



1 Q2022 EARNINGS RELEASE

Obour Land continues to deliver strong results with a 39% top-line growth in 1Q22 while bottom line recording an impressive 30% YoY increase despite the continuing unusual market turbulence.

Key Highlights

| All figures are in EGP unless stated otherwise | 1Q 22 | 1Q 21 | y-o-y Change |
|--|------------|------------|--------------|
| Net Revenues | 923.8mn | 663.7mn | 39% |
| Volume Sold (W. Cheese) | 30.2k tons | 24.6k tons | 23% |
| Average price/kg (W. Cheese) | 28.5 | 24.8 | 15% |
| Gross Profit | 207.8mn | 163.9mn | 27% |
| Gross Profit Margin | 22.5% | 24.7% | -2.2pp |
| EBITDA | 151.1mn | 106.1mn | 42% |
| EBITDA Margin | 16% | 16% | 0.0pp |
| Net Profit | 90.6mn | 69.8mn | 30% |
| Net Profit Margin | 9.8% | 10.5% | -0.7pp |

Cairo, Egypt | April 21, 2022 - Obour Land for Food Industries S.A.E. (OLFI) announced its audited 1Q22 results. The Company's net sales for the period recorded EGP 923.8mn, posting a growth of 39% compared to 1Q21.

The 1st quarter witnessed a very strong performance with white cheese revenues surged by 41% y-o-y driven by a 23% increase in white cheese sales volumes reaching 30.2k tons in addition to a 15% increase in white cheese average prices. The aggressive increase in prices was to counter the continuing global inflation and the decrease in the value of the Egyptian pound.

- The Company recorded gross profit of EGP 207.8mn during 1Q22, posting a y-o-y growth of 27%, translating into a gross profit margin of 22.5%, compared to 24.8% in 1Q21. The surge in all raw materials prices in addition to the devaluation of the Egyptian Pound led to the decline of the gross profit margin by 2.2 bps y-o-y.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) recorded a 42% y-o-y increase, to reach EGP 151.1mn in 1Q22, yielding an EBITDA margin of 16%.
- Obour Land's net profit increased by 30% to reach EGP 90.6mn during 1Q22, translating into a net profit margin of 9.8% with a decrease of 0.7bps y-o-y.



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| Gross Sales Breakdown (mn) | 1Q 22 | 1Q 21 | y-o-y Change |
|----------------------------|------------|------------|--------------|
| White Cheese | 862 | 612 | 41% |
| Milk | 50.5 | 48.9 | 3% |
| Juice | 5.7 | 7 | -18% |
| Processed Cheese | 8.9 | 8.2 | 9% |
| Total | 927 | 676 | 37% |

Mr.Ashraf Hamed Sherif, Vice Chairman Comments:

I am delighted to share with you our results for the 1st quarter of 2022 ended March 31, a strong quarter for the Company in terms of revenues and volumes of sales while keeping the margins in target levels, despite the surge in raw materials prices across all industries in addition to the devaluation of the Egyptian pound.

Overview of Segment Performance:

Our white cheese segment achieved a 23% growth in sales volumes reaching 30.2k tons in a usually low season, the first quarter, and despite increasing our average prices by 15%. The sales revenues of white cheese increased by a remarkable 41% to record 862mn in 1Q22 compared to 612mn in 1Q21. The increase in sales of the white cheese segment was supported with a notable increase in the flavored white cheese products mainly coming from the new added flavors which was launched earlier in 2020. The slight decline in the gross margin was due to the global hikes in raw materials prices and the devaluation of the Egyptian pound while our price increases during the 1Q are not yet fully reflected in the 1Q results.

The Milk segment witnessed a slight increase in revenues recording 50.5mn in 1Q22 marking a 3% increase in milk revenues compared to 1Q21. The increase in revenues came from a 14% increase in average milk prices which compensated the 11% drop in sales volumes. The drop in the sales volumes was a result of the increase in prices that was implemented throughout the year to mitigate the increase in raw milk prices and other raw materials. The management is very keen to keep the milk products profitable at all times which is difficult in the current circumstances especially when the other big players in the market are more hesitant to increase their prices.

While the Juice segment has been affected negatively by the Covid-19 pandemic restrictions and the strong price competition in the market, the management decided to launch a new brand named "Lovely" which will be targeting the lower income consumer segments, class C and B, with very attractive prices. The juice market is a very price driven market with less focus on quality and the management expects the new brand "Lovely" to push the juice sales to another level.

As for the processed cheese segment, the company is planning to introduce a new 50gm SKU of the mafrooda. This SKU will be equivalent to 4 triangle cheese pieces sold at a very low price point and can be used more as an on-the-go product.

Despite the slow performance in the new segments due to the unusual conditions that we are witnessing globally and locally, which makes it difficult for penetrating new markets, the management is confident that we will reach our goals and increase our market share by implementing our policies and having a strong brand equity to build a loyal consumer base in all segments.



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Our commitment to excellence and aspirations to offer the highest-possible quality of products, which are both affordable and safe, remains our key prime focus and our relentless driver for our expansionary attitude.

About Obour Land for Food Industries S.A.E. (OLFI)

Obour Land for Food Industries S.A.E., a leading white cheese manufacturer in Egypt, is a joint stock company established in 1997. Obour Land manufactures, markets and distributes a wide variety of carton packed and plastic tub white cheese products and has a robust distribution platform, with a direct and indirect outreach that covers all of Egypt. The Company's white cheese product offerings spans Feta, Istanbuly, Double Cream, Olive, Khazeen, Talaga and Baramely, all marketed under the well-known brand name "Obour Land".

Obour Land is the number one white cheese producer & seller in Egypt boasting the largest market share by total sales volume. The Company is listed on the Egyptian Stock Exchange, and is traded under the symbol "OLFI.CA".

For more information, please visit: www.obourland.com

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