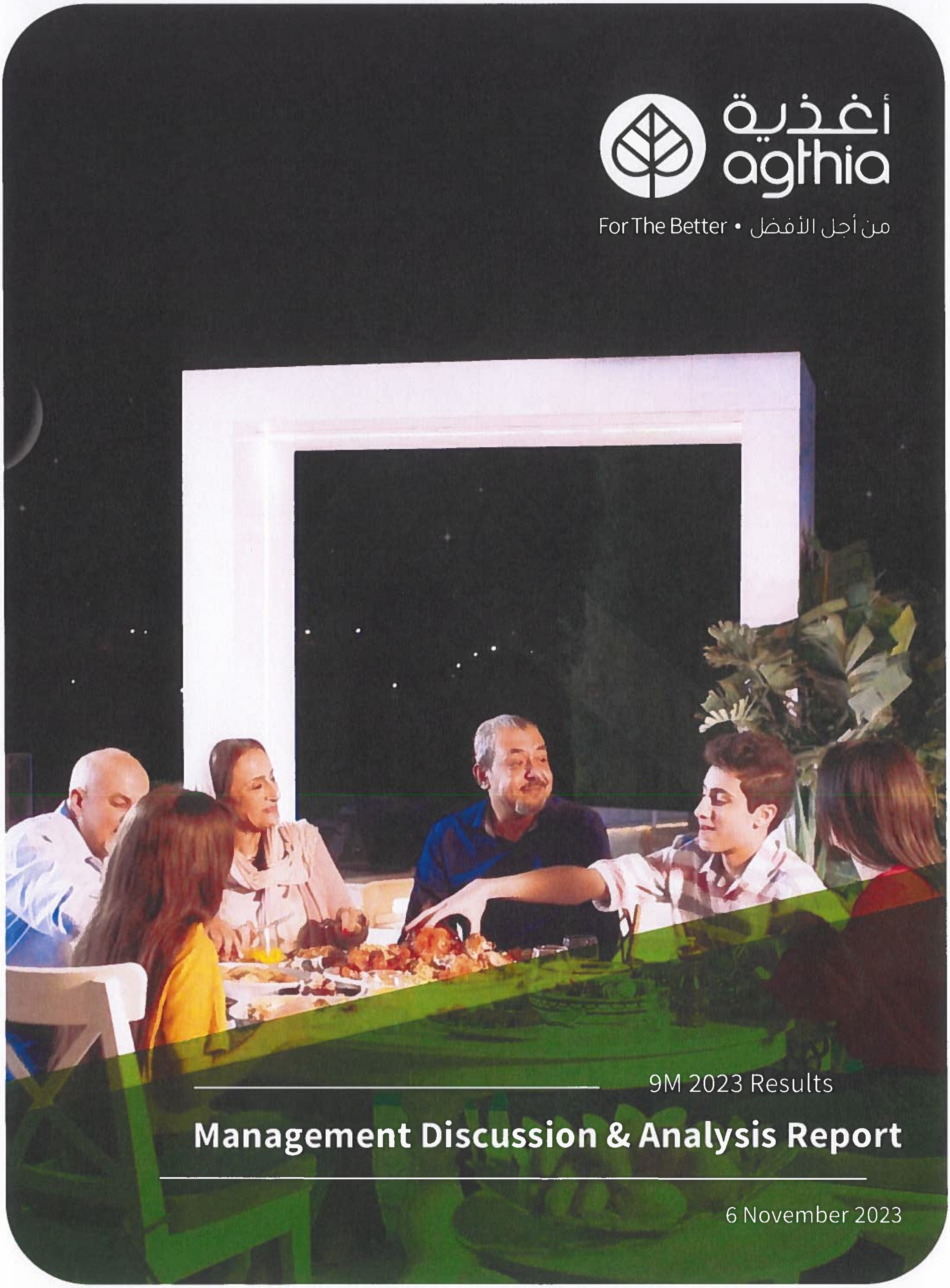

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9M 2023 Results

Management Discussion & Analysis Report

6 November 2023

Strong and Profitable Growth Continues During Third Quarter

- YTD Group net revenue +10.9% YoY; YTD Like-for-like* (LFL) revenue +3.5% YoY, +12.6% excluding EGP devaluation
- YTD Group EBITDA margin +85bps YoY supported by margin expansion in Snacking, Water & Food and Agri
- YTD Group net profit[1] margin +10bps YoY post AED 39m of additional interest costs versus the prior year
- Maintain full-year guidance: 10%-12% revenue growth, EBITDA margin +40-60bps, net profit[1] margin +30-50bps

Agthia Group PJSC (AGTHIA:UH) today announces its results for the nine month period ending 30 September 2023.

