

## Entaj Delivers Q1 2025 with SAR 21.2 Million in Profit Amid Market Headwinds

- Revenue of SAR 320.1 million, down 5.8% year-on-year (YoY) reflecting sector-wide pricing pressures
- SAR 21.2 million in Profit, down by 3.6% YoY, with Profit margin at 6.6% following a one-time gain on fixed asset sales.
- Gradual operating profit recovery expected as recent investments begin to yield efficiencies and cost savings.
- Continued progress on growth strategy, with capacity and distribution expansion plans; doubled Direct-Store-Delivery ('DSD') network to 12 Saudi cities.

Arabian Company for Agricultural and Industrial Investment, one of Saudi Arabia's leading integrated poultry producers known for its fresh, frozen, cut poultry products and table eggs, today announced its financial results for the three months ended 31 March 2025 ("Q1 2025").

**Raja M. Alharbi, CEO** commented: *"Entaj delivered profitability in Q1 2025, despite challenging market conditions and sector-wide supply-demand imbalances. While top-line growth was constrained by external pricing pressure, our continued focus on business optimization and cost efficiency translated into a Profit of SAR 21.2 million vs a loss of 6M in previous quarter"*

*"Our poultry sales went through a slight decline following decrease in selling prices, while performance on volume market share showed a better performance As we ramp up production capacity and extend our distribution network, we are driving operational efficiencies to meet growing demand for locally produced fresh poultry. Looking ahead, we keep our focus on our growth strategy and expand our distribution reach, ~~bridging local supply gaps and~~ enhancing availability of added-value poultry across Saudi Arabia. We remain committed to delivering sustainable growth, customer value, and long-term shareholder returns."*

### Profitability and Ongoing Efficiency Optimization

**Revenue:** For Q1 2025, Entaj reported revenue of SAR 320.1 million, down 5.8% (YoY), reflecting sector-wide pricing pressures driven by ongoing supply-demand dynamics. Poultry sales, the key contributor to Entaj's revenue (94.2% of Q1 2025), decreased by 10.5% YoY in Q1 2025 to SAR 301.5 million. Table eggs revenue (5.7% of Q1 2025 revenue) grew significantly by 700.3% YoY to SAR 18.4 million.

**Profitability:** In Q1 2025, Entaj continued to focus on operational efficiencies, optimizing distribution strategies and product mix, as well as driving capacity expansions. However, Profit was squeezed by market supply-demand imbalances driving down prices.

Cost of Sales decreased by 1.9% YoY to SAR 259.3 million in Q1 2025. Higher overhead costs and ongoing capacity investments to future-proof the business were mitigated by direct-material COGS improvements.

Gross profit for Q1 2025 amounted to SAR 60.8 million, representing a 19.0% margin, versus 22.1% in Q1 2024, as direct-material COGS optimizations partially offset the pressure from lower average selling prices, and partially offsetting investments cost on depreciation.

Profit from Operations for Q1 2025 stood at SAR 13.0 million, with a margin of 4.1% (compared to a margin of 8.7% in the prior year). The margin compression was primarily due to increased depreciation (SAR 3.3 million impact) and increased overhead expenses due to capacity expansion, further exacerbated by supply-demand imbalances.

Excluding depreciation impact, Q1 2025 EBITDA reached SAR 49.6 million, a 19.2% increase compared to the previous year, showcasing Entaj's continued focus on operational efficiency.

Profit for the period declined by 3.6% YoY to SAR 21.2 million, aided by an increase in other income (due to gain *on fixed asset sales*) with net profit margin increasing from 6.5% in Q1 2024 to 6.6% in Q1 2025.

Entaj anticipates a gradual recovery in margins as the benefits of its investments materialize. Additionally, efficiencies are starting to be realized from reduced hatching egg and bird-related costs, driven by upgrades and expansion in Entaj managed farms and improvements in the supply chain.

**Capital Expenditure:** Total CAPEX was SAR 16.0 million in Q1 2025, representing 5.0% of revenue. The Company continues to progress its multiyear capacity-expansion program, with continued spend on processing, hatchery and cold-storage facilities in line with FY 2024 level.

SAR million	Q1-25	Q1-24	% Change
Revenue	320.1	339.6	- 5.8%
Gross Profit	60.8	75.2	- 19.1%
Profit from Operations	13.0	29.4	- 56%
EBITDA	49.6	41.7	19.2%
Margin (%)	15.5%	12.3%	3.2%
Profit for the Period	21.2	22	-3.6%
Margin (%)	6.6%	6.5%	0.1%

### Strategic Highlights – Operational Excellence and Capacity Expansion

Entaj's strategy is aligned with Saudi Vision 2030, with continuous investments enhancing its competitive position through significant capacity expansion. These investments span new farms, hatcheries, and processing plants, all aimed at increasing production efficiency and meeting long-term growing market demand.

Since 2023, the Company has made substantial investments to significantly enhance its production capacity to >200 million birds and >30 million hatching eggs annually, and its integrated processing plant now

handles in excess of 400k live birds daily. Additionally, Entaj has accelerated consumer access and top-line growth by doubling its Direct-Store-Delivery ('DSD') network to cover 12 Saudi cities in Q1 2025, up from six the previous year.

The Company is dedicated to achieving cost efficiency and improving overall performance. The Company is continually investing and exploring new product developments to ensure an optimized product / margin mix. Additionally, Entaj is strengthening its distribution channels and implementing targeted marketing campaigns to bolster brand awareness across the Kingdom.

### ESG Commitments

Entaj is committed to integrating environmental, social, and governance (ESG) principles throughout its operations. The Company focuses on sustainability to improve efficiency, ensuring food security through sustainable practices and improved CFP and Renewable Energy, Entaj is dedicated to creating job opportunities for Saudi citizens, expanding community outreach, and supporting employee volunteerism and diversity initiatives. These efforts align with the Company's broader mission to reduce resource consumption, and drive positive social impact.

### Outlook

Looking ahead, Entaj is optimistic about its future prospects, underpinned by substantial investments in infrastructure and production capacity, the benefits of which will ensure long-term sustainability and strengthen its market position in the Kingdom's poultry sector. A key milestone in Entaj's growth strategy is the shift towards self-sustained egg production, reducing reliance on external growers by growing its own breeder farms.

In addition, Entaj is optimizing its channel and product mix as well as expanding distribution and consistently lowering its cost per kilogram, with improved margins and profitability expected to materialize gradually. Moving forward, the company will focus on expanding its processed fresh poultry offerings, which deliver higher margins compared to frozen products. This approach will not only support long-term sustainability but also solidify Entaj's leadership in the Kingdom's poultry sector.

**– ENDS –**

## About Entaj

Entaj Food Company, established in 2011 by ARASCO, its parent company, is one of the leading poultry producers in Saudi Arabia, known for its fresh, frozen, and cut poultry products as well as table eggs. With an annual production capacity of over 200 million birds, Entaj is one of the fastest-growing companies in the Kingdom's poultry sector and continues to expand its production facilities and market share as part of its long-term growth strategy. Entaj is publicly listed on the Saudi stock market.

For more information, visit [www.entaj.com](http://www.entaj.com).

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