



Q1 2025 Results

Management Discussion & Analysis Report

13 May 2025



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Resilient Q1 2025 for Agthia: Growth in Core Segments Partially Offsets Segment-Specific Headwinds

- Group Net Revenue stood at AED 1.3 billion; underlying revenue rose 5.2% excluding the impact of EGP devaluation and wheat-trading activity in Q1'24
- Group EBITDA at AED 185.7 million; EBITDA Margin stood at 14.5%
- Net Profit at AED 86.1 million; Net Profit Margin at 6.7%
- The Dates business continues to face lingering challenges from Harvest 2024, with proactive efforts underway to mitigate the residual impact

Agthia Group PJSC (AGTHIA: UH) today announces its results for the three-month period ending 31 March 2025.

Financial Highlights

Revenue

Agthia's results in the first quarter of 2025 was shaped by a mix of short term internal and external factors, with Group revenue declining 11.4% year-on-year, with the quarter lapping the one-time wheat trading activity (AED 120 million), the significant devaluation of the Egyptian currency (EGP) in March 2024, and by the carryover of the short-term operational challenges in the dates business.

The decline was primarily driven by the Protein segment, impacted by the EGP devaluation and continued market pressures in Jordan. Snacking revenue was also affected by internal challenges in the dates business, while Agri-Business faced a high base of comparison due to last year's wheat trading activity, which was not repeated in 2025.

Excluding the impact of Egypt's currency devaluation and wheat trading activity in Q1 2024, Group revenue would have grown by 5.2% year-on-year, reflecting the strength of Agthia's core business performance. Despite these short-term pressures, the Group remains confident in its long-term strategy, supported by a resilient and diversified portfolio, operational discipline, and a continued focus on value creation.

Figure 1: Reported revenue by segment – three months ending March 2025

Revenue (AED MN)	Q1 2025	Q1 2024	YoY % Change
Snacking	410.4	447.1	-8.2%
Protein & Frozen	246.9	292.9	-15.7%
Water & Food	288.3	260.7	10.6%
Agri-Business	338.3	448.6	-24.6%
Total Group	1,283.8	1,449.3	-11.4%

- **Snacking:** Revenue declined by 8.2% year-on-year in Q1 2025, primarily due to a drop in Al Foah's revenue. The business continues to face headwinds related to 2024 season oversupply of international date varieties, requiring the sale of dates at reduced price to manage the inventory level effectively. Whilst the global dates market remains robust, Agthia continues to re-set the business in preparation for the 2025 season. These challenges will persist through Q2.

BMB delivered strong revenue growth of 8.4%, supported by increasing exports to the US and sustained demand for its premium snacks portfolio. Abu Auf delivered moderate growth of 4.3%, as EGP devaluation significantly impacted reported performance. Encouragingly, growth was volume-driven, and the business grew 48.9% in EGP, reflecting healthy consumer demand and the strength of the brand in Egypt.

- **Water & Food:** The Water & Food segment delivered strong 10.6% year-on-year revenue growth in Q1 2025. Total UAE water revenue rose by 6.1% year-on-year during the reporting period, with Al Ain bottled water maintaining its market leadership position. The Group also made significant progress in expanding its B2B footprint, securing new agreements with several high-profile clients. Notable wins include a new agreement with Marriott Group UAE covering 78 properties. Our Home and Office Services (HOS) business grew 4.7% year-on-year during Q1 2025 as a result of our commitment to providing excellent customer service.

Agthia's international water business also recorded positive momentum, with particularly strong performance in Turkey (+9.9%) and Saudi Arabia (+4.8%). Meanwhile, the food portfolio, which mainly constitutes trading food, delivered 48.1% year-on-year revenue growth, supported by the successful introduction of new brands and the strength of Agthia's distribution platform.

- **Protein & Frozen:** Revenue in the Protein segment declined by 15.7% year-on-year in Q1 2025, primarily due to continued pressure in Egypt and a slowdown in Nabil's export sales. Atyab remained impacted by the EGP devaluation and weaker consumer purchasing power, despite sustained efforts around pricing and product tiering. In Jordan, while local sales strengthened (+5.6% in Q1 2025), overall revenue was affected by lower export sales.

Agthia's Saudi protein facility continues to ramp up towards full capacity, reinforcing our long-term commitment to growing our business in the Kingdom. Combined protein sales in KSA, including Nabil export volumes and local sales from the KSA facility, grew by 17.2% year-on-year, underscoring our strengthened market presence and expanding production capabilities in the region.

The Group is also progressing on Phase II of the Saudi protein facility, expected to launch by the beginning of 2026, which will significantly expand production capabilities and support long-term growth ambitions in the Kingdom.

- **Agri-Business:** Revenue in Agri-Business declined 24.6% year-on-year in Q1 2025, primarily due to the high base effect from the wheat trading activity in Q1 2024. Excluding this impact, the segment delivered 2.9% revenue growth, reflecting solid underlying performance.

