

EARNINGS RELEASE Q1

2023

Tanmiah reports robust revenue performance, and remains poised for further growth

- Revenue increased 42% YoY in 1Q2023, with fresh poultry driving this performance, a testament to the rising popularity of Tanmiah’s products
- Continued expansion of food franchise operations, with 26 outlets now operational across the Kingdom
- Board recommends distribution of SAR 3.5 per share in cash dividends for FY2022

Riyadh, 14 May 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 first quarter ending on 31 March 2023, reporting a significant improvement in net profit attributable to owners of the company, from SAR 1.5 million to SAR 21.0 million.

As per the applicable accounting standards, the 1Q2022 financial figures have been adjusted to reflect the Tyson Foods transaction, whereby the further processed products business is now classified as discontinued operations.

Revenues increased 42.2% year-on-year (“YoY”) to SAR 484.5 million, primarily driven by a 37.4% rise in fresh poultry sales. Gross margin substantially improved from 20.7% in 1Q2022 to 24.8%, while EBITDA of SAR 66.2 million (+164.8% YoY) yielded a margin of 13.7%.

Zulfiqar Hamadani CEO of Tanmiah, commented:

“Tanmiah reported healthy financial indicators during the first quarter of 2023, with an improvement in revenues, as we are witnessing a sustained increase in sales volumes across our core business segments. Fresh poultry continued to drive the growth in revenues, while our food franchise operations are proving to be a success story, with revenues more than quadrupling when compared to last year.

Creating tangible value for our shareholders, customers, and broader stakeholder groups, is a top priority for us at Tanmiah, and we are delighted to be rolling out several strategic measures, that focus on growing our operations in a sustainable, profitable, and responsible manner. We continued to progress well in terms of achieving the objectives of our strategic partnership with Tyson Foods and are targeting to jointly invest in the expansion of the further processing capacity of SFPC to nearly 100,000 metric tons annually.

As we remain agile and cater to our customers’ evolving needs and preferences, while enhancing the innovation and quality of our product offerings, we launched Tanmiah Life – a Halal and Saudi Made fresh poultry line with plant-based nutrition, enriched with Omega-3, which is the first of its kind in the Middle East.”

Summary Financial Highlights

SAR million	1Q2023	1Q2022	%Change
Revenue	484.5	340.6	42.2%
Gross Profit) Loss(120.0	70.4	70.3%
EBITDA	66.2	25.0	164.8%
Net Profit attributable to owners of the company	21.0	1.5	1263.0%

Ahmed Osilan, Managing Director of Tanmiah said:

“Tanmiah Food Company achieved solid financial results during the first quarter, and in light of our focus on returning value to our shareholders, the Board of Directors recommended the distribution of cash dividends of SAR 3.5 per share for FY2022.

In line with the efforts to accelerate growth further, His Excellency the Minister of Environment, Water and Agriculture launched new projects by Tanmiah, as part of the company’s strategic plan for 2030, during the ceremony held at the Ministry’s headquarters in Riyadh. Several MoUs were signed with each of Agricultural Development Fund (ADF), Saudi Investment Recycling Company (SIRC), and National Center for Vegetation Cover Development and Combating Desertification (NCVC). Tanmiah is looking to launch the “10miah farmers initiative” with ADF and will work together with SIRC to recycle poultry waste and reduce carbon emissions, in addition to collaborating with NCVC. Furthermore, an MoU was signed between Tanmiah’s subsidiary, Desert Hills for Veterinary Services and MHP, Europe’s leading producer of poultry meat, to establish and operate a number of poultry breeding facilities across the Kingdom.

We would like to express our sincere appreciation to all government entities for such significant initiatives, that are targeted towards contributing to Vision 2030’s objectives of attaining food security and self-sufficiency in the Kingdom.”

Revenue Analysis

Tanmiah reported revenues of SAR 484.5 million for 1Q2023, up 42.2% YoY from SAR 340.6 million in 1Q2022. This was essentially supported by a sustained improvement in sales volumes across all segments, particularly fresh poultry. Food franchise operations also achieved a remarkable enhancement in revenues from SAR 4.0 million to SAR 17.0 million.