Financial highlights

Revenue

Group net revenue increased 10.9% year-on-year to AED 3.27 billion (9.1% growth from volume# and 1.8% from pricing), with increasing breadth and depth across our portfolio creating greater optionality over product and channel mix. LFL revenue, including Abu Auf in the prior comparable period, increased 3.5% year-on-year.

Revenue growth was 12.2% in Q3 year-on-year, ahead of the 8.1% achieved in our second quarter which included some demand phasing from the earlier Ramadan and Eid holidays compared to the prior year.

Figure 1: Reported and like-for-like revenue by segment – 9 months ending September 2023

Revenue (AED MN)	9 months 2023	9 months 2022	% change YoY
Snacking			
- Total revenue	873.0	595.9	+46.5%
- LFL revenue*	873.0	807.1	+8.2%
Protein & Frozen			
- Total revenue	766.0	881.9	-13.1%
- LFL revenue	766.0	881.9	-13.1%
Water & Food			
- Total revenue	759.4	712.5	+6.6%
- LFL revenue	759.4	712.5	+6.6%
Total Consumer Business			
- Total revenue	**2,398.3**	**2,190.4**	**+9.5%**
- LFL revenue*	**2,398.3**	**2,401.5**	**-0.1%**
Agri-Business			
- Total revenue	872.7	758.8	+15.0%
- LFL revenue	872.7	758.8	+15.0%

[1] Group net profit including minority interests; Full year 2023 guidance assumes no further acquisitions, a USD / EGP exchange rate of 30.7, and 3-month Libor rate of 4.96%; # including Abu Auf; *Like-for-like (LFL) revenue includes Abu Auf (acquired in Q4 2022) in the prior comparable period

Total Group			
- Total revenue	**3,271.0**	**2,949.2**	**+10.9%**
- LFL revenue*	**3,271.0**	**3,160.3**	**+3.5%**

Figure 2 below shows revenue and like-for-like revenue growth for the nine-month period, adjusted for the adverse impact of currency devaluation in Egypt (AED -287.4m).

Figure 2: Revenue and like-for-like revenue growth, adjusted for EGP devaluation

Revenue growth (9 months 2023 YoY, adjusted for EGP devaluation)	Protein & Frozen	Total Consumer Business	Total Group
Total revenue growth (%)	+19.4%	+22.6%	+20.7%
LFL revenue growth (%)	+19.4%	+11.8%*	+12.6%*

*Like-for-like (LFL) revenue includes Abu Auf (acquired in Q4 2022) in the prior comparable period

- **Snacking:** Strong revenue growth across our snacking portfolio (including 49.4% growth in Q3 year-on-year) was led by dates, as product and packaging innovation across mid and high value ranges, and growth in date varieties, combined with a premiumization shift in consumer demand to drive strong value growth across Retail channels in the UAE and internationally (e.g. India, Indonesia, Malaysia, and Brazil).

  Outside of dates, revenue contribution for the nine-month period from BMB and Abu Auf collectively was AED 400.6m, with the former seeing stronger growth in core markets and higher ingredients sales in Q3, and continued volume and value gain in premium-brand coffee at Abu Auf in Egypt resulting in a 85.9% increase in Q3 local currency revenue (+7.5% increase in AED terms).

- **Protein and Frozen**: While reported revenue across our Protein & Frozen segment declined 13.1% year-on-year, this was primarily a function of currency headwinds in Egypt, with local currency revenue growth of +19.4% for the nine-month period.

  Q3 local currency revenue growth (+16.2% year-on-year) was slightly below the second quarter, reflecting a more promotional pricing environment and some consumer substitution between fresh and frozen poultry in Egypt. In Jordan, a more price-sensitive and competitive domestic backdrop, driven by easing in the commodity cycle, raised demand elasticity across Catering and QSR channels. Our test and learn launch of a new, lower-priced brand over the Summer is expected to broaden our socio-demographic reach and support stronger volume growth in 2024.

