

FEEDING  
**DAILY  
LIFE**



DELIVERING  
**SUSTAINABLE  
GROWTH**

ANNUAL REPORT 2025



**King Salman bin Abdulaziz Al-Saud**

The Custodian  
of the Two Holy Mosques



**His Royal Highness Prince Mohammed bin  
Salman bin Abdulaziz Al-Saud**

Crown Prince, Prime Minister  
of the Kingdom of Saudi Arabia

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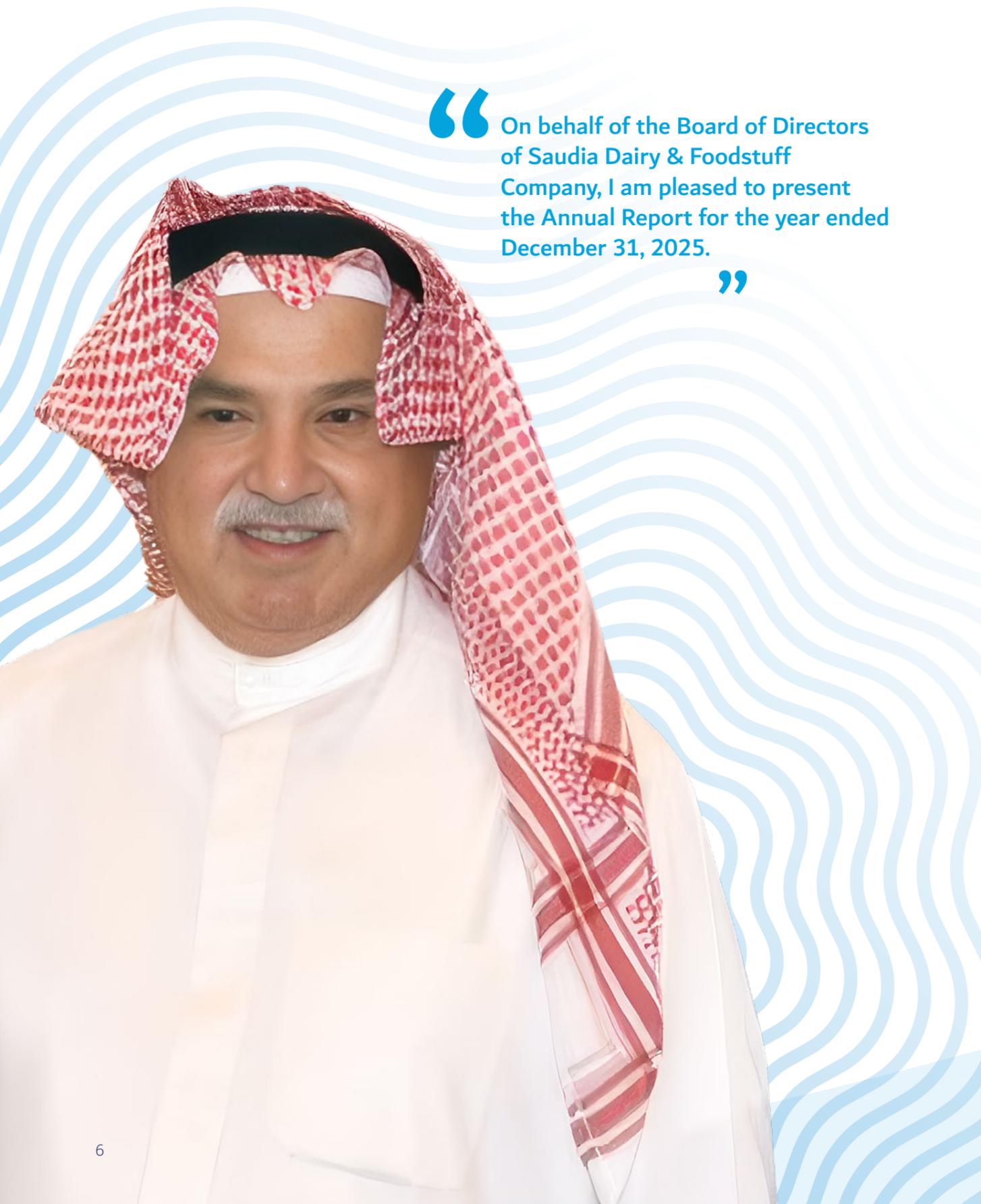
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# COMPANY OVERVIEW



# CHAIRMAN'S MESSAGE



“ On behalf of the Board of Directors of Saudia Dairy & Foodstuff Company, I am pleased to present the Annual Report for the year ended December 31, 2025.

”

This report outlines our financial performance, strategic progress, and governance developments during a year shaped by evolving economic conditions and shifting consumer sentiment. It reflects our continued commitment to disciplined growth, responsible stewardship, and long-term value creation in alignment with Saudi Arabia's Vision 2030.

In 2025, SADAFCO delivered solid financial results despite a more demanding environment. Revenue increased by 3.4%, reflecting the resilience of our business model and disciplined execution. Earnings per Share stood at ₪ 14.92, and the Company maintained its commitment to shareholder returns through a dividend distribution of ₪ 16 per share. These results underscore our focus on sustainable profitability, prudent capital allocation, and consistent value creation.

Our strategic direction remains centered on strengthening the Company's core foundations while expanding opportunities for sustainable growth. Through disciplined investment, continuous improvement, and responsible innovation, we reinforce our ability to generate stable cash flows, protect margins, and enhance long-term competitiveness. Every initiative, whether in operational efficiency, portfolio development, or channel expansion, is evaluated through the lens of shareholder value creation and risk mitigation.

Sustainability continues to be embedded within our strategy and governance framework. During the year, we advanced initiatives in environmental stewardship, operational efficiency, and oversight enhancement, ensuring that growth remains responsible and future-oriented. By integrating sustainability into decision-making, we are safeguarding our long-term continuity and further strengthening stakeholder confidence.

SADAFCO remains proud to contribute to the Kingdom's national ambitions. As Vision 2030 accelerates economic diversification, tourism growth, and food security initiatives, the Company plays an important role in supporting local production, creating employment opportunities, and strengthening domestic supply chains. Our alignment with national priorities reinforces our long-term relevance and enhances our ability to generate enduring value for both shareholders and society.

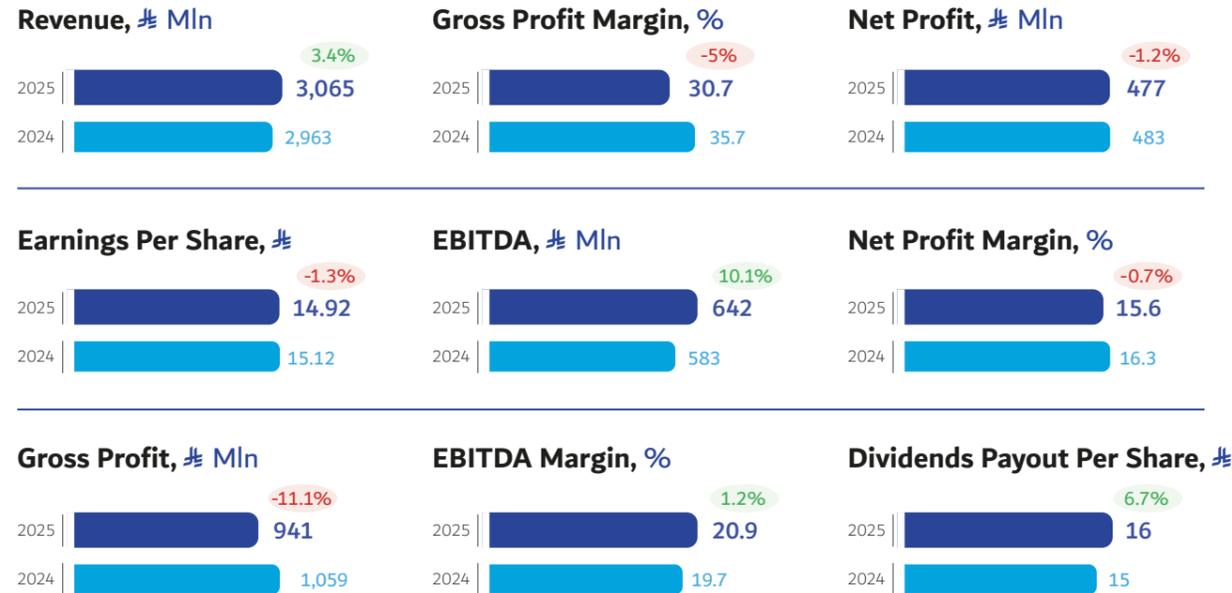
We remain confident in Saudi Arabia's economic trajectory and in SADAFCO's ability to navigate complexity while sustaining growth. Our heritage of more than five decades, combined with disciplined governance and strategic clarity, positions us strongly for the future.

On behalf of the Board, I extend my sincere appreciation to our shareholders, employees, management team, customers, and partners for their continued trust and commitment. Their support underpins our resilience and strengthens our shared success.

Sincerely,

**Sheikh Hamad Sabah Al Ahmad Al Sabah**  
Chairman of the Board

# PERFORMANCE HIGHLIGHTS



# KEY NON-FINANCIAL HIGHLIGHTS



# COMMERCIAL HIGHLIGHTS

## Market Share

Source: NielsenIQ; Value Share FY 2025.



<sup>1</sup> The approach of presenting market share has been updated to include both plain and flavored milk, compared to the approach used in previous years.



**ISO 22000:2018**  
for Food Safety

**ISO 27001**  
for Information Security Management Systems

**ISO 37000:2021**  
for Implementation of the Principles and Guidelines of the International Standard for Corporate Governance

**ISO 14001:2015**  
for Environment

**ISO 22301:2019**  
for Business Continuity Management Systems

**ISO 45000:2018**  
for Occupational Health & Safety

**ISO 9001:2015**  
for Legal Affairs Management

# THEME OF THE YEAR

## Feeding Daily Life ...

### ... through Everyday Essentials

SADAFCO plays a central role in daily life across Saudi Arabia, providing essential food products that are present in homes, stores and foodservice outlets every day. With a diversified portfolio of more than 140 SKUs across dairy, ice cream, snacks and culinary products, the Company serves multiple consumption occasions and consumer needs, supported by the strength and trust of its flagship Saudia brand and complementary trademarks.

**140+ SKUs**  
Operating Since 1976

### ... at Scale

This everyday relevance is enabled by an integrated operating model built for scale and reliability. SADAFCO's manufacturing footprint includes advanced milk, ice cream, and tomato paste factories in Saudi Arabia, supported by specialized dairy ingredient production through Mlekoma. In 2025, continued investment in logistics and warehousing, including the opening of the Yanbu depot and progress on the Jizan depot, further strengthened nationwide coverage and service levels.

A fleet of over 1,000 vehicles and an extensive depot network ensure consistent availability, freshness, and timely delivery across regions and channels.

**1000+ Vehicles**

**5 Factories**

**20+ Depots**

### ... through Choice and Accessibility

SADAFCO continues to expand choice, formats, and accessibility across its portfolio. In 2025, new product launches across dairy, ice cream, snacks and culinary categories addressed evolving consumer preferences, supported growth in key segments, and reinforced relevance across age groups, price points, and consumption occasions. Expansion into emerging channels, including eCommerce and discounters, further extended reach and accessibility.

## Delivering Sustainable Growth ...

### ... through Disciplined Execution

Sustainable growth is driven by strong execution across commercial operations. In 2025, SADAFCO increased numeric distribution across core segments, strengthened share-of-shelf execution with key customers, and scaled foodservice operations through a new distributor appointment and targeted infrastructure investments. A continued focus on productivity, route efficiency, drop size, and collections reinforced operational discipline across the sales organization.