Fresh Poultry sales, the most significant contributor to Tanmiah’s revenues (83.8%), increased 37.4% YoY in 1Q2023 to SAR 406.0 million from SAR 295.4 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 475,000 birds per day as at 31 March 2023.

Feed and animal health revenues grew by 49.2% YoY to SAR 61.5 million from SAR 41.3 million, driven by increased demand for animal health products and equipment.

Food franchise operator revenues significantly increased from SAR 4.0 to SAR 17.0 million in 1Q2023, marking the segment’s best performing quarter since the launch of the Company’s food franchise vertical in 2021. During the period, Tanmiah opened 6 POPEYES® stores in the Kingdom, bringing the total to 26 operational outlets as of 31 March 2023.

Income Statement Analysis

Cost of Sales increased 34.9% YoY to SAR 364.5 million in the first quarter, compared to SAR 270.2 million, due to the rise in sales volumes during 1Q2023. Gross profit increased significantly by 70.3% YoY to SAR 120.0 million, from SAR 70.4 million, in line with the continued rise in sales volumes and recovery in margins, as well as enhanced utilization of assets and operational efficiencies.

EBITDA increased substantially from SAR 25.0 million in 1Q2022 to SAR 66.2 million, supported by the solid top-line performance, which has largely outpaced the 26.2% YoY rise in selling, general, and administrative expenses.

Net Profit attributable to the owners of the company jumped from SAR 1.5 million to SAR 21.0 million in 1Q2023.

Balance Sheet Analysis

Tanmiah ended the period with a cash position of SAR 232.8 million, compared to SAR 267.1 million as of 31 December 2022.

Total borrowings increased from SAR 308.4 million at the end of December 2022 to SAR 315.9 million.

Capex increased from SAR 19.4 million in 1Q2022 to SAR 37.2 million in 1Q2023. Planned capital expenditure in the next few years will focus on ramping up feed milling and primary processing capacities, thus enabling the Company to seize new growth opportunities.

Growth Strategy

Through leveraging its fully integrated and highly efficient business model and capitalizing on its extensive market expertise, Tanmiah is strongly positioned to unlock multiple growth avenues both domestically and overseas, in the rapidly expanding global Halal food market. With operational excellence at the core of everything it does, the Company will drive innovation across the entire value chain and continue to explore emerging opportunities for diversifying its product and service offerings, across new geographies. Tanmiah is putting in place wide-ranging strategic and well targeted investments, which are expected to pave the way for long-term and sustainable growth in the years to come, in line with its commitment to the Kingdom's goals of ensuring food security and self-sufficiency.

Operating within a conducive business environment, largely supported by transformative government policies and solid underlying economic fundamentals, Tanmiah is expected to witness an accelerated pace of growth in the future. According to the recently published data by General Authority for Statistics, the Kingdom's GDP growth in 2022 has outpaced its G20 peers, at 8.7%, which marks the country's highest annual growth rate in the last decade.

Furthermore, Saudi Arabia has recently launched four special economic zones, namely, the King Abdullah Economic City SEZ, Jazan SEZ, Ras Al Khair SEZ and Cloud Computing SEZ, located in the King Abdulaziz City for Science and Technology. The objective of these zones is to provide financial and non-financial incentives to companies, including competitive corporate tax rates, duty-free imports of machinery and raw materials, 100% foreign ownership, and streamlined business set-up procedures, to attract large-scale foreign investments into the Kingdom, on its way to becoming a global business hub.

ESG Commitments

Tanmiah implements a strategic, and integrated approach to achieving environmental, economic, and social sustainability through its “Giving, Earning, and Sustaining model.” Commitment to sustainability is built on 3 key pillars: Sustaining People, Sustaining the Planet and Sustaining Agriculture.