  In our Jordanian export operations, lower volume growth across Saudi QSR and Catering channels during Q3 reflected the ongoing impact of high import duties, with the completion of our new Protein facility in Jeddah in Q1 2024 expected to provide localized production capacity at comparatively favorable economics.

- **Water and Food**: Mid-single digit revenue growth for the nine-month period (+6.9% in Q3 year-on-year) reflected positive growth in both the UAE (UAE revenue excluding Dairy +2.9%, with Al Ain bottled water retaining its market leadership position) and internationally (revenue +22.1%, with notable performances from Saudi (revenue +22.4%), Kuwait (+27.6%) and Turkey (+36.8%). Excluding the adverse impact from Dairy, aggregate segment revenue growth would have been 7.5% for the nine-month period and 7.3% in Q3.

- **Agribusiness:** Revenue growth of 15.0% year-on-year (+22.6% in Q3) was largely volume driven, with share gain in Flour (Q3 revenue +20.8% year-on-year) underpinned by a growing proportion of premium and specialty products, and strong volume growth in Feed (Q3 revenue +24.2% year-on-year) reflecting good open market execution, participation in Abu Dhabi Agriculture and Food Safety Authority's (ADAFSA) compound feed program and related new product development. Feed sales through our Agrivita app continue to perform well, offering end users added convenience and increasing our competitive moat.

EBITDA (Earnings before interest, tax, depreciation, and amortization)

Strong growth in Snacking, Water & Food and Agri profitability, combined with our continuing focus on profit protection in Egypt and group-wide efficiency generation, underpinned EBITDA growth ahead of revenue, up 18.0% year-on-year to AED 465.1m. Like-for-like EBITDA growth, including Abu Auf in the prior comparable period, was +4.1% year-on-year.

Group EBITDA margin increased +85bps year-on-year to 14.2%, with like-for-like EBITDA margin +10bps year-on-year.

Figure 3: Reported EBITDA and margin by segment, 9 months ending September 2023

EBITDA (AED MN)	9 months 2023	9 months 2022	% change YoY
Snacking			
- EBITDA	174.1	100.4	+73.4%
- EBITDA margin	19.9%	16.9%	+310bps
Protein & Frozen			
- EBITDA	109.4	135.1	-19.0%
- EBITDA margin	14.3%	15.3%	-104bps
Water & Food			
- EBITDA	134.0	105.8	+26.6%
- EBITDA margin	17.7%	14.9%	+280bps
Total Consumer Business			
- EBITDA	**417.6**	**341.3**	**+22.3%**
- EBITDA margin	**17.4%**	**15.6%**	**+183bps**
Agri-Business			
- EBITDA	145.4	124.6	+16.7%
- EBITDA margin	16.7%	16.4%	+24bps
Total Group			
- EBITDA	**465.1**	**394.2**	**+18.0%**
- EBITDA margin	**14.2%**	**13.4%**	**+85bps**

Figure 4 below shows EBITDA and like-for-like EBITDA growth for the nine-month period, adjusted for the adverse impact of currency devaluation in Egypt (AED -48.4m).

Figure 4: Total and like-for-like EBITDA growth, adjusted for EGP devaluation

EBITDA growth (9 months 2023 YoY, adjusted for EGP devaluation)	Protein & Frozen	Total Consumer Business	Total Group
Total EBITDA growth (%)	+16.8%	+36.5%	+30.3%
LFL EBITDA growth (%)	+16.8%	+18.3%*	+14.9%*

*Like-for-like (LFL) EBITDA includes Abu Auf (acquired in Q4 2022) in the prior comparable period

- **Snacking:** EBITDA growth of 73.4% (+52.2% in Q3) reflected positive price and mix effects in both domestic and international date markets, strong growth in Abu Auf's market-leading premium coffee, and a step up in profitability from BMB post operational restructuring in Saudi. LFL EBITDA, including Abu Auf in the prior comparable period, increased 13.8% year-on-year, with LFL EBITDA margin +98bps year-on-year.