Volume Growth across:

**+6%** Dairy Category

**+3.5%** Culinary Business

**+5%** Snacks Business

### ... through Strategic Investment

SADAFCO continues to invest selectively in capacity, capability and efficiency to support long-term growth. The successful start-up of the fully automated Sandwich Ice Cream line was a key milestone in 2025, delivering world-class performance during peak demand periods and supporting expansion in a high-growth segment.

Investments in systems, connectivity, and planning tools during the year were directed toward enabling scale, coordination, and informed decision-making across the business, ensuring that growth is supported by resilient and efficient operations.

**New Fully Automated Sandwich Ice Cream Line**

### ... for the Long Term

Long-term value creation remains central to SADAFCO's strategy. In 2025, the Company continued to invest in people, governance, communities and environmental stewardship, reinforcing trust with stakeholders and aligning growth with national priorities. Recognition for corporate governance, CSR and brand influence reflected this commitment, alongside continued progress on environmental initiatives supporting resource efficiency and green development.



# SADAFCO AT A GLANCE

Established in 1976, Saudia Dairy and Foodstuff Company (SADAFCO) have become a leading food manufacturer, seller, and distributor based in Saudi Arabia with sales extending to the GCC and selected export markets in the Middle East, Africa, Asia, and North America

## Our Vision

Everything is Possible: Biggest long-life product company in MENA

## Our Purpose

Sustainably Nurture and Connect Generations with Goodness and Happiness

**Sustainably**  
Creating long-term value that balances economic performance, shareholder value, social responsibility, environmental and governance/compliance stewardship.

**Connect generations**  
Being a trusted brand(s)/company that accompanies people across life stages, from childhood to adulthood, building emotional and cultural relevance over time and connects generations.

**Nurture:**  
Actively contributing to consumers health, wellbeing, development and enhancing quality of life, not just selling products. Contributing to the people in the Kingdom by offering opportunities to be developed and to grow.

**Goodness**  
Delivering high-quality, safe, nutritious, ethically produced offerings and a safe and engaging working environment.

**Happiness**  
Creating everyday moments of joy, trust, pride and convenience for consumers, employees, society and government.

## Our Mission

Delighting Consumers with Quality and Taste

## Cultural Framework

- Consumer Focus
- Highest Quality & Safety
- Accountability
- Efficiency
- Collaboration
- Learn & Develop

## Our Values

- Trust
- Respect
- Integrity
- Passion
- Lead & Learn
- Excellence

## Leadership Elements

- Envision
- Engage
- Energize
- Enable
- Execute



# OUR PRODUCTS

## Dairy

SADAFCO's Milk category encompasses a diverse range of products, including Whole Milk, Low-Fat Milk, Skimmed Milk, Gold Milk, 100% Natural Color & Flavored Milk for kids, adults Flavored Milk, Evaporated Milk (EVAP), Follow-Up Milk, and Instant Milk Powder. This is in addition to plant-based milk.

SADAFCO began its journey in **1977** with the production of UHT (Ultra-High Temperature pasteurized) milk. Today, all products in this category are proudly marketed under the flagship "SAUDIA" brand.



## Culinary

Culinary products include Tomato Paste, Tomato Ketchup and new innovations such as Tahini Sauce, as well as many more that will help SADAFCO become a culinary powerhouse.

SADAFCO was the first company in Saudi Arabia to launch Tomato Paste in Tetra Pak in **1989**, all are marketed under the "SAUDIA" brand.



## Ice Cream

The Ice Cream product line was launched in **1979**. Over the years, SADAFCO has launched a variety of new products to further establish itself and increase sales in this segment. Ice Creams are available in tubs, cones, push-ups, sandwich, cups, bars, and sticks. These products are marketed under "SAUDIA", "BABOO" and "SENSATIONS" brands.



## Cheese

SADAFCO launched The Cheese product line in **1991**. Its range of products includes Feta Cheese, Feta Tubs and Triangles. The company is a leading domestic producer of the bulk feta cheese sub-segment. These products are marketed under the "SAUDIA" brand.



## Snacks

SADAFCO entered the snacks market in **1995**, by acquiring Sara Snacks factory. The Snacks range consists of two well-known formats: Crispy Rings and Letters, each of these are offered in individual and family size, and marketed under the "Crispy" brand.



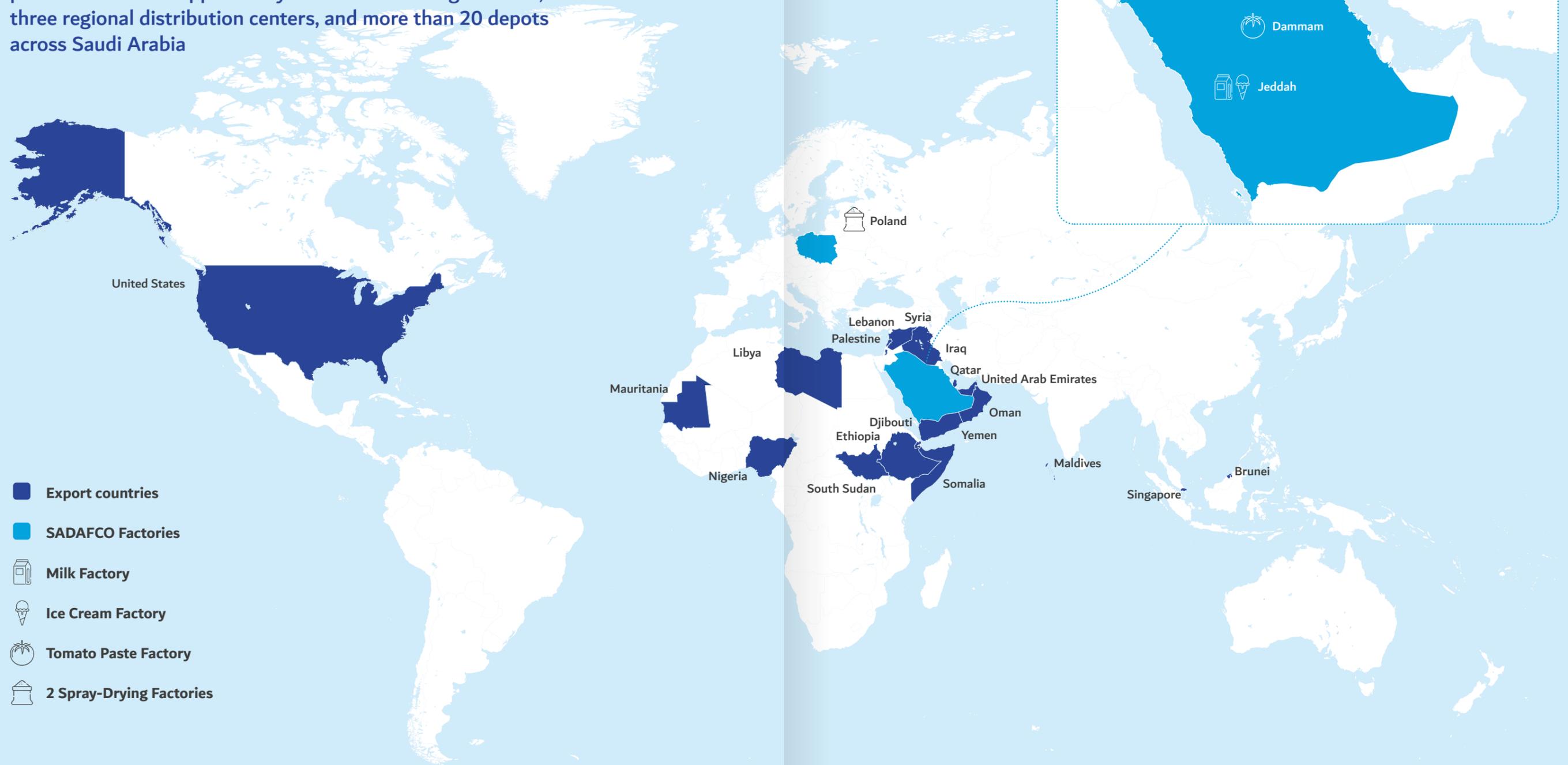
## Others

SADAFCO also offers a range of other products including French Fries, Mayonnaise, Hot Sauce, etc. Most of these products are sold under the "SAUDIA" brand. SADAFCO launched the "SAUDIA by Mezete" range, expanding its culinary division. New products included in this category are expected to contribute to the growth of the Company with plans to widen its product portfolio through constant product innovation.



# GEOGRAPHICAL PRESENCE

SADAFCO maintains a strong geographical presence anchored in Saudi Arabia—its primary market and main production hub—supported by five manufacturing facilities, three regional distribution centers, and more than 20 depots across Saudi Arabia



- Export countries
- SADAFCO Factories
-  Milk Factory
-  Ice Cream Factory
-  Tomato Paste Factory
-  2 Spray-Drying Factories

<b>5</b> Factories	<b>20+</b> Depots	<b>1000+</b> Trucks and Vans	<b>700+</b> Routes of Operation	<b>3</b> Regional Distribution Centers
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# OUR HISTORY

**1976**

The Danish Saudi Dairy Company was established as a joint venture between Saudi businessmen (48%), Kuwaiti businessmen (48%) and Danish Turnkey Dairies (4%)

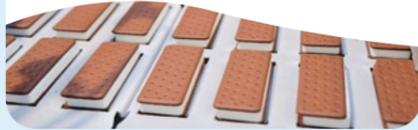
**1977**

Commercial production of Ultra-High Temperature (UHT) Milk commenced at the Jeddah factory



**1979**

The Ice Cream product line was launched



**1987**

The Saudi Danish Dairy factory was acquired in Riyadh

**2005**

SADAFCO was successfully listed on the Saudi Stock Exchange



**1995**

Acquisition of Sara Snack Food Factory (Jeddah)  
SNZMP1 was set up to manufacture cheese



**1990**

The Danish Saudi Dairy Company, the Gulf Danish Dairy Company, and Medina Danish Dairy Company merged into one to officially form Saudia Dairy and Foodstuff Company (SADAFCO)

**1989**

First company in Saudi Arabia to launch Tomato Paste in Tetra Pack packaging



**2008**

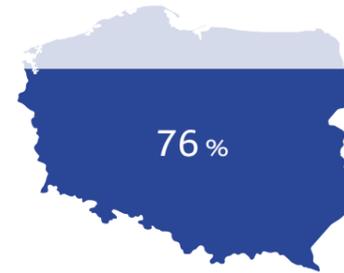
Sale of Sara Snack Food Factory

**2010**

Sold 51% stake in SNZMP to MPH

**2018**

SADAFCO acquired 76% in Mlekoma sp Z.o.o, a Poland based dairy company



**2020**

SADAFCO opened the largest Ice Cream Factory in the Middle East



**2024**

SADAFCO ranked among the top non-financial Tadawul companies in corporate governance (Alfaisal Index, FY2023)

**2023**

Achieved

**3 Bn**  
in Sales

**11 Bn**  
of MCap

**24% stake**  
in Mlekoma Sp. z o.o. acquired by SADAFCO, increasing its ownership to 100%



# YEAR IN REVIEW

## March

**₹ 9** per share

Distributed a dividend for the second half of 2024

**₹ 15** per share

Bringing the total FY2024 payout

## May

SADAFCO commenced the SAP S/4HANA implementation journey with its selected partner, marking a key step toward scalable growth and process innovation



SADAFCO honored by the Saudi Arabian Scouts Association for Supporting 1445H Hajj Public Service Camps



SADAFCO Chief Legal, GRC Officer and Board Secretary has been recognized in the GC Powerlist: Saudi Arabia 2025



## June

**+ 120,000**

Trees Planted by SADAFCO Advances Green Cities Initiative



## July

SADAFCO's flagship brand **Saudia** was ranked among Saudi Arabia's top 10 most influential local brands, securing 9th place in the 2024 Ipsos survey



SADAFCO signed a solar power purchase agreement (PPA) with Yellow Door Energy to supply clean electricity to seven of its facilities



