

THE ORGANIC MEAT COMPANY LIMITED

October 2, 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

FINANCIAL RESULTS FOR THE YEAR ENDED 30-06-2023

Dear Sir,

We inform you that the Board of Directors of the Company in its meeting held on Monday, October 2, 2023 at 2:00 pm at the corporate office of the Company at Plot No 257, Sector 24, Korangi Industrial Area, Karachi, has recommended the following:

- | | |
|---|---|
| 1) Final Cash Dividend | Nil |
| 2) Bonus Shares | Issuable 10% (already announced on June 20, 2023) |
| 3) Right Shares | Nil |
| 4) Any other entitlement / Corporate Action | Nil |

5) Corporate Briefing Session

A corporate briefing session will be held on Wednesday, October 11, 2023 at 12:30 pm through video conference on zoom to brief the investors / analysts about Company's current financial performance and outlook. Details on joining the session will be shared separately.

6) Any other price sensitive information

a) The financial results of the Company for the year ended June 30, 2023 are annexed.

b) The Company's Annual General Meeting will be held on Friday, October 27, 2023 at 12:00 noon at the Company's corporate office at Plot No 257, Sector 24, Korangi Industrial Area, Karachi.

The Share Transfer Books of the Company will be closed from Friday, October 20, 2023 to Friday, October 27, 2023 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. Corptec Associates (Private) Ltd., Share Registrar and Corporate Consultants, 503-E, Johar Town, Lahore at the close of business on Friday, October 27, 2023 will be treated in time for the purpose of the above entitlement.

The Company's Annual Report will be transmitted through PUCARS at least 21 days before holding the Annual General Meeting.

Yours truly,

For The Organic Meat Company Limited



Imran Khan
Company Secretary



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DIRECTORS' REPORT

The Directors of your Company are pleased to present the financial and operational performance of the Company along with the for the year ended June 30, 2023.

1. About the Company

The Organic Meat Company Limited ("TOMCL") primary business activity is involved in exporting fresh chilled meat, frozen meat and frozen offals to the middle eastern, far eastern, CIS and South Asian markets. Presently your Company has the ability to export to more than a dozen countries. The Company's products are carefully packaged in cloth, M.A.P. atmospheric packing, vacuum packing or IWP (individually wrapped packing) food grade plastic, and are exported via land, sea and air. The meat slaughtering facility and the animal fattening farm are located in Gadap, Karachi, the offal processing, cooked and pet food processing are situated at Korangi Industrial Area, Karachi, and an additional offal processing operation is in the Karachi Export Processing Zone (KEPZ).

2. Operational Highlights

TOMCL's exports for the fiscal year ended on June 30, 2023 amounted to 6,163 MT, comprising fresh chilled meat, frozen meat, frozen offals, and pet chews. This was a slight decrease of 2% from the previous year. The export volume of fresh chilled meat dropped by 6%, while that of frozen meat increased by 66%, resulting in a marginal growth of 0.36% in total meat exports. Frozen offal exports declined by 18% due to the prolonged Covid-related lockdowns that extended well into the current year. On the other hand, pet chews, a premium brand of pet treats, achieved revenue growth of 502% compared to the last year, owing to the entry into new markets in North and South America. This shows the high demand and quality of pet chews among pet lovers.

Meat products constituted 88.66%, offals constituted 10.93%, and pet chews constituted 0.41% of the total export volumes. The local sales were mainly for red and white offals, skins and hides as well as fattened animals sold in domestic markets on Eid-ul-Adha. The UAE remained the biggest market for TOMCL, accounting for about 57% of the export sales followed by KSA at 23%.

During the year ended June 30, 2023, your Company focused on streamlining operations in new business segments and markets. we managed to keep our leading position with respect to market access adding Uzbekistan for frozen meat and Canada for pet chews. Your Company has also maintained its position as the largest fattening farm operator in Pakistan and has to its credit-fattened cattle heads slaughtered during the year under review.

3. Financial Performance

Your Company during the year ended June 30, 2023, has been able to increase the export revenues by 36.35%, on net basis, whereas export volumes increased by 0.57% and devaluation benefit accrued at 38.56% against US\$. However, average prices declined overall by 2.78%. Cost of sales increased from PKR 646/kg to PKR 894.56 /kg in FY23 due to higher procurement costs and higher depreciation charges given the capitalization of fixed assets. 93% of the cost is directly related to procuring meat and offals. As a result, gross margin retained during the current year, while gross profit improved by 0.3%.

