



Earnings Release

Full Year 2023

FY2023 is yet another successful period in Tanmiah's journey of accomplishments, marked by solid operational and financial performance

- **Top line performance remains strong, with improvement witnessed across core business segments**
- **Launch of the inaugural Sustainability Report is testament to Tanmiah's commitment to sustainable business practices and transparency in disclosures**

Riyadh, 11 February 2024 - 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 full year ending 31 December 2023, reporting a substantial 21.2% year-on-year (YoY) growth in revenues to SAR 2,093.1 million, supported primarily by an 18% rise in fresh poultry sales. EBITDA witnessed an increase of 18.5% to SAR 261.1 million. Our net profit from continuing operations increased to SAR 89.4 million, a 19.4% increase compared to last year's profit of SAR 74.9 million.

Zulfiqar Hamadani CEO of Tanmiah, commented:

"Our solid financial performance during the year was largely supported by the sustained expansion of our production capacity and our focused marketing and distribution activities, which complement our fully integrated business model, to generate tangible value for our stakeholders.

We are indeed proud of our accomplishments on several fronts, not only financially, but also operationally and strategically. 2023 marks yet another critical milestone in Tanmiah's successful growth journey, as we continued to tactically focus our efforts on advancing product innovation, digitalization, sustainability, and operational excellence. These include the launch of "Tanmiah-Life", a nutritious new fresh poultry line enriched with Omega-3 (the first of its kind in MENA); the prestigious Product of the Year 2023 award in the Fresh Chicken Eco-Friendly category; the breakthrough Innovation Award from Nielsen NIQ; and the renowned recognition by Forbes within the Top 10 Innovative Companies in Sustainability.

The exceptional success of our food franchise operations, ever since the launch of this vertical in 2021, has prompted the expansion of the Popeyes franchise across the GCC, with the signing of exclusive development agreements to operate in the growing markets of Kuwait and Bahrain. Looking ahead, we are determined to further elevate our positioning by leveraging our core competitive advantages and identifying important opportunities for collaboration with best-in-class companies worldwide, which will enable us to eventually transform into a global powerhouse in the halal sustainable and healthy protein market."

Summary Financial Highlights

SAR million	Q4-23	Q4-22	% Change	FY23	FY22	% Change
Revenue	576.2	478.8	20.30%	2,093.10	1,727.00	21.20%
Gross Profit (Loss)	151.5	119.2	27.10%	494.8	420.2	17.80%
EBITDA	76.9	59	30.30%	261.1	220.3	18.50%
Net Profit from continuing operations	31.5	22.5	40%	89.4	74.9	19.40%
Net Profit attributable to owners of the company	26.4	123.3	-78.60%	75.9	186.8	-59.30%

Ahmed Osilan, Managing Director of Tanmiah said:

“Tanmiah continues to be a pioneering company within the food industry and a well-established brand name in the market, setting the benchmark for sustainability, through embedding sustainable practices across the entire value chain. We take pride in launching our inaugural Sustainability Report in 2023, which showcases our wide-ranging initiatives in the ESG space and is aligned with our vision to become the number one global halal sustainable healthy protein company by 2030. Additionally, as a testament to our unwavering commitment to best practice Investor Relations, we have recently received by MEIRA the best printed Annual Report award within the small cap category and the 3rd best digital Annual Report.

We continued strategically navigating the business environment, by capitalizing on several significant opportunities, enabling us to establish a robust foundation for Tanmiah to reach even greater heights. By joining hands with domestic and globally renowned players in the market, we remain committed to reinforcing the Kingdom’s food security and self-sufficiency goals while driving our strategic growth agenda. We are delighted by the numerous partnerships that we established during such a remarkable year, including with MHP SE, Vibra Agroindustrial S.A, Halal Products Development Company, a wholly-owned subsidiary of the Public Investment Fund (PIF), Estidamah and the 10miah farmers’ initiative with ADF.

Throughout the year, we have been actively participating in a number of prestigious agricultural exhibitions and forums both locally and globally, and strategically partnering with cross government-related organizations, guided by the leadership of the Ministry of Environment, Water, and Agriculture, to drive sector growth, consumer awareness, and investments into such a critical industry. We remain on track to achieving our growth objectives across our different business segments, while continuing to play a key role in strengthening the Kingdom’s position as a global halal hub, through key partnerships that foster innovation and sustainability, empower local talent, and grow the global halal market.”

Revenue Analysis

Tanmiah announced FY23 revenues of SAR 2,093.1 million, up 21.2% YoY from SAR 1,727.0 million. This improvement was primarily due to increased sales volumes across the Company’s portfolio of product and service lines, in addition to enhanced geographical coverage, focused marketing, and channel expansion.

Fresh Poultry sales, the key contributor to Tanmiah’s revenues (83%), increased 18% YoY in FY23 to SAR 1,726.9 million from SAR 1,462.9 million last year. The segment’s positive performance results from continued growth in sales volumes, supported by Tanmiah’s production capacity expansion, from 456,000 birds per day as of 31 December 2022 to 500,000 birds per day as of 31 December 2023.

Animal Feed and Health revenues increased 18.6% YoY to SAR 278.1 million from SAR 234.5 million, due to continued rise in demand for animal health products and equipment.

Food franchise operator revenues increased nearly three-fold to SAR 88.2 million in FY23, from SAR 29.6 million in FY22. During the year, Tanmiah opened 32 POPEYES® stores across the Kingdom, bringing the total to 52 operational outlets as of 31 December 2023.