## August

**₹ 110.3** million

Completed the sale of a Riyadh property

## September

**₹ 8** per share

Announced dividend for H1 2025

Saudia Sandwich campaign "The Twins" won Platinum at the MUSE Creative Awards



SADAFCO signed an agreement to deploy Tetra Pak's state-of-the-art Hyperspeed Line in Saudi Arabia

**125 ml**

Unlocking major growth potential in the SKU segment



## October

Ministry of Human Resources and Social Development recognizes SADAFCO with the Silver CSR Award



## December

SADAFCO was ranked among the top companies in corporate governance on Tadawul for 2024



# 2026

# BUSINESS MODEL

## Input

Financial	₹ (Mln)
Property, Plant, and Equipment	1,039
Total Cash	609

## Capacity 2025 (MT)

Dairy	540,000
Frozen	59,000
Ambient	63,000

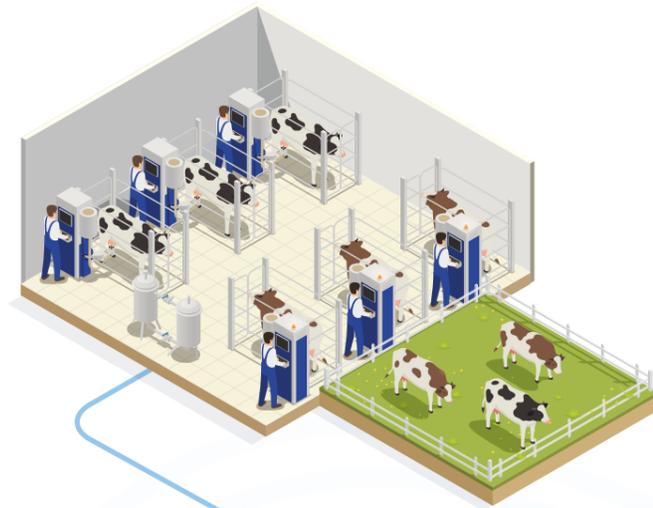
## Raw Materials

Key Commodities	104,007 MT
Packaging Material	148 million PCs

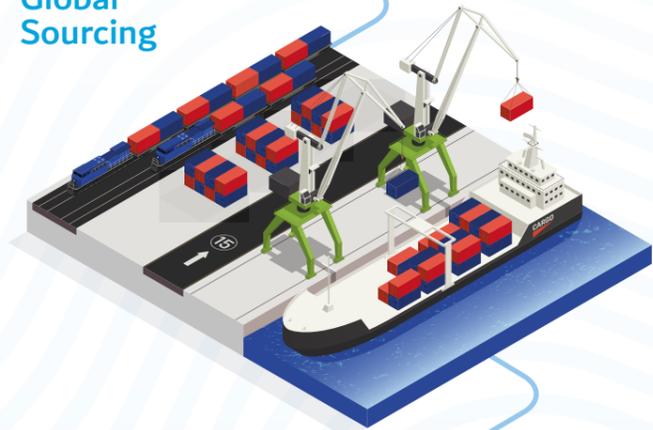
## Human Capital

Total Employees	2,501
Females in Managerial Level	11%
Nationality Mix	46 Nationalities
Total Years of Experience (Senior Executives)	+180 years

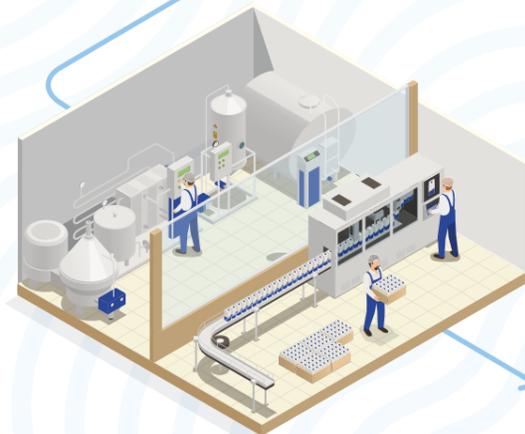
## Our Brands



## Sustainable Global Sourcing



## Production Phase



## Distribution



## Output

### Market Share

UHT Milk	50.5%
Ice Cream	30.5%
Tomato Paste	51.3%

### Financial

Financial	₹ (Mln)
Revenue	3,065
Net Profit	477
Dividends Payout	₹ 16 per share
Free Cash Flow	299
Return on Invested Capital (ROIC)	33.46%

## Sustainability

**855 tCO<sub>2</sub>e**  
Emissions saved through ECO Delivery Ocean

**>11,000 tCO<sub>2</sub>e/annum**  
Saved with Solar Rooftop

**33 %**  
Improvement in Water Consumption Ratio at Saudia Milk Factory

**242 million liters**  
Of water saved, equivalent to 32,251 trees planted

## Corporate Social Responsibility

**1,052**  
Volunteering hours

**+200,000**  
Trees planted since mid-2024

## Awards

- > Saudia Brand ranked among Saudi Arabia's top 10 most influential local brands by Ipsos
- > SADAFCO received the silver CSR award from the MHRSD
- > Saudia Sandwich campaign "The Twins" won Platinum at the MUSE Creative Awards
- > SADAFCO was ranked among the top companies in corporate governance on Tadawul for 2024 (by Al-Faisal University)

# INVESTING IN EVERYDAY TRUST



## Unmatched Financial Returns

- Compound Annual Shareholder's return (TSR) of 14.1% since March 2008
- Highest Net Margins across regional peers
- Strong cash generation & debt free balance sheet
- Consistent & highest dividend payouts among peers



## Market Leadership

- #1 in UHT Milk, Ice Cream & Tomato Paste
- Widely trusted household brand
- Driving category & market expansion with disciplined returns-focused investment approach



## Sustainability At The Core

- Committed to a low-carbon future with Net Zero by 2060 and a zero-emission fleet by 2045
- Achieved 34% improvement in Water Consumption Ratio at Saudia Milk Factory



## Integrated Supply Chain

- Integrated manufacturing & logistics for full valuechain control
- Automation drives efficiency and cost savings
- Strong cold-chain supports Vision 2030 and food security

**7.9 Bn**  
Market Cap

**26.9%**  
Return on Equity LTM

**14.1%**  
CAGR Shareholder Return since 2008

**~6.9%**  
Dividend Yield

**15.6%**  
Net Margin LTM

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# STRATEGIC REVIEW



# CEO'S MESSAGE

## Protecting Our Strongholds, Building for the Future

2025 was a year that required focus, discipline, and confidence. The broader macroeconomic environment in Saudi Arabia was not without headwinds. Consumer sentiment softened, cost pressures persisted, and competitive intensity remained elevated across several categories.

Within this context, SADAFCO delivered a resilient performance. Revenue reached ₪ 3.06 billion, representing growth of 3.4% year over year, supported by the strength of our core categories and disciplined commercial execution. Volume Growth was accelerated with some excellent performance of 1L UHT (+14%), IMP (+30%), Sandwich Ice Cream (close to 20% in KSA Market in H2/2025 after the relaunch). Net profit stood at ₪ 477 million, while Earnings per Share remained stable at ₪ 14.92, underlining the durability of our business model and our continued commitment to value creation.

These results demonstrate that even in a more demanding environment, our business model remains robust, scalable, and capable of delivering profitable growth.

## Performance Across Our Core and Growth Segments

Our performance in 2025 was anchored in the strength of our core categories, supported by disciplined commercial execution and focused brand investment.

**Ambient Dairy** continued to deliver resilient growth in particular volume growth, driven by strong performance of our flagship 1L Plain Milk SKU (+14% Volume Growth), solid out-of-home demand, and further progress in flavored milk and Instant Milk Powder. SAUDIA maintained its leadership position in long-life plain milk, achieving a market value share of 58.8%, while flavored milk reached a record share of 23.1% in November. Despite ongoing promotional pressure in certain pack formats, we successfully defended share in plain milk and accelerated gains in flavored variants.

**Culinary** led by tomato paste, delivered volume growth of approximately 3.5%, maintaining a market-leading value share of 51.3%. The category remained competitive, with intensified price activity from challenger brands. However, disciplined activation during key seasons and continued brand reinforcement enabled us to protect leadership and support long-term equity.

**Snacks** achieved volume growth of approximately 5%, supported primarily by innovation and portfolio expansion. 2025 was a foundational year for the platform, including a full packaging revamp anchored around CRISPY, range expansion, and entry into the natural potato chips segment, which represents more than 60% of the salty snacks market. These steps position Snacks for scalable and sustainable growth.



**Frozen** including Ice Cream, sustained innovation momentum with 11 new product launches across snacking, refreshing, and indulgence segments. These innovations accounted for nearly 7.8% of total Ice Cream sales, underlining the commercial relevance of our pipeline. The category continues to benefit from tourism growth and expansion in the entertainment sector within the Kingdom.

Across all segments, our distribution strength, now serving more than 35,000 customers, remained a critical advantage. We added 1,750 new points of sale during the year, strengthening availability across General Trade, Modern Trade, and emerging channels such as eCommerce.

## Nurturing and Connecting Generations

SADAFCO is more than a food company. For more than 50 years, we have been part of Saudi households, contributing to food security, employment, and national development. Sustainable growth for us means protecting the present while building the future.

Nurturing and connecting generations is central to our purpose. We provide stable employment, invest in talent development, and create opportunities for our people to grow professionally and personally. Employee engagement improved further during the year, while attrition declined, reflecting the progress of our cultural journey.

Our HR framework focuses on culture, organizational capability, performance management, and holistic well-being, including financial, physical, and mental health. Alignment behind a shared vision is essential. If people are not aligned, strategy cannot be executed. The cultural transformation journey we initiated continues to mature, embedding accountability and collaboration across the organization.

Beyond our own workforce, we are contributing to the wider community by strengthening domestic manufacturing capability, supporting local supply chains, and aligning closely with Vision 2030 priorities in food security and economic diversification.

## Efficiency, Discipline, and Value Chain Mastery

Protecting our strongholds requires operational excellence. In milk in particular, where consumer pricing is closely linked to global commodity dynamics, margin protection depends on cost discipline and efficiency.

During 2025, we further improved manufacturing performance across our factories, enhanced fuel efficiency in transportation, and optimized logistics. Diesel prices continued to rise, reinforcing the importance of reducing fuel consumption and improving asset utilization. Improvements in OEE, output per manhour, waste reduction, and water efficiency contributed directly to margin resilience. Our S&OP and forecasting processes were further strengthened, combining statistical modeling and AI-supported calculations with human expertise.

Capital expenditure was increased selectively to support growth capacity and efficiency improvements. Our focus remains on mastering the value chain rather than expanding footprint unnecessarily.

## Digitalization, Sustainability, and Brand as Strategic Enablers

Our long-term ambition to significantly expand the business over the coming decade is supported by five strategic enablers: people and organizational culture, digitalization and AI, sustainability, brand and M&A and strategic partnerships.

In 2025, we appointed a new Chief Information Officer to accelerate our digital transformation journey. Implementation of our new ERP platform and advancement of the Digital Factory program are enhancing data visibility and operational integration. Digital tools are being embedded into planning, forecasting, and factory processes to improve speed, accuracy, and transparency.

Sustainability continues to guide decision-making. We advanced water efficiency initiatives, expanded solar installations, and progressed fleet decarbonization, including hydrogen truck testing for long-haul transport. These efforts reduce environmental impact while strengthening long-term cost competitiveness.

At the same time, we continued investing in brand equity. In everyday categories, brand trust is one of our most valuable assets. Through disciplined innovation, renovation, and consistent consumer engagement, Saudia remains a trusted household name across the Kingdom.

## Looking Ahead with Confidence

What gives me the greatest confidence in SADAFCO's future is the clarity of our priorities and the strength of our foundations.