- **Protein and Frozen:** A combination of channel optimization, productivity enhancements and disciplined cost management resulted in local currency EBITDA growth of 16.8% year-on-year, notwithstanding the inflationary cost environment in Egypt and more promotional landscape in Jordan, which offset the impact of declining commodity costs in this market.

  Reported EBITDA margin declined -104bps for the nine-month period year-on-year, largely driven by a lower margin mix in Egypt and price reinvestment in Jordan during the third quarter, as well as the continuing EGP currency headwind.

- **Water and Food:** A combination of positive volume growth, favorable mix, further cost efficiencies in the UAE and Saudi, and a more benign commodity environment resulted in EBITDA growth of 26.6% year-on-year (Q3 EBITDA +55.5%), and EBITDA margin +280bps (+624bps in Q3). Notable performances came from UAE bottled water (EBITDA +19.1% year-on-year), Home and Office Delivery (+16.1%), Saudi (>+100% post restructuring last year), and Oman (+55.3%).

- **Agribusiness:** EBITDA growth of 16.7% year-on-year (+47.9% in Q3), ahead of revenue, was underpinned by good execution in Feed across commercial farms and the open market, cost efficiencies in Flour, and a more favorable commodity backdrop. Year-on-year EBITDA margin expansion was 24bps for the nine-month period and +294bps in Q3.

- **Group net profit**[2] increased 12.7% year-on-year to AED 205.6m, with the faster rate of growth relative to revenue (Q3 net profit +30.2% year-on-year) reflecting EBITDA margin expansion as well as the cumulative repayment of AED 928m of debt in 2023 to date. Group net profit margin for the nine-month period was 6.3% (+10bps year-on-year), with Q3 margin +80bps year-on-year to 5.7%.

Strong balance sheet: Our balance sheet remains robust with cash and equivalents of AED 0.5 billion and liquidity of AED 2.2 billion. Our net debt to EBITDA ratio of 1.4x (net debt of AED 0.9 billion) was down from 2.3x as at December 2022. Our debt is dollar and AED-denominated, and we continue to achieve favorable borrowing terms from our supportive network of lending banks.

Full-year guidance unchanged: Based on trading year to date and barring any significant deterioration in the geopolitical outlook, we continue to anticipate full-year 2023 revenue growth between 10% and 12%, with a 40-60 bps increase in EBITDA margin and a 30-50bps increase in Group net profit margin respectively. Our next scheduled update will be our FY23 preliminary results in January 2024.

Expanding in-house capabilities and leveraging efficiencies to future proof our growth

We continue to make good progress in expanding our capabilities and driving efficiencies.

- **Leveraging our Egyptian platform:** We strengthened our export focused resource during the year, with new Food Service volumes in both regional and international markets underpinning growth in export revenue from Egypt of 33% year-on-year to AED 55.6 million. Abu Auf also launched a number of new SKUs into UAE channels during the third quarter.

- **Investing in innovation:** Innovation is the lifeblood of Agthia and plays a vital role in our strategic vision of being a leading food and beverage company in the MENA region and beyond by 2025. Our dedicated Central Innovation Team supports Agthia's commitment to doing things for the better, from new products that meet the evolving needs of consumers to process innovation that underpins our commitment to the planet. Notable initiatives across our Snacking segment in Q3 included:

  - Al Foah dates launching new brands ('Freakin Awesome' whole and stuffed dates) into UK and European Retail channels, new formats and adjacent category products into the UAE (stuffed dates pouch, Maamoul biscuit category) and new consumption occasions into India (limited edition Diwali gifting packs);

[2] Group net profit including minority interests

- BMB launching new premium and value chocolate brands targeting UAE and KSA chocolatiers, expanding into new categories (caramelized / choco nuts and choco dates) in the UAE, Saudi and Qatar, and launching new 'Freakin Wholesome' filled dates into a key US retailer;

- Abu Auf launching several new products and line extensions (including Protein Truffles and Spice Pouches) to strengthen its position in Egypt and grow export volumes to the UAE.

We also launched a number of new products in our Agribusiness to support our participation in ADAFSA's compound feed program, including Mumtaz Premium Mixed Grain and Agrivita Ruminants Feed 13%.