The animal fattening farm and the Korangi factory required more staff and resources, which increased the administrative costs by 39%. The PKR devaluation also affected the selling expenses, which rose by 41% due to higher freight rates. The financial charges went up by 103%, but they were balanced by lower provisioning on export rebate receivable. The other income grew by 80% because of foreign

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exchange gains. Consequently, your Company's profit before tax was PKR 788.9 million, 73% higher than last year, and the profit after tax was PKR 722.19 million versus PKR 411.41 million in 2022, showing a 75.54% increase over FY22. The EPS of your Company was PKR 5.35 for the year, compared to PKR 3.05 for the previous year (based on current shares outstanding). The key performance indicators are mentioned below:

Description	June 30, 2023	June 30, 2022
	----- (PKR) -----	
Net Sales	6,365,238,225	4,657,774,417
Gross Profit	852,891,487	609,525,602
Operating Expenses	(539,558,872)	(413,024,141)
Other Income	675,025,703	374,471,999
Other Expense	(18,446,465)	(27,198,761)
Finance Cost	(181,028,297)	(88,422,289)
Profit Before Tax	788,883,556	455,352,410
Tax	(66,689,131)	(43,939,557)
Profit After Tax	722,194,425	411,412,853
EPS - Basic and diluted – restated	5.35	3.05

4. Present and Future Outlook

Your Company has made significant progress in expanding and consolidating its operations in the fiscal year 2023 and presently enjoys the largest market access and license product portfolio among its competitors in Pakistan. The financial year 2023 witnessed the worst economically volatile condition since the early 1970 with high inflationary pressure on product pricing, raw and packing material as well as other direct and indirect cost. These factors were further aggravated by the continuous decline in the purchasing power parity of the Pak rupee against the US dollar. The Company has had to take drastic measures to ensure that the growth as well as profitability of your Company not only remains stable but is growing in these dynamic conditions. Your Company remains confident of their ability to grow our export foot print and volumes not only in the existing markets but also in other future developing markets such as China. Your Company is pleased to inform that it is in the final stages of getting approval for export of cooked meat to the Peoples' Republic of China and as well as offals exports to the UAE. Both of these will be land mark achievement for your Company.

Your Company is further pleased to inform that it continuous to grow and strengthen its private labelling business in Saudia Arabia and is looking to expand it in the UAE market as well.

Your Company is also pleased that it has met all its IPO commitments during the year with the signing of the Share Purchase Agreement with shareholders of Mohammad Saeed Mohammad Hussain Limited (MSMHL) for acquisition of its 100% shares. MSMHL is located in Karachi Export Processing Zone (KEPZ) and is licensed to process and export sheep casing to EU and animal offals. Your Company hopes this acquisition will strengthen its value addition product portfolio in emerging and developed markets.

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Your Company is further pleased to inform that the acquisition of MSMHL has been completed with effect from August 15, 2023 through a cash cum deferred price arrangement with its former shareholders.

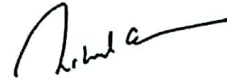
5. Acknowledgements

The Company's directors express their gratitude to our valued customers for their sustained support, and to our bankers, shareholders and other stakeholders for their continued confidence in the Company. The Company also appreciates the cooperation received from the regulators, namely, the Securities & Exchange Commission of Pakistan and the Pakistan Stock Exchange. Most importantly, we would like to commend our employees for their efforts, teamwork and performance that are reflected in the Company's results.

By Order of the Board



FAISAL HUSSAIN
Chief Executive Officer



NIHAL CASSIM
Chairman of the Board

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Net cash generated from / (used in) operating activities</i>	35	47,230,226	42,637,418
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(116,859,626)	(12,883,864)
Right-of-use assets		(1,840,429)	-
Intangible assets		(1,354,599)	-
Addition to capital work-in-progress		-	(161,210,272)
Profit received on bank accounts		5,809,395	-
Addition to capital work in process		-	-
<i>Net cash (used in) investing activities</i>		(114,245,259)	(174,094,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained / repaid- net		(19,790,712)	69,403,670
Short term loan from related parties repaid		(133,987,592)	-
Downpayment against leased asset		-	(909,485)
Payment of lease rentals		(2,106,146)	(338,367)
Dividends paid		(167,865)	(488,202)
<i>Net cash (used in) / generated from financing activities</i>		(156,052,315)	67,667,616
Net (decrease) in cash and cash equivalents		(223,067,348)	(63,789,102)
Cash and cash equivalent at beginning of the year		(503,194,471)	(439,405,369)
Cash and cash equivalents at end of the year	34	(726,261,819)	(503,194,471)

The annexed notes from 1 to 46 form an integral part of these financial statements.