We will continue to protect our strongholds. We will diversify and derisk our portfolio across products, channels, and geographies to adapt to changing market conditions. We will maintain operational discipline, recognizing the sensitivity of certain categories, particularly milk, to global commodity movements.

Above all, we will continue nurturing and connecting generations. Through strong brands, aligned people, responsible governance, and continuous efficiency improvement, we are well positioned to continue feeding daily life while delivering sustainable growth.

My sincere thanks go to our Board of Directors for their guidance, to our colleagues across factories, warehouses, offices, and sales routes for their dedication, and to our customers, suppliers, and partners for their continued trust. Together, we move forward with confidence and optimism.

**Patrick Stillhart**  
Chief Executive Officer

# KEY PERFORMANCE INDICATORS

This healthy performance is attributed to:

## Gross margin

Gross margin of 31.1% was maintained at a healthy level vs 36.5% for last reported period driven by:

- a. higher key raw material costs of carried stock;
- b. general inflationary trend;
- c. unfavorable product mix, especially ice cream sales reduction; and
- d. fuel price increase.

## Selling & distribution expenses

Selling & distribution expenses are 14.8% of net sales versus 16.0% last reported period, driven by efficiency across all categories.

## General & administrative expenses

General & administrative expenses are 4.05% of net sales, reflecting a marginal increase versus last year.

## Financial income

Financial income decreased by ₪ 15.7 Mln due to higher dividend payout.

## Profitability

Profitability remains at a healthy level of 15.9%.

Further reasons include:

- > Strong performance of emerging channels, particularly OOH, Export, and eCommerce, which delivered robust year over year growth of 38.4%, 26.0%, and 54.9% respectively.
- > International markets continued to support growth, led by export markets in new countries, which recorded strong double-digit revenue growth.
- > Mlekoma operations delivered 29.8% sales growth versus last year.
- > Overall SADAFCO achieved sales of SAR 3,065 Mln (including discontinued operations of Kuwait, Jordan & Bahrain, which has moved now to a distributor model, replacing the legal entity, operating a business as usual).
- > SADAFCO maintained its position as a market leader with market shares of UHT milk at 50.5%, Tomato Paste at 51.3% and Ice Cream at 30.5%, despite a challenging environment.

2025:

₪ **+3,065 Mln**

2024:

₪ **+2,963 Mln**

Revenue Growth:

**3.44%**



Business Results Comparison, ₪ Mln

Details	FY2025 <sup>1</sup>	FY2024	FY2023	FY2022/2023 <sup>2</sup>	FY2021/2022 <sup>2</sup>	FY2020/2021 <sup>2</sup>
Revenue	3,065	2,963	2,780	2,648	2,170	2,105
Cost of Revenue	-2,124	-1,904	-1,828	-1,825	-1,513	-1,411
Gross Profit	941	1,059	952	823	657	694
Net Profit	477	483	415	310	209	261

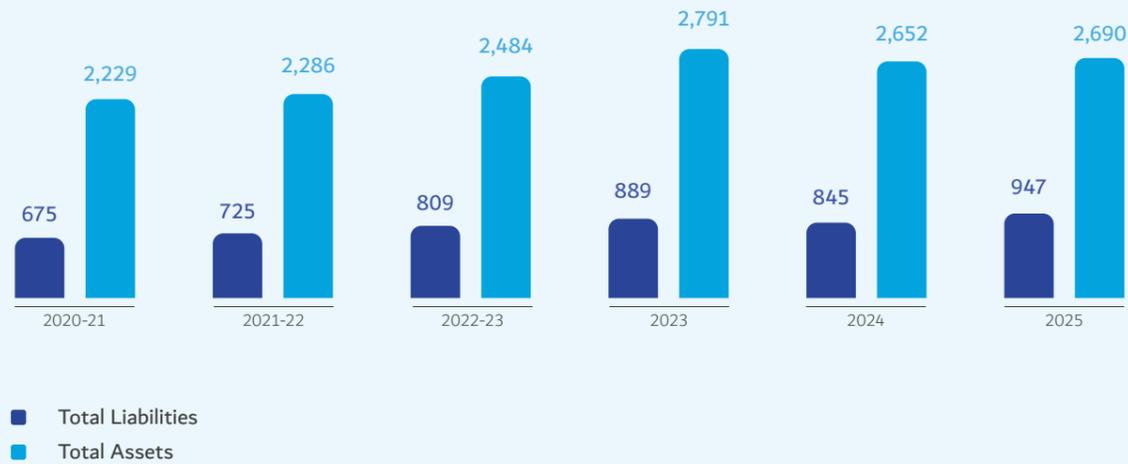
<sup>1</sup> Figures are inclusive of subsidiaries under liquidation.

<sup>2</sup> Financial Years from 1<sup>st</sup> April to 31<sup>st</sup> March – 12-month period (before changing the fiscal year).

Assets & Liabilities Comparison, ₪ Mln

Details	FY2025	FY2024	FY2023	FY2022/2023	FY2021/2022	FY2020/2021
Current Assets	1,511	1,509	1,782	1,436	1,262	1,278
Non-current Assets	1,179	1,143	1,009	1,048	1,024	951
<b>Total Assets</b>	<b>2,690</b>	<b>2,652</b>	<b>2,791</b>	<b>2,484</b>	<b>2,286</b>	<b>2,229</b>
Current Liabilities	718	643	685	617	517	474
Non-current Liabilities	229	202	205	192	208	201
<b>Total Liabilities</b>	<b>947</b>	<b>845</b>	<b>889</b>	<b>809</b>	<b>725</b>	<b>675</b>

Total Assets and Total Liabilities, ₪ Mln



Operational Results and Major Changes, ₪ Mln

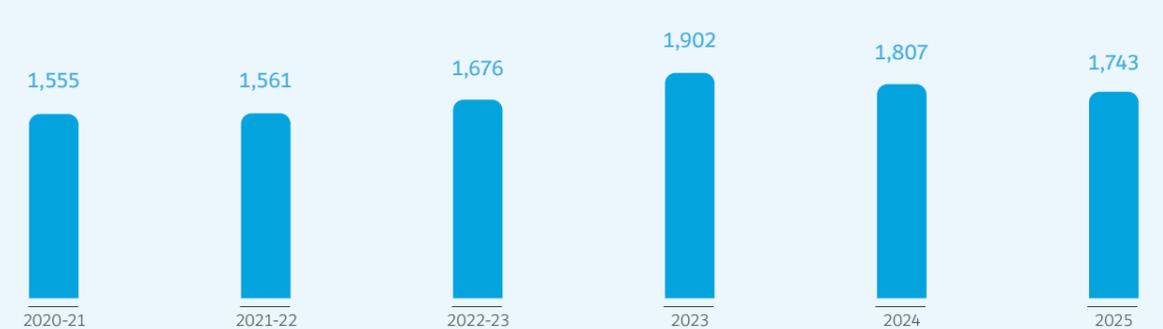
Details	2025	2024	Changes (+) or (-)	% of Changes	2023 <sup>1</sup>
Revenue	3,065	2,963	102	3.44	2,780
Cost of Revenue	-2,124	-1,904	-220	11.55	-1,828
Gross Profit	941	1,059	-117	-11.05	952
Operational Expenses	-486	-591	123	-20.81	-522
Operational Profit	473	468	5	1.07	430

<sup>1</sup> Figures for corresponding 12-Months (1<sup>st</sup> January to 31<sup>st</sup> December) for accurate comparison.

Statutory Payments during the fiscal year ended on 31st December 2025, ₪ thousand

Description	Due	Paid
1 ZATCA	303,846	303,846
2 GOSI	19,393	19,393
3 Tadawul Contract	869	869
4 Government Fees & Visas	20,410	20,410
<b>Total</b>	<b>344,518</b>	<b>344,518</b>

Change in Total Shareholders' Equity, ₪ Mln



# Performance of the Company

Business Results Comparison, ₪ Mln

## Ice Cream

₪ 478 Mln

% of total sales 15.58  
Growth<sup>2</sup> -0.09%



## Culinary<sup>3</sup>

₪ 302 Mln

% of total sales 9.85  
Growth<sup>2</sup> -1.68%



## Others<sup>4</sup>

₪ 86 Mln

% of total sales 2.82  
Growth<sup>2</sup> -5.97%

## Dairy<sup>1</sup>

₪ 2,199 Mln

% of total sales 71.75  
Growth<sup>2</sup> 5.42%

Total

₪ 3,065 Mln

Growth

3.44%

<sup>1</sup> Dairy includes Plain Milk, Flavored Milk, GUM, Milk Powder, EVAP, Cream, Coffee, Cheese and Mlekoma sales.

<sup>2</sup> Comparison is for FY2024 vs. FY2025.

<sup>3</sup> Culinary includes Tomato Paste, Mayonnaise, Ketchup, Honey & Other Culinary including Mezete.

<sup>4</sup> Others include Snacks & French Fries.

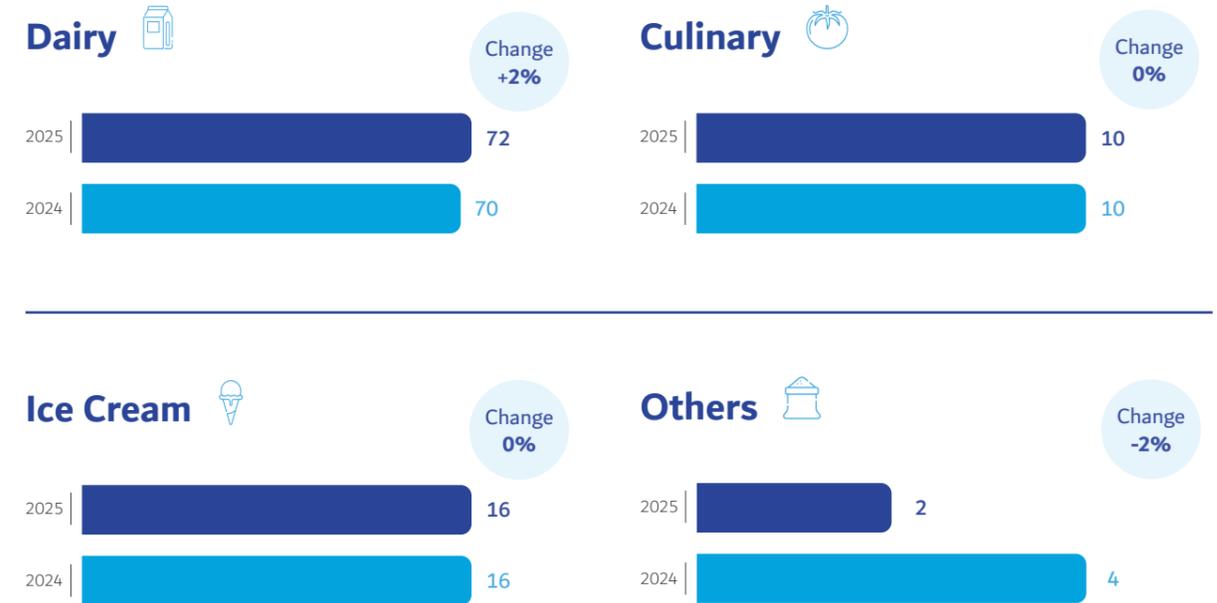
## Revenue as per Geographical Analysis for the Company and its Subsidiaries, ₪ Mln

Financial Year	KSA	GCC	Other Countries	Poland	Total Revenue
FY2025 <sup>1</sup>	2,316	91	196	462	3,065
FY2024	2,328	80	199	356	2,963
FY2023	2,338	78	146	218	2,780
FY 2022-23 <sup>2</sup>	2,194	64	114	276	2,648
FY 2021-22 <sup>2</sup>	1,786	56	79	249	2,170
FY 2020-21 <sup>2</sup>	1,811	64	71	159	2,105

<sup>1</sup> Figures are inclusive of subsidiaries under liquidation.

