 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 March 31, 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 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 March 31, 2024 the Group has drawn SR 45 million from the said Tawarroq facility.

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 March 31, 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.

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.

The average interest rates during the three-months period ended March 31, 2024 on these facilities varied between 5.8% to 9.8% per annum (December 31, 2023: 5.5% to 9.3 % per annum).

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:

	March 31, 2024	December 31, 2023
	SR	SR
	(unaudited)	(audited)
Opening balance	8,222,370	10,073,869
Provision for the period/ year	1,772,417	6,653,839
Payment of zakat reimbursed by the shareholder	-	(272,630)
Payment	-	(8,232,708)
Closing balance	9,994,787	8,222,370

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11. ZAKAT AND INCOME TAX (CONTINUED)

Movement in provision for income tax

	March 31, 2024 SR (unaudited)	December 31, 2023 SR (audited)
Opening balance	3,119,751	438,856
Provision for the period/ year	1,097,809	3,110,473
Payment	-	(429,578)
Closing balance	4,217,560	3,119,751
Zakat and income tax payable	14,212,347	11,342,121

Deferred tax balances

Deferred tax adjustment has not been recognised in three months period ended March 31, 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 0.97 million respectively. Final assessment for the Company and its subsidiaries for the years 2019 through 2022 have not yet been raised by the ZATCA.

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

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12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the three-months periods ended March 31, 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:

Related party transactions

	Three-months period ended	
	March 31, 2024 SR (Unaudited)	March 31, 2023 SR (Unaudited)
Sales to affiliates	(3,360,420)	(1,692,990)
Sales to an associate	(3,904,344)	(4,930,170)
Payments / adjustments on behalf of ultimate parent	183,357	592,698
Rent cost to affiliates	2,050,000	250,000
Employee cost paid for affiliates	49,799	127,962
Purchases from an associate	1,135,389	1,266,056
Management fees charged to an associate	3,205,722	3,766,710
Others	152,812	193,521

Transactions with key management personnel

	Three-months period ended	
	March 31, 2024 SR (Unaudited)	March 31, 2023 SR (Unaudited)
Remuneration	3,855,135	3,348,718
Provision for employee benefit obligations	270,396	324,290
	4,125,531	3,673,008

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

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
	SFPC	47,313,012
ADGHC	3,787,925	3,604,568
Dukan	5,394,167	3,807,314
NSCL	100,200	100,200
APSL	32,204	32,204
	56,627,508	51,571,235

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12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Due to related parties

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
PFF	5,115,669	3,932,080
NTSC	516,250	-
SAED	11,798	11,798
Petromin	37,016	51,826
	5,680,733	3,995,704

13. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies

At December 31, the Group had the following commitments:

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Capital commitments	187,013,418	140,816,889

At December 31, the Group had the following contingencies:

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Letters of credit	231,868,268	222,252,347
Letters of guarantee	2,613,438	2,613,438

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

	March 31, 2024 SR (Unaudited)	December 31, 2023 SR (Audited)
Capital commitments	51,613	51,613
Letters of guarantee	319,458	319,458

Short-term leases

The short-term lease commitments as of March 31, 2024 amount to SR 0.9 million (December 31, 2023: SR 0.2 million).

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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.

	Three-months period ended	
	March 31, 2024 SR (Unaudited)	March 31, 2023 SR (Unaudited)
Net profit attributable to owners of the Company	20,955,015	20,987,683
Weighted average number of shares	20,000,000	20,000,000
Basic and diluted earnings per share (SR per share)	1.05	1.05

15. SEGMENT 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:

Three-months period ended March 31, 2024 (Unaudited)	Poultry, food and agriculture			
	Kingdom of Saudi Arabia SR	Bahrain SR	Other GCC countries SR	Total SR
Revenue from external customers				
<i>Timing of revenue recognition</i>				
At a point in time	540,676,755	30,348,415	-	571,025,170
Over time	10,337,040	-	-	10,337,040
	551,013,795	30,348,415	-	581,362,210
Three-months period ended March 31, 2023 (Unaudited)	Poultry, food and agriculture			
	Kingdom of Saudi Arabia SR	Bahrain SR	Other GCC countries SR	Total SR
Revenue from external customers				
<i>Timing of revenue recognition</i>				
At a point in time	455,168,529	26,923,697	390,045	482,482,271
Over time	1,997,480	-	-	1,997,480
	457,166,009	26,923,697	390,045	484,479,751

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15. SEGMENT INFORMATION (CONTINUED)

	March 31, 2024 (Unaudited)		
	Kingdom of Saudi Arabia SR	Kingdom of Bahrain SR	Total SR
Property, plant and equipment	571,344,020	480,670	571,824,690
Right-of-use assets	449,166,233	1,732,974	450,899,207
Intangible assets	7,738,778	66,307	7,805,085
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. SUBSEQUENT EVENTS

The Board of Directors on May 9, 2024 have recommended to distribute cash dividend of SR 1.9 per share amounting to SR 38 million for the fiscal year 2023. There were no other events subsequent to March 31, 2024 and occurring before the date of the approval of the interim condensed consolidated financial information that are expected to have a significant impact on this interim condensed consolidated financial information.

17. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This interim condensed consolidated financial information for the three-month period ended March 31, 2024 were approved for issuance by the Board of Directors of the Group on May 9, 2024.