Chief Financial Officer





Company Secretary

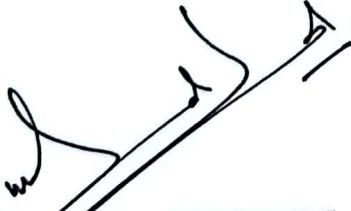
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STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales - net	25	6,365,238,225	4,657,774,417
Cost of sales	26	(5,512,346,738)	(4,048,248,815)
Gross profit		852,891,487	609,525,602
Administrative expenses	27	(122,690,485)	(88,490,198)
Selling expenses	28	(411,534,376)	(292,773,775)
Allowance for doubtful debt	10	(5,334,011)	(31,760,168)
		(539,558,872)	(413,024,141)
Operating profit		313,332,615	196,501,461
Finance costs	29	(181,028,297)	(88,422,289)
Other income	30	675,025,703	374,471,999
Other charges	31	(18,446,465)	(27,198,761)
		475,550,941	258,850,949
Profit before taxation		788,883,556	455,352,410
Taxation		(66,689,131)	(43,939,557)
Profit after taxation		722,194,425	411,412,853
			(Restated)
Earnings per share - basic and diluted	33	5.35	3.05

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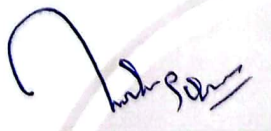
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,505,487,450	1,859,024,447
Right-of-use assets	6	8,630,607	3,837,215
Intangible assets	7	1,979,199	724,600
Total non-current assets		2,516,097,256	1,863,586,262
CURRENT ASSETS			
Stock-in-trade	8	244,793,633	116,605,359
Biological assets other than bearer plants	9	62,489,961	12,360,222
Trade debts - considered good	10	2,265,501,193	1,598,056,967
Loans and advances - unsecured	11	353,215,227	385,433,069
Deposits, prepayments and other receivables	12	154,666,449	150,198,628
Taxation - net		-	-
Cash and bank balances	13	218,645,543	141,598,092
Total current assets		3,299,312,006	2,404,252,337
TOTAL ASSETS		5,815,409,262	4,267,838,599
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 165,000,000 (2022: 135,000,000) Ordinary shares of Rs.10 each		1,650,000,000	1,350,000,000
Issued, subscribed and paid up share capital (134,992,012 (2022: 122,999,555) Ordinary shares of Rs.10 each	14	1,349,920,120	1,229,995,550
Bonus shares issuable	14.3	134,992,012	-
Reserves	15	2,043,448,140	1,514,960,757
Revaluation surplus on property, plant and equipment - net	16	1,011,150,446	409,990,050
		4,539,510,718	3,154,946,357
NON-CURRENT LIABILITIES			
Long term borrowings - secured	17	67,316,339	83,187,100
Long term lease liabilities - secured	18	3,978,865	2,206,617
		71,295,204	85,393,717
CURRENT LIABILITIES			
Current maturity of long term borrowings - secured	17	24,557,949	28,477,900
Current portion of lease liabilities - secured	18	2,014,011	761,584
Short term loans from related parties - unsecured	19	-	133,987,592
Short term borrowings - secured	20	944,907,362	644,792,563
Trade and other payables	21	144,093,985	150,467,390
Accrued expenses and other liabilities		43,587,953	45,479,448
Taxation - net		1,144,738	-
Accrued mark-up	22	43,681,582	22,748,423
Unclaimed dividend	23	615,760	783,625
Total current liabilities		1,204,603,340	1,027,498,525
TOTAL EQUITY AND LIABILITIES		5,815,409,262	4,267,838,599
CONTINGENCIES AND COMMITMENTS			
	24		

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