<sup>2</sup> Financial Years from 1st April to 31st March – 12-month period (before changing the fiscal year).

## Sales Contribution by Product Category



## Performance of Subsidiary Companies

The main activities of SADAFCO's subsidiaries in Kuwait, Bahrain, and Jordan (under liquidation) are selling and distributing SADAFCO products in these countries. The subsidiary in Poland is manufacturing and distributing dairy raw materials in Europe and MENA.

### SADAFCO Poland

Product	Activity Revenue (₹ Mn)	Percentage (%)
Milk – liquid	288	63
Powdered Milk	159	34
Others	15	3
<b>Total</b>	<b>462</b>	<b>100</b>

### SADAFCO Subsidiary companies' revenue (including SADAFCO Poland)<sup>1</sup>

Product	Activity Revenue (₹ Mn)	Percentage (%)
Dairy	516	98
Ice Cream	5	1
Culinary	5	1
Others	1	-
<b>Total</b>	<b>527</b>	<b>100</b>

<sup>1</sup> Excludes export sales.

### Revenue as per Geographical Analysis for Subsidiaries, including export sales, ₹ MnMn

Financial Year	GCC	Other Countries	Poland	Total Revenue
FY2025	91	196	462	749
FY2024	80	199	356	635
FY2023	78	146	218	442
FY2022-23 <sup>1</sup>	64	114	276	454
FY2021-22 <sup>1</sup>	56	79	249	384
FY2020-21 <sup>1</sup>	64	71	159	294

<sup>1</sup> Financial Years from 1<sup>st</sup> April to 31<sup>st</sup> March – 12-month period (before changing the fiscal year).

### Sales for SADAFCO and Subsidiaries by location, ₹ Mn

#### Sales 2025



#### Sales 2024



2,316	76%
462	15%
65	2%
39	1%
36	1%
147	5%

■ Saudi Arabia
■ Poland
■ Jordan
■ Bahrain
■ Kuwait
■ Export

2,328	78.6%
356	12.0%
73	2.4%
46	1.6%
33	1.1%
127	4.3%

# COMMERCIAL REVIEW

Delivering resilient growth through strong core performance, disciplined execution, and consumer-centric innovation.

In 2025, SADAFCO delivered resilient commercial growth across its portfolio, supported by the strength of its core categories, continued brand investment, and disciplined execution across channels. Despite heightened

competitive intensity and promotional pressure in several categories, the Company sustained momentum by prioritizing availability, relevance, and innovation aligned with consumer needs.

## Category Performance

### Dairy

The Dairy category continued its strong momentum in 2025, delivering net sales growth of +5.42% driven by exceptional performance of the core 1L Plain Milk SKU, solid out-of-home results, and continued progress in flavored milk and Instant Milk Powder.

Growth in the long-life milk category (+6% volume) was concentrated among the top four brands, with Saudia contributing approximately half of category growth. This was further supported by the contraction of the fresh milk category (-7.5%), where SADAFCO has no exposure.

SAUDIA reinforced its leadership position in long life milk, achieving a 50.5% market value share. Performance was driven by record-high volumes in the flagship 1L SKU, a successful Ramadan activation for the second consecutive year, and double-digit growth in flavored milk.

### Culinary

The Culinary Business Unit delivered a strong performance in 2025, achieving 3.5% volume growth year over year, supported by continued momentum in tomato paste and the broader culinary portfolio.

Tomato paste sustained its market leadership with a 51.3% value share, demonstrating resilience amid intensified price competition and the entry of low-priced challenger brands.

**+3.5%**

Culinary Unit volume growth in 2025

### Snacks

The Snacks Business delivered 5% volume growth versus 2024, primarily driven by innovation. 2025 marked a foundational year for the portfolio, focused on strengthening the platform for future scale.

#### Key initiatives included:

- > A full packaging revamp across the portfolio, anchored by CRISPY as the core brand
- > Launch of new flavors and range expansion aligned with fast-growing channels
- > Strategic entry into Potato Chips, representing over 60% of the salty snacks category

Alongside innovation, the business focused on reinforcing fundamentals, enhancing route-to-market effectiveness, and refining portfolio architecture, positioning Snacks for sustainable and scalable growth.

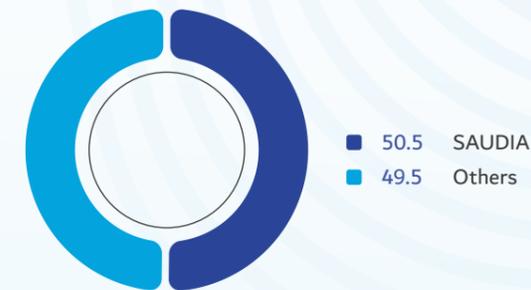
Seasonal activation during Ramadan, combined with sustained investment in consumer engagement, remained central to strengthening brand equity and supporting long-term category health.

### Frozen

The Frozen Business Unit sustained strong innovation momentum during the year, launching products designed around key consumer need states. In Ice Cream, these innovations supported continued leadership across both premium and entry-level segments.

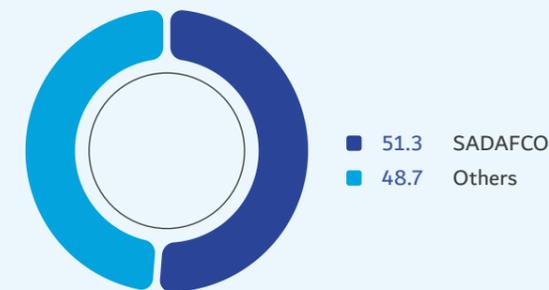
During the year, SADAFCO launched 11 new products across Snacking, Refreshing, Indulgence, and Fun, delivering a balanced offering across multiple price points. These innovations accounted for nearly 7.8% of total Ice Cream sales, underlining the commercial relevance of the innovation pipeline.

Long Life Milk Market Share, %



Despite continued promotional pressure, particularly in family packs, SAUDIA successfully defended its share in plain milk while accelerating share gains in flavoured milk. Innovation played a central role, with the successful launch of Cotton Candy and Caramel Chocolate variants, supported by strong media and in-store execution. As a result, flavoured milk reached its highest-ever share in November 2025 (23.1%).

Tomato Paste Market Share, %

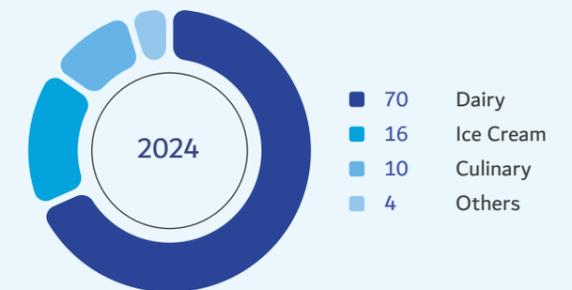


**Condiments** category recorded double-digit growth, driven by robust performance of core ranges and the successful introduction of new products.

Sales Contribution by Product Category, %



**11**  
New Frozen Products Launched



## Developing the Brand Power

Brand investment translated into measurable gains in equity and awareness. Saudia Ice Cream's key brands recorded strong growth in both Top-of-Mind and Unaided Awareness, as measured by Kantar.

- > **Saudia Sandwich** launched its most ambitious campaign to date, highlighting the return of the Original recipe and delivering double-digit growth since its July relaunch.
- > **Baboo** benefited from the second season of its cartoon series on Space Toon, driving a 28% increase in Top-of-Mind awareness and achieving an all-time high in "Most Often Consumed" brand reach.

Brand strength was further reinforced through increased availability, with 1,750 new points of sale added during the year, spanning General Trade, Modern Trade, and emerging channels such as eCommerce and discounters.

# 1,750

new points of sale added in 2025

## Strategic Partnerships and Recognition

A new strategic partnership with Saudia Airlines was launched in 2025 on the Riyadh-Jeddah route, bringing the brand closer to consumers even at cruising altitude. The partnership is set to continue expanding further in the future.



SADAFCO's flagship brand Saudia was ranked among Saudi Arabia's top 10 most influential local brands, securing 9th place in the 2024 Ipsos survey.

At the same time, SADAFCO's marketing excellence was recognized internationally, with the Saudia Sandwich Twins Campaign winning Platinum at the MUSE International Advertising Awards and earning SADAFCO's first-ever nomination at the Effies MENA Regional Awards. The campaign delivered the highest Brand Power score in the brand's history.

## Commercial Operations

Commercial operations in 2025 focused on expansion, efficiency, and in-store excellence. Key highlights included:

- Increased numeric distribution across all core segments
- Strong expansion in emerging channels, including eCommerce and discounters, through tailored portfolios
- Enhanced sales fundamentals, including productivity, drop size, collections, and lines per call
- Improved share-of-shelf execution across key customers
- Significant growth in Foodservice, supported by a new distributor and investment in internal distribution infrastructure
- Entry into four new international markets
- Ongoing experimentation with digital selling platforms
- Roll-out of training programs to build best-in-class commercial capabilities

### Saudia Sandwich Twins Campaign Recognition



### Platinum Award at the MUSE International Advertising Awards



### First Nomination at the Effies MENA Regional Awards.



## Outlook

Looking ahead, SADAFCO will continue to prioritize innovation aligned with evolving consumer needs, strengthen core brands through relevant communication, and expand its presence in high-potential emerging channels. With disciplined execution and a strong commercial platform, the Company remains well positioned to sustain growth and reinforce market leadership.



# PRODUCT EVOLUTION

At SADAFCO, through innovation and technology, we enhance productivity while ensuring our products meet evolving consumer needs without compromising our social and environmental responsibility. In 2025, we introduced new products and refined existing ones, focusing on quality, nutrition, and waste reduction. With a strategic vision, we remain committed to driving transformation that balances progress with sustainability.

## Another active year in terms of innovation

In 2025, SADAFCO made significant strides in innovation across all categories.

In the Dairy segment, notable launches included Lactose Free milk and Baboo dairy drinks, along with Cotton Candy and Chocolate Caramel Flavored Milks targeting both adults and children.

The Ice Cream category saw the introduction of 11 new innovations: Cotton Candy cone, Cookie Cream cone, Nutticone, Nuttwich, Vanilla stick, alongside the Mango Fruit ice stick, Sensations Salted Caramel stick, and the traditional Kulfi in stick format. Additionally, a new Blue Push Up was introduced as well as a 2-in-1 sandwich and a Feast Caramel Stick.

In the Snacks category, the Crispy brands has accelerated its portfolio expansion within its core extruded business by introducing a series of new products, including ABC cheese, Sweet Chilli rings, and Cheese balls. Moreover, and in its latest phase of growth, Crispy has diversified its products to enter the biggest segment in snacks - natural potato chips: three flavors being offered (hot sauce, cheese, chilli lime). This broadened range strengthens the brand's presence and competitiveness in the market.

Lastly, in the Culinary section, barbecue sauce and garlic sauces were introduced to enhance the Saudi Table.

## Three Dimensions of Product Innovation

### Healthy and Nutritious Food



### Consumer Delight



### Product Packaging



# OPERATIONAL REVIEW

SADAFCO Triple values have been clearly incorporated in our behaviours and are guiding the entire Supply Chain team. Safety and quality are our key and top priorities, and we can proudly share that we lived up to the promise to deliver food safely and high-quality products to the market without any incidents. With an overall Service Level of 98.7% we have managed to deliver our customer demand and the projected growth. Several new products have been launched and new equipment installed to facilitate this innovation and growth. To mitigate potential supply risks during the tensions in the region we have decided to temporarily increase inventory levels of our main raw materials, ingredients, and packaging materials. Efficiencies in our factories improved further thanks to our World Class Manufacturing program and investments in downstream automation. To effectively deliver the evolving market demand for the upcoming years, a clear distribution network strategy has been developed. Our new depot in Yanbu is fully operational and the construction of a new depot in Jizan has



Safety & quality are our key and top priorities, and we can proudly share that we lived up to the promise to deliver food safe and high-quality products to the market without any incidents.