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 Committee is looking 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 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 March 2023, Tanmiah operates 114 farms as well as six hatcheries, two feed mills, four slaughterhouses, and 13 dry and cold storage facilities located in Saudi Arabia, and Bahrain. 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 MARCH 31, 2023

		March 31, 2023	December 31, 2022
	Notes	SR	SR
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	367,595,794	338,290,728
Right-of-use assets	6	392,411,013	348,711,825
Intangible assets		4,946,757	4,148,845
Financial assets at fair value through other comprehensive income		773,983	773,983
Investment in an associate	7	87,084,605	87,493,524
Total non-current assets		852,812,152	779,418,905
Current assets			
Inventories	8	298,828,015	288,202,232
Biological assets	9	137,636,539	128,748,293
Contract assets		14,804,072	11,358,204
Trade receivables and other debtors		226,009,545	197,882,300
Prepayments and other receivables		132,935,645	127,924,746
Cash and cash equivalents		232,748,170	267,048,085
Total current assets		1,042,961,986	1,021,163,860
TOTAL ASSETS		1,895,774,138	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		326,820,639	305,832,956
Equity attributable to owners of the Company		635,358,221	614,370,538
Non-controlling interests		51,760,770	48,242,042
Total equity		687,118,991	662,612,580
Non-current liabilities			
Employee benefit obligations		90,331,822	86,252,675
Lease liabilities	6	304,627,648	264,323,720
Borrowings	10	40,593,000	40,593,000
Total non-current liabilities		435,552,470	391,169,395
Current liabilities			
Borrowings	10	275,313,402	267,835,956
Trade payables, accruals and other liabilities		422,922,140	412,632,557
Lease liabilities	6	61,270,046	55,819,552
Provision for zakat and income tax	11	13,597,089	10,512,725
Total current liabilities		773,102,677	746,800,790
Total liabilities		1,208,655,147	1,137,970,185
TOTAL EQUITY AND LIABILITIES		1,895,774,138	1,800,582,765


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 COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

	Notes	For the three months period ended March 31	
		2023 SR	2022 SR
		(unaudited)	(unaudited)
CONTINUING OPERATIONS			
Revenue	15	484,479,751	340,619,645
Cost of sales		(364,529,668)	(270,193,733)
Gross profit		119,950,083	70,425,912
Selling and distribution expenses		(59,861,151)	(48,580,378)
General and administrative expenses		(25,779,684)	(19,304,585)
Impairment loss on financial assets		(2,100,000)	(300,000)
Other income		4,237,539	320,452
Share in net results of an associate	7	(408,919)	-
Operating profit		36,037,868	2,561,401
Finance costs		(8,447,093)	(4,678,347)
Profit (loss) before zakat		27,590,775	(2,116,946)
Zakat and income tax		(3,084,364)	(455,299)
Profit (loss) for the period from continuing operations		24,506,411	(2,572,245)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	1	-	4,114,227
PROFIT FOR THE PERIOD		24,506,411	1,541,982
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		24,506,411	1,541,982

TANMIAH FOOD COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

Notes	For the three months period ended March 31	
	2023 SR	2022 SR
	(unaudited)	(unaudited)
Profit for the period attributable to:		
<u>Owners of the Company</u>		
Profit (loss) for the period from continuing operations	20,987,683	(2,572,245)
Profit for the period from discontinued operations	-	4,114,227
Profit for the period attributable to owners of the Company	20,987,683	1,541,982
<u>Non-controlling interests</u>		
Profit for the period from continuing operations	3,518,728	-
	24,506,411	1,541,982
Total comprehensive income for the period attributable to:		
<u>Owners of the Company</u>		
Total comprehensive income (loss) for the period from continuing operations	20,987,683	(2,572,245)
Total comprehensive income for the period from discontinued operations	-	4,114,227
Total comprehensive income for the period attributable to owners of the Company	20,987,683	1,541,982
<u>Non-controlling interests</u>		
Total comprehensive income for the period from continuing operations	3,518,728	-
	24,506,411	1,541,982
Earnings per share attributable to owners of the Company:		
From continuing operations		
Basic and diluted earnings per share	14 1.05	(0.13)
From continuing and discontinued operations		
Basic and diluted earnings per share	14 1.05	0.08


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer



Investor Relations & Media Enquiries

Mr. Hussam Al Shareef, IRM
Tanmiah food Company

Tel. +966 114775912

Email ir@tanmiah.com

P.O. Box 86909

Riyadh 11632, Kingdom of Saudi Arabia

www.tanmiah.com