Income Statement Analysis

Cost of Sales increased 22.3% YoY to SAR 1,598.3 million in FY23, from SAR 1,306.9 million in FY22, driven by the company’s sustained expansion of fresh chicken production capacity, in addition to a rise in sales volumes, and an increase in the number of Popeyes stores. Gross profit increased 17.8% YoY to SAR 494.8 million from SAR 420.2 million in FY22.

EBITDA improved by 18.5% to SAR 261.1 million in FY23, compared to SAR 220.3 million in FY22, supported by the solid top-line performance.

Net profit from continuing operations increased to SAR 89.4 million, a 19.4% increase compared to last year’s profit of SAR 74.9 million. The optimal use of short-term borrowing resulted in the reduction of markup costs to SAR 8.4 million from SAR 12.6 million in 2022.

Net Profit attributable to the owners of the company declined 59.3% to SAR 75.9 million in FY23, from SAR 186.8 million in FY22, which included a one-off gain of SAR 101.9 million resulting from the Tyson Foods transaction last year.

Balance Sheet Analysis

Tanmiah ended the period with SAR 111 million in cash and cash equivalents.

Total borrowings increased to SAR 410.6 million as of 31 December 2023, from SAR 308.4 million at the end of 2022.

Capex spending increased from SAR 160.5 million in FY22 to SAR 222.5 million in FY23. 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. Our current capital expenditure commitment of SAR 140.8 million was allocated to providing 40 tons per hour of additional feed mill capacity and additional processing capacity of 13,500 birds per hour

ESG Commitments

In 2023, Tanmiah successfully launched its inaugural Sustainability Report which provides comprehensive, meaningful, and measurable disclosures to investors and other stakeholders about Tanmiah's ESG activities.

Tanmiah implements a strategic and integrated approach to achieving environmental, economic, and social sustainability, underpinned by its Omnipreneurship philosophy of giving, earning and sustaining.

The Company established its Board ESG Committee in 2022, supported by a management level cross-functional committee. With a strengthened governance structure, we finalized our ESG roadmap and strategy, with core focus areas aligned to the economic and social goals of the Kingdom's Vision 2030 and the United Nations' Sustainable Development Goals. Complete details are available in our inaugural [Sustainability Report](#).

With a vision to become the number one global halal sustainable healthy protein company by 2030, the strategy is based on three pillars: Sustaining People, Sustaining Agriculture and Sustaining the Planet.

Tanmiah undertook a double-materiality approach to define its sustainability strategy and ensure focus on relevant risk areas where it can create value for both the company and its stakeholders. Looking ahead, we are further strengthening our sustainability governance, progressing our people agenda, advancing animal welfare, gaining efficiencies in resources and water use, working towards carbon neutrality, and expanding sustainable packaging

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 31 December 2023, Tanmiah operates 126 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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

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

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023 SR	2022 SR
CONTINUING OPERATIONS			
Revenue	27	2,093,092,807	1,727,041,745
Cost of revenue	28	(1,598,319,996)	(1,306,853,067)
Gross profit		494,772,811	420,188,678
Selling and distribution expenses	29	(251,553,671)	(217,769,866)
General and administrative expenses	30	(116,162,821)	(104,008,372)
Impairment loss on financial assets	16	(5,150,000)	(3,525,000)
Other income		14,830,775	18,483,995
Operating profit		136,737,094	113,369,435
Finance costs	31	(30,914,415)	(31,169,465)
Profit before share of result from associate and zakat and income tax		105,822,679	82,199,970
Share of results from an associate	10	(6,626,858)	284,324
Profit before zakat and income tax		99,195,821	82,484,294
Zakat and income tax	26	(9,764,312)	(7,618,394)
Profit for the year from continuing operations		89,431,509	74,865,900
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	5	-	12,368,946
Gain on disposal of discontinued operations	11	-	101,927,470
Profit for the year from discontinued operations		-	114,296,416
Profit for the year		89,431,509	189,162,316
Other comprehensive (loss) income for the year			
<i>Items that will not be reclassified subsequently to profit or Loss:</i>			
Re-measurements of employee benefit obligations	21	(2,051,213)	8,419,155
Share of other comprehensive income of an associate	10	-	328,244
Other comprehensive (loss) income for the year		(2,051,213)	8,747,399
Total comprehensive income for the year		87,380,296	197,909,715

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (CONTINUED)**
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 SR	2022 SR
Profit for the year attributable to:			
<u>Owners of the Company</u>			
Profit for the year from continuing operations		75,940,950	72,513,478
Profit for the year from discontinued operations		-	114,296,416
Profit for the year attributable to owners of the Company		<u>75,940,950</u>	<u>186,809,894</u>
<u>Non-controlling interests</u>			
Profit for the year from continuing operations		<u>13,490,559</u>	2,352,422
Profit for the year attributable to non-controlling interests		<u>13,490,559</u>	2,352,422
		<u>89,431,509</u>	<u>189,162,316</u>
Total comprehensive income for the year attributable to:			
<u>Owners of the Company</u>			
Profit for the year from continuing operations		74,172,104	79,982,097
Profit for the year from discontinued operations		-	114,296,416
Profit for the year attributable to owners of the Company		<u>74,172,104</u>	<u>194,278,513</u>
<u>Non-controlling interests</u>			
Profit for the year from continuing operations		<u>13,208,192</u>	3,631,202
Profit for the year attributable to non-controlling interests		<u>13,208,192</u>	3,631,202
		<u>87,380,296</u>	<u>197,909,715</u>
Earnings per share attributable to owners of the Company:			
From continuing operations			
Basic and diluted earnings per share	35	<u>3.80</u>	3.63
From continuing and discontinued operations			
Basic and diluted earnings per share	35	<u>3.80</u>	9.34

Earnings Release for FY 2023



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