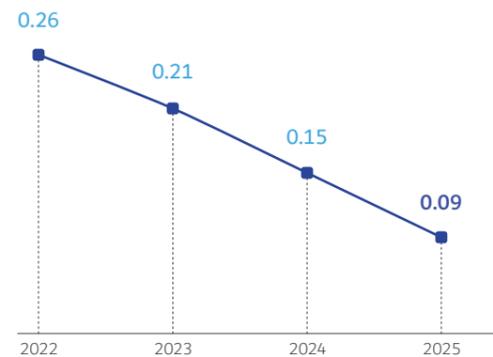
started. The digitalization journey continued thanks to all the efforts in respect of the design and preparation for our SAP and Digital Factory system that is scheduled to go live during 2026. Our strong commitment and dedication towards Safety, Environment, Quality, Service and Efficiency significantly contributed towards SADAFCO's overall performance in 2025 and created a strong foundation for future growth.

## Safety, Health & Environment

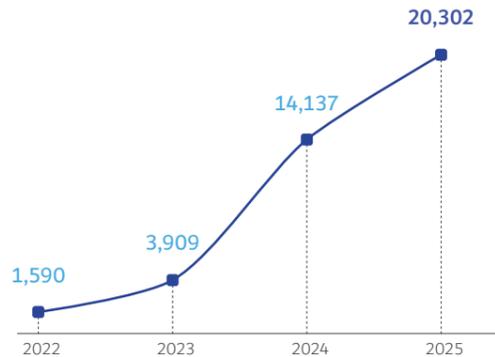
SADAFCO has been ranked as a "Great Place to Work" and our focus on safety leadership and awareness helped contribute to this, especially in relation to the usage of methodologies such as 5S which helped to organize our workplace effectively and in a safe manner. Compared to 2024, the number of Lost-Time

Incidents in our organization fell by 40% in 2025. Over the past years, we have also achieved a sustained reduction in our Lost-Time Incident Frequency Rate (LTIFR) per 100,000 workhours, demonstrating measurable and long-term progress in safeguarding our people.

LTIFR



Safety Training hours



The strong increase of near misses reported, combined with an extended investment in safety training, contributed to bringing the Lost-Time incidents down. The recycle rate of our factories ran above target at a level of 96% which helped reduce our environmental footprint. Our

certificates and licenses ISO 14001:2015 (Environment) and ISO 45000:2018 (Occupational Health & Safety) have been successfully extended.

## Quality

Thanks to our solid quality systems and high level of quality awareness amongst all our employees, no major quality incidents or recalls occurred during 2025. Our factories in the KSA have been evaluated by the SFDA and rated again with an outstanding A+ score. A renewed and additional Halal certificate has been provided by the Saudi Halal Center. All other external audits in our factories and warehouses have been successfully passed resulting in an extension of our certificates and licenses for ISO 22000:2018 (Food Safety), Halal, and Organic. We have continued, and will always continue, to supply safe and high-quality food products according to agreed Food Safety standards in order to consistently strengthen the trust of our valued customers and consumers.

## Planning

The Planning team managed to align with all internal stakeholders and guide us through a thorough monthly sales forecasting and S&OP process. Statistics and AI-driven calculations combined with the human intelligence and insights really helped to further approve our forecast accuracy across the different markets and channels. This clear projection of future market demand helped to further optimize our inventory levels and replenishment needs. Our factories showed a strong performance and met their targets on delivering the required weekly plannings and outputs. All in all, these efforts resulted for 2025 in a solid service level of 98.7% whilst keeping costs and inventory levels under control.

## Procurement

Thanks to the support from our suppliers and procurement employees, we have secured our factories to run according to plan and deliver our finished goods and products to the market without any noticeable disturbance. By anticipating wisely on the swings in key commodities markets we have been able to mitigate steep price increases whilst taking advantage of the opportunity of some downward trends during the last months of 2025. In parallel, several efficiency initiatives have materialized (estimated at ₪ 80Mn) on Raw Materials, Packaging Materials, Ingredients, and Services. To further develop the capabilities and knowledge of our Supply Chain team members, different suppliers and business partners contributed by sharing their knowledge with us and organizing on-premise trainings.



## Manufacturing

SADAFCO factories further improved their performance and produced all required products needed to supply the market according to our high-quality standards. Thanks to our World Class Manufacturing program and several efficiency related investments, our main KPIs (e.g., OEE, output per manhour, waste percentages, water usage, etc.) showed another step-up and improvement in 2025 compared with the previous year. The design and engineering phase of our Digital Factory project has been finalized and is ready

for the implementation phase. This project and strategic collaboration with Siemens, and its future integration with our SAP ERP system, will drive our digital transformation and streamline operations whilst reinforcing our commitment to manufacturing excellence and sustainability. By leveraging the latest technology, we aim to set a new standard for efficient, sustainable, and innovative manufacturing in the Kingdom.

### Jeddah Milk Factory

The Milk Factory team managed effectively to deliver increased volumes whilst improving the efficiencies and reducing water consumption. The OEE improved by another 1.4% and the water consumption (measured in water used per kg of product produced) reduced by 5% compared with 2024. In 2025 a new boiler was installed which significantly reduced our diesel consumption.



### Ice Cream Factory

The successful start-up of our new and fully automated Sandwich Ice Cream line was a major milestone achieved by the Ice Cream factory team. This new GRAM line performed at World Class levels and smoothly delivered our growing Sandwich demand during the summer season in the KSA. Compared to previous years, there was no need for an upfront inventory build-up. The Continuous Improvement mindset of every Ice Cream factory leader and employee ensured a further increase in capacity outputs and efficiencies of existing equipment. In addition to this, it really helped that this factory became a better, safer, and even greater place to work.



## Logistics & Warehousing

At the start of 2025 a Distribution strategy was developed that provides a clear roadmap for the expansion and investments needed in the coming years. Our network of central warehouses and depots needs to evolve with market growth and latest requirements. The opening of our new Yanbu depot was an important milestone achieved in April 2025. The construction of a new depot in Jizan started and this depot is expected to be operational during the second half of 2026. For a new depot in Taif, the design phase has been finalized. These new warehouses meet our

latest design criteria and have increased storage and loading capacities compared to the old locations, which will be closed. The transportation team did a great job in reducing our idling times, and therefore the fuel consumption in primary transportation. Our fleet has also been partly renewed by new and more fuel-efficient trucks which will help to offset the steep diesel price increases. Thanks to these efforts and investments the fuel efficiency ratio (L/km) improved another 10% compared to 2024.

### Dammam Factory

Our Tomato Paste, Snacks, and Feta cheese factory in Dammam benefited from good, high volumes during 2025. The commissioning and fine-tuning of the Snack autobagger line has been completed successfully. This autobagger automatically packs our small pouches (12 and 18 g) into multibags and contributed to a further improvement in our workforce efficiency. Also, in the Dammam factory a new steam boiler was installed in 2025 that contributed to lower diesel consumption and a more reliable availability of steam. The next step planned for 2026 is to connect this boiler to the natural gas grid.



### Poland Factory

The team in Poland optimized the organization and labor efficiency in 2025 whilst increasing the overall output and capacity utilization. The high-quality Skimmed Milk Powder produced at our dryer in Poland and afterwards shipped to the KSA contributed to guaranteeing our high-quality Saudia milk produced in Jeddah. An investment has been approved to implement a heat recovery system at our drying facility, aimed at reducing overall energy consumption and enhancing operational efficiency. This will lead to another remarkable step forward to sustainably grow our business.



# DIGITAL TRANSFORMATION

At SADAFCO, digital transformation is the engine driving our commitment to agility, scalability, and operational excellence. By modernizing our core infrastructure and adopting cutting-edge technologies, we are creating a resilient, data-driven organization capable of delivering exceptional value to our stakeholders, including suppliers, customers, consumers, and employees. The main pillars and technologies empowering the transformation include:



## 1. Strategic Infrastructure

SADAFCO is transitioning from legacy systems to a modern, high-performance foundation designed for the digital age:

- > **Cloud Strategy:**  
Adopting a cloud approach to ensure the business remains agile and capable of scaling rapidly to meet market demands.
- > **Modernized WAN:**  
Evolving from a legacy MPLS network to a high-performance SD-WAN architecture, delivering faster, more resilient, and cost-efficient connectivity across factories, central warehouses, and depots.
- > **Next-Generation Infrastructure:**  
Transforming network switching, routing, and Wi-Fi to power seamless, scalable, enterprise-wide connectivity that keeps pace with growing business demands.

## 2. Advanced Applications & Operational Agility

Following the industry lead in enterprise resource planning, SADAFCO is integrating advanced platforms to streamline business functions:

- > **SAP Cloud ERP Implementation:** Implementing SAP Cloud ERP as the core of our digital backbone, streamlining finance, supply chain, and sales operations.
- > **Sales Innovation:**  
A modern sales system is being deployed to enhance route-to-market (RTM) efficiency and accelerate growth.
- > **Agile Development:**  
Leveraging **Low Code/No Code** platforms and **Robotic Process Automation (RPA)** to automate workflows and increase responsiveness to business needs.
- > **Connected Planning:** Establishing a fully digital and connected sales and operational planning process to enable real-time flexibility and monitoring.

## 3. The Digital Factory & Industrial IoT (Industry 4.0)

SADAFCO is transforming its manufacturing capabilities into a "Digital Factory" to enhance quality and efficiency:

- > **IoT:**  
Deploying sensors and **IoT devices** across production lines for real-time monitoring.
- > **Advanced Controls:**  
Integrating **SCADA, MES, and Robotics** to automate complex processes and minimize human error.
- > **Preventive Maintenance:**  
Utilizing data-driven insights to transition from reactive to preventive maintenance, ensuring maximum uptime for critical assets.

## 4. Data Intelligence & AI

A central component of SADAFCO's strategy is to enable the transition from descriptive data to predictive or even prescriptive data. This entails establishing a "Single Source of Truth," making data visible and actionable across the organization:

- > **AI & GenAI Ready:**  
Building a robust data architecture that is **GenAI and Machine Learning (ML) ready**, enabling advanced analytics for superior decision-making.
- > **Agentic Automation:**  
Enhancing productivity and automating tasks.
- > **Data Governance:**  
Implementing strict data quality governance and master data management to ensure accuracy across all business verticals.

## 5. Cybersecurity & Compliance

As protecting digital assets is a top priority, SADAFCO is continuously elevating its security posture to exceed global industry standards:

- > **Proactive Defense:**  
Implementing **XdR (Extended Detection and Response)**, behavioral-based monitoring, and establishing a **Security Operations Center (SOC)** with threat intelligence.
- > **Access Management:**  
Introducing Privileged Access Management (PAM) solutions and Single Sign-On (SSO) to secure the digital environment.
- > **Regulatory Alignment:**  
Ensuring full compliance with National Cybersecurity Authority and ZATCA requirements and the **Personal Data Protection Law (PDPL)**.

## 6. Experience-Centric Continuous Innovation

SADAFCO's transformation extends beyond operations to enhance every stakeholder interaction and continuous innovation and transformation:

- > **Smart Workplace:**  
Creating a digital/smart workplace to increase employee productivity and improve overall employee experience.
- > **Digital Channels and Platforms:**  
Enabling digital channels and platforms to bridge the gap between customers and consumers, ensuring a seamless and personalized journey.

Through these strategic pillars, SADAFCO is not merely adopting technology but is redefining its role as a leader in the FMCG sector, aligning with the broader digital and economic goals of Saudi Vision 2030.

# EMPLOYEE AND CULTURE

At SADAFCO, our HR strategy is deeply aligned with our principle of “Nourishing Tomorrow Sustainably and Driving Purposeful Growth.”