Strong volume growth in Feed (Q1'25 revenue +16.2% year-on-year) benefited from good open market execution, participation in the 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 on a growing user base, offering end-users added convenience and further enhancing our competitive advantage.

In the Flour business, Agthia continuously strives to increase market share across the UAE, enabled by our high-quality range of flours and solutions for our partners and consumers.

Gross Profit and Gross Profit Margin

Group Gross Profit declined by 13.2% year-on-year in Q1 2025, primarily due to lower sales and margin pressure in the Snacking and Protein & Frozen segments. **Gross Profit Margin** declined by 57bps to 28.2%, reflecting reduced profitability in the dates business and Protein & Frozen Segment. Al Foah's profitability was impacted by the depletion of lower-margin dates inventory, further amplified by a revaluation of net realizable value, which led to a write-down of AED 15 million. These pressures were partially offset by the absence of wheat trading activity, which had diluted Group margins in Q1 2024.

EBITDA (Earnings before Interest, Tax, Depreciation, and Amortization)

Group EBITDA stood at AED 185.7 million, reflecting a 20.2% decline year-on-year, with an EBITDA Margin of 14.5% (-159bps year-on-year). Strong contributions from Agri-Business and Water & Food Segments helped partially offset the operational setbacks faced by the dates business and Protein & Frozen segment.

Figure 2: Reported EBITDA and Margin by segment, three months ending March 2025

EBITDA (AED MN)	Q1 2025	Q1 2024	YoY % Change
Snacking			
- EBITDA	53.5	108.6	-50.7%
- EBITDA Margin	13.0%	24.3%	(1,124 bps)
Protein & Frozen			
- EBITDA	15.9	33.7	-52.8%
- EBITDA Margin	6.4%	11.5%	(506 bps)
Water & Food			
- EBITDA	50.6	43.0	17.6%
- EBITDA Margin	17.5%	16.5%	104 bps
Agri-Business			
- EBITDA	68.3	58.8	16.1%
- EBITDA Margin	20.2%	13.1%	708 bps
Total Group			
- EBITDA	185.7	232.6	-20.2%
- EBITDA Margin	14.5%	16.0%	(159 bps)

- **Snacking:** EBITDA in the Snacking segment declined by 50.7% year-on-year in Q1 2025, driven by lower revenue and a contraction in EBITDA Margin to 13.0%. The decline was primarily attributable to the dates business, where continued challenges related to the 2024 crop weighed on gross profitability. As outlined earlier, the major impact came from the depletion of inventories sold at a discount, coupled with a revaluation of net realizable value, which resulted in a write-down. Abu Auf also faced margin pressure during the quarter due to higher input costs, particularly coffee, which impacted gross profit. BMB delivered strong double-digit EBITDA growth, driven by revenue expansion and further enhanced by a reset in general and administrative expenses, contributing to improved cost efficiency.
- **Protein and Frozen:** EBITDA declined by 52.8% year-on-year in Q1 2025, primarily due to lower revenue, as well as profitability pressure in Nabil and Al Ain Egypt, both of which were impacted by higher direct material costs. Segment EBITDA Margin contracted to 6.4%, reflecting the impact of cost pressures and a challenging external environment. The segment also experienced temporary margin pressure from the new KSA facility, where current production volumes are not yet sufficient to fully absorb fixed costs. This is expected to gradually improve as operations ramp up, supported by the upcoming launch of Phase II, which will expand production capacity. Agthia's targeted efforts around pricing strategies and product tiering successfully drove profitability improvements at Atyab, where EBITDA Margin expanded by 158bps, supported by strong Gross Profit Margin expansion.

- **Water & Food:** A continued focus on mix and pricing management, supported by disciplined cost control and improved efficiency across our supply network, resulted in EBITDA growth of 17.6% year-on-year and EBITDA Margin expansion of 104bps. Notable performances came from UAE bottled water (EBITDA +38.6% year-on-year), primarily driven by SG&A efficiencies.
- **Agri-Business:** EBITDA in Agri-Business grew by 16.1% year-on-year in Q1 2025, despite the decline in revenue. EBITDA Margin expanded by 708bps, driven by a favorable commodity cycle and disciplined cost management, further amplified by the absence of low-margin wheat trading activity as recorded in Q1 2024.

Group Net Profit declined 32.5% year-on-year to AED 86.1 million, with a margin of 6.7%. The decline was in line with the EBITDA trend and further impacted by the implementation of Pillar II corporate tax in the UAE, which increased the Group's effective tax rate to 19.3% compared to 13.5% in the same period last year.