- **Progressed our sustainability agenda:** We continue to make progress across the four pillars of our sustainability agenda and, during the nine months, reduced our water usage ratio by 8.6%. Other key initiatives during the year included:

  - Developing our Responsible Sourcing Policy, which aims to integrate responsible procurement across all our suppliers and raw materials in order to promote sustainable processes throughout our value chain;

  - Helping to uplift local communities through wide-ranging CSR initiatives across each of our business segments, including but not limited to 1) co-operation with the Red Crescent and donations to the Egyptian Food Bank through distribution of food parcels and boxes during Ramadan 2) our **"Goodness Begins Here Campaign"** which included a commitment to community service, volunteerism, and a specific Ramadan CSR Program 3) supporting the King Hussein Cancer Foundation and Center and other charitable causes and 4) participating in the Riaya Program to help support local farmers in the UAE;

  - Initiatives to reduce CO_2 emissions through operational efficiencies and investment in renewable energy sources, including 1) launching the first locally sourced and produced 100% rPET water bottle, and our continuing partnership with Veolia on the RECAPP program for curbside collection of recyclables such as PET, Aluminum, and HDPE to help drive circularity 2) reducing the energy ratio consumption in Grand Mills and Al Ain through a real-time smart energy monitoring system, as well as the installation of solar panelling across other sites, with the aim reducing CO_2 emissions by 11,000tn (15% of total emissions) over the next three years.

  Agthia also gained recognition at the Asian Water Awards 2023 for its sustainability initiatives and optimally balanced Zinc water (AL Ain Plus).

- **Accelerating our digital roadmap:** We continue to make good progress in our 5-year digital transformation journey, creating the foundations to transform Agthia into a consumer data-driven organization. We have grown our Digital & Technology competence center with new hires, released new features for our Water Home Delivery business, thereby improving our services to and interactions with customers, and launched new companies on our Dates platforms. Our Al Ain brand has been nominated for three digital awards in the annual MENA Digital Awards, and our Agrivita Farmer application has seen good growth in downloads and orders.

  Our recently signed Memorandum of Understanding (MoU) with Microsoft UAE marked a significant milestone in our journey to become a regional digital leader in the consumer-packaged goods industry, enabling us to utilize new tools to navigate the digital landscape and identify opportunities for market expansion, operational excellence, and commercial success, while accelerating innovation and responsible, sustainable business practices throughout the FMCG value chain.

Khalifa Sultan Al Suwaidi, Chairman of Agthia Group, commented: "Agthia's third quarter results demonstrate continued progress against strategic objectives, namely protecting the core business, reaping the rewards of recent value-accretive M&A, and investing in capability and innovation to deliver on its vision to become a leading food and beverage company in the MENA region and beyond. At a time when the world's attention is focused on decarbonization initiatives across the region, I am particularly pleased with the progress made across its sustainability agenda and am confident that Agthia will continue to create value for all stakeholders in both the near and medium term."

Alan Smith, Group Chief Executive Officer, commented: "Another strong and profitable outturn this quarter, accompanied by continued investment in capability to future proof our growth, is testament not only to our strategy of acquiring, integrating, and growing attractive businesses in value-add categories, but also to the efforts of each of our valued colleagues across the Group. While sector-leading growth is an overarching aim of our strategy, achieving this sustainably is of paramount importance, and I am pleased to see the good progress across our ESG agenda, not only through the wide-ranging initiatives and specific investment we are undertaking, but also our robust approach to governance and success in generating a one voice culture on sustainability."

-End of announcement –

Khalifa Sultan Al Suwaidi
Chairman
06 November 2023

Conference Call details

The Consolidated Financial Statements for the Nine Months ended 30th September 2023 will be available through the following link on Agthia Website: https://www.agthia.com/investors/quarterly-results/.

A conference call for analysts and investors will be held at 3:00pm UAE time on November 7th 2023. The presentation accompanying the call will be available on Agthia Group's website under the Investors section from 4.00pm on November 7th 2023: https://www.agthia.com/investors/results-call-materials/

Investor Relations Enquiries

Agthia Group PJSC:

Roger Tejwani, Director of Investor Relations
+971 56 400 4596

Amr Amin, Senior Manager Investor Relations
+971 56 680 4872

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