In 2025, we continued to prioritize the development, engagement, and wellbeing of our employees, recognizing that our people are the cornerstone of our success. Through targeted and sustainable initiatives in talent development, skills enhancement, rewards, health and

wellbeing, and digital transformation, we have made significant progress in strengthening engagement and fostering a work environment that is inclusive, innovative, and future-ready.

Headcount

**2,501**

Nationality mix:

**46**

Nationalities

Female Representation Overall:

**7%**

Career progression: year 2025 saw the promotions of

**98**

employees (55 of which are Saudi Nationals)

Females in Managerial Levels:

**11%**

(vs. 10% last year)

**8%**

of the promotions moved the employees to managerial levels

## Development

During last year, our People Experience department facilitated learning through various platforms. Various face-to-face training sessions were initiated in addition to online and on-the-job training, delivering more than 22,500 hours.

## Commercial Academy

The Commercial Academy continued to strengthen its role as a key enabler of talent development across the Commercial function, delivering targeted training programs designed to build critical commercial, leadership, and functional capabilities. Through structured learning pathways and competency-based development initiatives, employees were supported in enhancing their performance and preparing for future roles. As part of our ongoing commitment to continuous improvement, we continued to strengthen our development approach to ensure each employee's growth journey is aligned with both business priorities and long-term career aspirations.

## Rewards

The annual salary review has been successfully completed. At SADAFCO, we are committed to continuously enhancing our reward systems to ensure fairness, competitiveness, and alignment with market standards. As part of this commitment, we have partnered with one of the world's leading consultancy firms to conduct a comprehensive review of all benefits and compensation structures. This initiative aims to attract, retain, and nurture top talent, with a special focus on supporting and empowering local talent. We are dedicated to taking the necessary actions to ensure our rewards framework remains market-leading and aligned with our strategic goals. We continued to present



**Retention:** SADAFCO successfully retained 91% of its employees, a 6% improvement in retention vs last year.

## Employee Health & Wellbeing

SADAFCO believes that a healthy employee is a happy and productive employee. We value our employees' wellbeing, which includes psychological, physical, social, and financial aspects. For this reason, we started the year with an interactive training session focused on mental wellbeing, stress management, and burnout prevention. Our initiatives also included physical and sports activities, financial wellbeing awareness, as well as recreational activities aimed at enhancing employee engagement and connection.



## Volunteer Achievements

In 2025, SADAFCO continued to strengthen its commitment to social responsibility by expanding its employee-led volunteering initiatives. Over **100 volunteer initiatives** were successfully implemented across key focus areas, including community support, healthcare, education, and environmental sustainability. More than **200 employees** actively participated in these initiatives, contributing a total of approximately **1,052 volunteer hours**. This strong level of engagement reflects a growing culture of volunteerism within the organization and highlights employees' dedication to making a positive social impact.

Through these efforts, the Company not only supported meaningful community causes but also reinforced internal collaboration, employee engagement, and shared values, in line with our purpose of "Sustainably Nourishing Tomorrow, Driving Purposeful Growth."

## Engagement

The HR department has facilitated numerous engagement activities across all locations. These team-building activities are made to enhance morale and create a sense of wellbeing.

As is the custom, the Executive team have visited various depots across the Kingdom to connect with employees at all sites. During Ramadan, special visits were organized, allowing the Executive team to share Iftar with employees, further strengthening bonds. The Annual Ramadan Iftar in Jeddah was a great success. For the first time SADAFCO ensured the annual Iftar included employees' families. This was done at Shallal Amusement park, where all employees were able to spend a fun evening with their families after the Iftar. These initiatives reflect our ongoing commitment to creating a connected, motivated, and engaged workforce.

Engagement score

**86%**

## Digitalization

- > Recruitment processes have been updated to enhance the employee experience and automate application and follow-up services with candidates through to hiring.
- > Appreciation Culture: Fostered a culture of recognition and appreciation among employees, promoting a positive work environment.
- > KPI Process: Fully digitalized the KPI process, minimizing reliance on emails and phone calls, and improving communication efficiency.
- > Headcount Budget Process: Digitalized the headcount budget process, reducing time and ensuring higher data accuracy.
- > SADAFCO Calendar: Introduced a centralized calendar for activities, healthcare, training, payroll, and more, improving organization and accessibility.
- > HR Policy Accessibility: Made HR policies visible and accessible to all employees, currently in the final stage of revision.
- > Job Description Portal: Launched a job description portal accessible to all employees, now in the final stage of revision.
- > The process of requesting training and recording training hours in the system has been simplified to ensure accurate tracking. In addition, digital reports have been created to monitor training activities and employee development.

These initiatives reflect our commitment to leveraging digital tools to enhance efficiency, transparency, and employee experience across the organization.

## Talent Development & Nationalization

As part of supporting the nationalization program, SADAFCO has increased the percentage of Saudi nationals at the management level to 46%, reflecting significant progress compared to previous years and reaffirming the Company's strong commitment to developing and empowering local talent. This achievement is driven by continuous efforts and planned investments in the right people. As a result, Saudi managers now occupy 46% of our leadership roles, demonstrating our dedication to talent empowerment and alignment with national objectives.

In addition, SADAFCO HR team worked on enhancing the candidate-selection process by activating behavioral and personality assessments to ensure better hiring decisions that align with both competency requirements and the organization's culture.

Saudization

**38%**

**18**

Co-op trainees joined business and we hired 27% of them

**25**

students did their co-op training with SADAFCO

## Future projects:

### Corporate Social Responsibility (CSR) Strategy

- > We have engaged a leading consultancy firm to develop a comprehensive corporate social responsibility (CSR) strategy, aimed at aligning our operations with sustainable and ethical practices. This initiative will enhance our commitment to making a positive impact on the community and the environment, fostering a culture of responsibility within our organization.

### Long-Term Incentive Plan (LTIP) Strategy

- > We have hired a leading consultancy firm conduct a detailed study focused on developing our Long-Term Incentive Plan (LTIP) strategy. This effort will ensure that our compensation framework effectively attracts, retains, and motivates top talent, aligning employee performance with our long-term business goals



# COMMUNITY IMPACT

## A Year of Purpose-Driven Contribution

Throughout 2025, SADAFCO advanced its commitment to creating long-term social value through a series of initiatives that reflected the Company's dedication to community wellbeing, environmental stewardship, and national development. This year marked a significant step forward in expanding programs that not only address immediate community needs, but also create foundations for sustainable progress in the years ahead.

### National Recognition

SADAFCO's efforts were recognized at a national level with the Silver CSR Category Award from the Ministry of Human Resources and Social Development. This acknowledgment reflects the Company's continued consistency and depth in social programs, reinforcing its alignment with national priorities and community expectations. Furthermore, the recognition as MODON Social Responsibility Partner for 2025 highlighted the company's significant contributions to improving

community environments within industrial cities, an area of growing importance as Saudi Arabia continues developing integrated, sustainable industrial zones.

Environmental stewardship remained a central pillar of SADAFCO's community agenda. The inauguration of Modon Park in the First Industrial City in Jeddah stands as a major milestone, demonstrating the company's ongoing investment in enhancing green public spaces and improving quality of life for workers and residents. The park represents more than a physical space: it reflects a broader vision of integrating sustainability into the daily experience of communities surrounding SADAFCO's operations. The impact of these environmental efforts was further strengthened through a series of afforestation and preservation campaigns across Hail, Buraidah, Abha, Riyadh, Madinah, Jeddah, Dammam, Al-Hofuf, and Makkah. A total of 200 employees contributed 1,052 volunteer hours, underscoring the Company's continued belief that volunteerism plays a vital role in safeguarding natural resources and inspiring broader community action.



**200**  
volunteer employees

**1,052**  
volunteer hours

As part of our commitment to sustainability, SADAFCO has made a significant contribution to the "Green Cities" initiative in collaboration with the Saudi Authority for Industrial Cities and Technology Zones. Since mid-2024, the Company has successfully planted over 200,000 trees. This effort aligns with national initiatives to combat desertification and enhance green coverage, supporting the broader objectives of Saudi Vision 2030. Through these initiatives, SADAFCO demonstrates its ongoing dedication to environmental stewardship and its role in promoting a greener future for Saudi Arabia.

### Health and Wellbeing Programs

Complementing these environmental initiatives, SADAFCO further expanded its health and wellbeing programs. Through its participation in Breast Cancer Awareness initiatives, and the collaboration between the HR Excellence Team and the Makkah Health Cluster, the Company helped raise awareness about early detection and preventive care, an area of increasing national focus. SADAFCO also partnered with Nahdi Care Clinics to organize a dedicated health day for employees and their families. This initiative offered medical consultations and essential health assessments, reinforcing the Company's commitment to cultivating a workplace culture grounded in safety, wellbeing, and access to quality healthcare.



**+200,000**  
trees planted since mid-2024.

### Social Support Initiatives

Social support initiatives formed another major component of SADAFCO's community impact efforts during 2025. The "Preserving Blessings" initiative expanded significantly, distributing 6,619 bundles, totaling 158,856 units of Saudia Coffee across 20 SADAFCO locations to 24 government entities and nonprofit organizations. The scale of this initiative demonstrates the Company's emphasis on practical, high-impact contributions that directly support beneficiary families and strengthen social cohesion across different regions. This approach reflects SADAFCO's belief that corporate social responsibility must contribute to meaningful, tangible improvements in people's lives.

### Youth Empowerment and Education

Youth empowerment and education continued to feature prominently in SADAFCO's community portfolio. The Company's participation in the national #Future\_Industrialists initiative, hosted at the University of Business and Technology, offered young innovators the opportunity to present and refine their ideas. SADAFCO contributed as part of the judging panel, helping evaluate student projects and offering insight into industry expectations. This engagement reflects the Company's long-term commitment to nurturing the next generation of national talent and supporting Saudi Arabia's broader objectives around preparing youth for future-ready industries.

Taken together, the initiatives of 2025 reflect a year defined by strategic action, purposeful engagement, and measurable outcomes. SADAFCO's community programs are rooted in a clear vision: creating long-lasting impact that aligns with national priorities, supports local communities, and reinforces the Company's role as a trusted corporate partner. By investing in environmental progress, promoting health and wellbeing, supporting social solidarity, and empowering youth, the Company continues to build a positive footprint across the Kingdom.

### Looking Ahead

As SADAFCO moves into the coming years, its focus remains on strengthening partnerships, expanding volunteer opportunities, and deepening its contributions across regions. The Company remains committed to initiatives that advance community wellbeing, promote sustainability, and foster a resilient and vibrant society, ensuring that the communities SADAFCO serves today will continue to thrive for generations to come.