Financial Position: Agthia's financial position remains solid. In Q1 2025, the Group invested AED 25.1 million in capital expenditures to support long-term growth and operational enhancements, alongside AED 129.2 million to increase its ownership in a key strategic asset. During Q1 2025, Agthia increased its stake in Abu Auf from 70% to 80%, deepening integration within the Snacking segment and underscoring the Group's strong belief in its long-term growth potential.

We maintain AED 321 million in cash and equivalents, with Net Debt at AED 1.5 billion and Net Debt-to-EBITDA ratio of 2.4x (up from 1.3x in March 2024). The increase in leverage was partly driven by cash outflow related to acquisitions of minority stakes and lower utilization of supply chain financing. Our debt is USD and AED-denominated, and we continue to achieve favorable borrowing terms leveraging our strong balance sheet and network of leading banks.

Expanding In-House Capabilities and Leveraging Efficiencies to Future Proof Our Growth

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

Leveraging our Egyptian platform: During Q1 2025, export revenue from Egypt reached AED 22.6 million, mainly driven by Abu Auf export revenue expansion of 86.1%. Abu Auf continued to expand its retail presence in Egypt. During Q1 2025, it opened 9 new stores, strategically located in sporting clubs, universities, and new residential compounds, further solidifying its position in the market and enhancing the brand's accessibility across diverse consumer segments.

Investing in innovation: Innovation is central to our goal of becoming a leading food and beverage company in the MENA region. Spearheading these efforts is the Group's dedicated Central Innovation Team, which ensures seamless collaboration across business units, R&D, and external innovation. Notably, innovation contributed AED 45 million to Agthia's Q1 2025 growth. Here are some of our Q1 2025 innovation highlights:

- **Snacking:** Abu Auf expanded its coffee offerings with espresso-machine capsules to diversify its coffee portfolio and extended its snacking range with a range of new chocolates, including pistachio kunafa chocolate, baklava chocolate, and chocolate with halva spread. Our premium date brand Zadina also launched a date-sweetened pistachio kunafa chocolate as well as an assorted range of pistachio kunafa stuffed dates and wafers.
- **Water & Food:** Al Ain Water's premium glass bottle products, both still and sparkling, revamped their packaging to further enhance visual appeal and more efficiently use shelf space at modern trade channels.
- **Protein & Frozen:** Atyab cold cuts range relaunched, with 2 new SKUs introduced, aiming to boost supermarket visibility and support overall range. Meatland Luncheon range re-launched with refreshed packaging design and more competitive pricing to drive growth in the Tier-2 Luncheon segment.

Progressing on our sustainability agenda: Agthia continued to advance its sustainability roadmap in Q1 2025, achieving an 8.5% reduction in absolute water consumption. The Group partnered with the Authority

of Social Contribution - Ma'an and Khubza Bakery on the "A Million Pieces of Bread" initiative during Ramadan as part of the UAE's Year of Community campaign. It also earned gold recognition as Sustainable Brand Owner of the Year 2025 for its 100% recyclable monolayer flexible packaging for "Freakin' Wholesome roasted walnuts stuffed dates pouch". To further strengthen ESG governance and transparency, Agthia launched a Smart ESG Platform this quarter, integrating over 150 KPIs, enabling real-time audits and streamlined reporting across the business.

Accelerating our digital roadmap: Agthia advanced its digital transformation efforts in Q1 2025, enhancing both customer experience and operational efficiency, driving 18.7% surge in e-commerce revenue, now representing 5.6% of total revenue. Significant upgrades were made to our Home and Office Services (HOS) digital touchpoints, including new app features that have contributed to stronger ratings on the smartphone app stores as well as overall positive business impact. We also launched a new HOS website and introduced an AI-powered WhatsApp chatbot to improve accessibility and customer engagement. In parallel, enhancements to our Zadina online shop drove impressive gains in order volume and conversion rates during the Ramadan period compared to last year.

Alan Smith, Group Chief Executive Officer of Agthia Group, added: "Over the course of the past two decades, our ability to navigate a dynamic operating environment has been tested multiple times. We have the utmost confidence in the resilience of our business and our ability to withstand short-term pressures in some segments, and while we acknowledge the short-term pressures in select segments, we are not defined by them. What stands out this quarter is the continued strength in Water and Agri-Business, the operational momentum across our diversified portfolio, and the solid groundwork we're laying for the future. We are focused on disciplined execution, integrating recent acquisitions, and accelerating synergies that drive long-term value creation. Our increased ownership in Abu Auf and the acquisition of Riviere are testament to our commitment to reinforcing leadership in high-potential verticals. Agthia is in a strong position to deliver sustainable, profitable growth and continued value for all our stakeholders."

– End of announcement –

Conference Call Details

The Consolidated Financial Statements for three months period ended 31 March 2025 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 4:00pm UAE time on 14 May 2025. The presentation accompanying the call will be available on Agthia Group's website under the Investors section from 4:00pm on 14 May 2025: <https://www.agthia.com/investors/results-call-materials/>

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