**6,619**  
bundles distributed to 24 government entities and nonprofit organizations during "Preserving Blessings."

# STAKEHOLDER ENGAGEMENT

	Needs & Expectations	Engagement Modes
<b>Consumer</b> 	<ul style="list-style-type: none"> <li>&gt; Product and ingredients' quality, freshness, and safety</li> <li>&gt; Product nutritional value and health implications</li> <li>&gt; Product price</li> <li>&gt; Brand reputation</li> <li>&gt; Environmentally sound production practices</li> <li>&gt; Fair and ethical marketing</li> <li>&gt; International recognition and certifications</li> <li>&gt; Direct communication channels</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Social Media</li> <li>&gt; Visitor tours</li> <li>&gt; Website</li> <li>&gt; Call Center</li> <li>&gt; Electronic mail</li> <li>&gt; Product sampling</li> </ul>
<b>Customer</b> 	<ul style="list-style-type: none"> <li>&gt; Product and ingredients' quality, freshness, and safety</li> <li>&gt; Product price</li> <li>&gt; Brand reputation</li> <li>&gt; International recognition and certifications</li> <li>&gt; Direct communication channels</li> <li>&gt; Timely Delivery</li> </ul>	<ul style="list-style-type: none"> <li>&gt; CRM</li> <li>&gt; Electronic mail</li> <li>&gt; Social Media</li> <li>&gt; Website</li> <li>&gt; Call Center</li> <li>&gt; Visits</li> <li>&gt; Financial incentives</li> </ul>
<b>Employee</b> 	<ul style="list-style-type: none"> <li>&gt; Fair payment and benefits</li> <li>&gt; Equal opportunity</li> <li>&gt; Engagement and motivation</li> <li>&gt; Transparent hierarchies</li> <li>&gt; Job security</li> <li>&gt; Training and career development</li> <li>&gt; Safe work environment</li> <li>&gt; Grievance mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Employee grievance mechanism</li> <li>&gt; Employee satisfaction surveys</li> <li>&gt; Townhalls</li> <li>&gt; Internal newsletter (Pulse)</li> <li>&gt; Interviews</li> <li>&gt; Focus on employee professional growth</li> <li>&gt; Employee support fund</li> </ul>
<b>Supplier</b> 	<ul style="list-style-type: none"> <li>&gt; Brand reputation</li> <li>&gt; International recognition and certifications</li> <li>&gt; Direct communication channels</li> <li>&gt; Timely payment</li> <li>&gt; Ethical and fair practices</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Regular supplier interactions by concerned departments</li> <li>&gt; Supplier feedback</li> <li>&gt; Supplier grievance mechanism</li> <li>&gt; Supplier meetings</li> <li>&gt; Visits to supplier facility</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>&gt; Corporate Social Responsibility (CSR) and engagement</li> <li>&gt; Funds and financial support</li> <li>&gt; Data disclosure and credibility</li> <li>&gt; Environmentally sound production practices</li> <li>&gt; Contribution to social and economic development</li> </ul>	<ul style="list-style-type: none"> <li>&gt; CSR activities</li> <li>&gt; Student learning opportunities</li> <li>&gt; Community interventions and partnerships</li> <li>&gt; Social media</li> <li>&gt; Donations</li> <li>&gt; Social volunteering</li> <li>&gt; Sponsoring sports and social activities</li> </ul>
<b>Investor &amp; Regulator</b> 	<ul style="list-style-type: none"> <li>&gt; Financial performance, efficient production, and growth</li> <li>&gt; Dividends</li> <li>&gt; Share price growth</li> <li>&gt; Transparent financial and non-financial disclosure and credibility</li> <li>&gt; Market share</li> <li>&gt; Compliance with national legislation and regulation</li> <li>&gt; Contribution to economic development</li> <li>&gt; Environmentally sound production practices</li> <li>&gt; GHG emissions and impact on climate change</li> <li>&gt; International recognition and certificates</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Board of Directors' meetings</li> <li>&gt; Public reports and periodic disclosures</li> <li>&gt; Press releases</li> <li>&gt; Investor Relations</li> <li>&gt; Annual General Meetings (AGM)/Extraordinary General Meetings (EGM)</li> <li>&gt; Internal audit</li> <li>&gt; Stakeholder meetings and open dialogue</li> <li>&gt; Working closely with regulators to develop improved standards</li> </ul>



# SUSTAINABILITY IN ACTION

At SADAFCO, sustainability is embedded into the way we operate, make decisions, and create long-term value. Our approach focuses on practical, data-driven initiatives that deliver measurable environmental and social impact while supporting responsible growth and national ambitions.

Highlights from 2025 - SADAFCO's sustainability journey:

## 1. Connecting Generations



SADAFCO is committed to creating long-term value for people and communities by fostering a safe, inclusive, and engaging work environment and supporting meaningful community initiatives.

Through investment in employee development, sustainability awareness, and community engagement, the Company aims to strengthen resilience, continuity, and shared prosperity across generations.



## 2. Preserving Planet



Protecting natural resources and reducing environmental impact are central to SADAFCO's operations. Environmental stewardship is advanced through targeted initiatives in fleet decarbonization, renewable energy transition, and water efficiency.

### Fleet Decarbonization

- > **By 2035:** Transition **32.3% of the baseline fleet** to be powered by **clean energy (non-ICE)**, with a long-term ambition toward a **zero-carbon fleet by 2045**.
- > For long haul logistics, achieved a **10.8% improvement in fuel efficiency** and **855 tCO<sub>2</sub>e reduction in 2025** through efficiency-led initiatives and fleet optimization.
- > Average idling time was reduced by nearly **40%**, contributing to lower fuel use and emissions.

### Renewable Energy Transition

- > **Solar rooftop projects** are already delivering more than **11,000 tCO<sub>2</sub>e** of annual emissions reduction.
- > With the planned addition of **seven Power Purchase Agreement (PPA) sites in 2026**, annual emissions reduction is expected to increase further, with the potential to **exceed 45,000 tCO<sub>2</sub>e by 2035**.
- > Renewable energy is targeted to represent **~15% of total electricity consumption by 2035** across factories and depots.

### Water Efficiency

- > Achieved a **33% improvement in Water Consumption Ratio** at Saudia Milk Factory.
- > Conserved **242 million liters of water**, with an environmental impact equivalent to **32,251 trees planted** and **961.84 tCO<sub>2</sub>e reduced**.
- > Progress supports the long-term ambition to achieve a **Water Conversion Ratio (WCR) of 1:1 by 2035** and conserve an equivalent of **6 billion liters of potable water** across operations.

These outcomes demonstrate the tangible environmental benefits of process optimization, efficiency improvements, and disciplined resource management.

## 3. Doing Business the Right Way



Strong governance and ethical business practices underpin SADAFCO's sustainability journey. The Company operates with integrity, transparency, and accountability, ensuring regulatory compliance, responsible risk management, and effective oversight across its operations.

By embedding sustainability considerations into decision-making and performance monitoring, SADAFCO reinforces stakeholder trust, enhances operational resilience, and supports long-term business continuity.

## Looking Ahead

Through **Connecting Generations, Preserving Planet, and Doing Business the Right Way**, SADAFCO continues to integrate sustainability into its business while aligning with **Vision 2030** and the Kingdom's **Net Zero 2060** ambition.



# CORPORATE GOVERNANCE



# GOVERNANCE AT A GLANCE



” The progress achieved this year sets a firm foundation for a more resilient, transparent, and well-governed Company

This year marked a significant step forward in strengthening our governance framework and enhancing the way we manage risk, compliance, and oversight across the Company. As we continued on our transformation journey, we placed governance at the center of our growth strategy, ensuring that our structure, processes, and culture evolve in line with both our ambitions and regulatory expectations.

One of the most important milestones during the year was the Board's approval, upon the recommendation of the Nomination and Remuneration Committee (NRC), of a new senior executive structure. This restructuring is designed to support the Company's short and long-term strategic direction, improve leadership effectiveness, and provide the solid foundation needed for sustainable growth. The new structure aligns our executive capabilities with our transformation objectives and positions us to respond more effectively to emerging opportunities and challenges.

In parallel with this organizational advancement, we completed the establishment of a fully integrated Governance, Risk, and Compliance (GRC) Department. This new department brings together key functions – corporate governance, compliance, internal control, risk management, and cybersecurity – under a unified framework. This integration allows for better coordination, clearer accountability, and a more holistic approach to oversight. It also strengthens our internal control environment.

Technology remained a key enabler of our governance progress. This year, we launched a new Compliance Register System designed to enhance regulatory obligation tracking, improve transparency, and reduce exposure to penalties and cost leakages.

In parallel, our Risk Register was upgraded with enhanced methodologies, resulting in a 35% increase in early risk detection and improving the overall enterprise risk profile.

The role of governance extends beyond the establishment of internal policies and processes; it also encompasses fostering a culture that promotes integrity and accountability. To reinforce these foundations, we strengthened our integrity and ethical conduct framework through enhancements to our whistleblowing channels under the oversight of the Audit Committee. These steps reinforce our commitment to transparency, fairness, and ethical decision-making at every level of the Company.

Throughout the year, the Board of Directors and its committees remained actively engaged and committed to upholding the highest standards of governance. Attendance exceeded 95%, supported by focused agendas and dedicated sessions covering succession planning, strategy, governance, emerging risk trends, regulatory developments and others.

As we look ahead, governance will continue to be a cornerstone of our strategy. The progress achieved this year sets a firm foundation for a more resilient, transparent, and well-governed Company, earning stakeholders' trust, and delivering on our long-term vision.

**Sultan A. Alghamdi**  
Chief Legal, GRC Officer and Board Secretary

# CORPORATE GOVERNANCE

## Overview

The primary source of the Company's corporate governance framework is the Capital Market Law and its implementing regulations issued by the Capital Market Authority (CMA), along with applicable provisions within the Companies' Law, and corporate governance best practices.

The Company's corporate governance framework governs the relationships among the Board of Directors, executive management, shareholders, and other stakeholders and establishes rules, policies and procedures that streamline decision-making processes with the aim of safeguarding the rights of all shareholders and stakeholders. Furthermore, it promotes the values of integrity, fairness, transparency in the Company's operations.

By adhering to this framework, which emphasizes clear and transparent disclosure, the Board safeguards the interests of shareholders and stakeholders while ensuring an accurate presentation of the Company's financial position and operational performance, recognizing ongoing compliance as essential to long-term success.

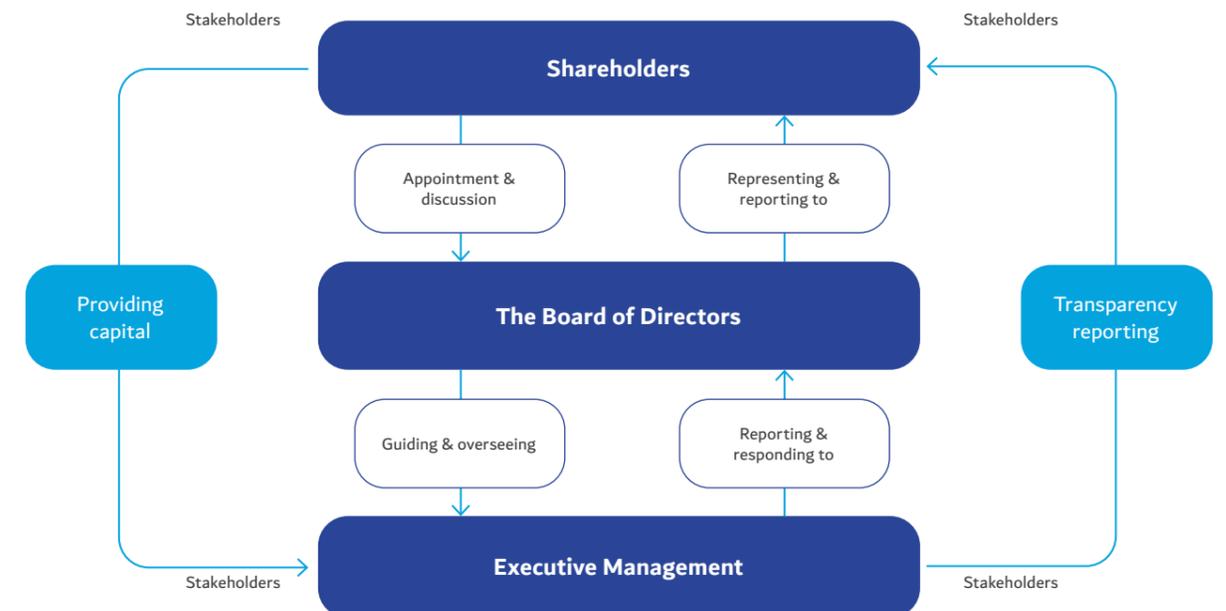
## Corporate Governance Code and Internal Policies

In accordance with Article 91 of the CMA Corporate Governance Regulations, the Board of Directors approved the Corporate Governance Code of the Company on 25 June 2013, and subsequently revised 17 March 2019.

The Company's Corporate Governance Code includes the following internal rules, policies, and charters:

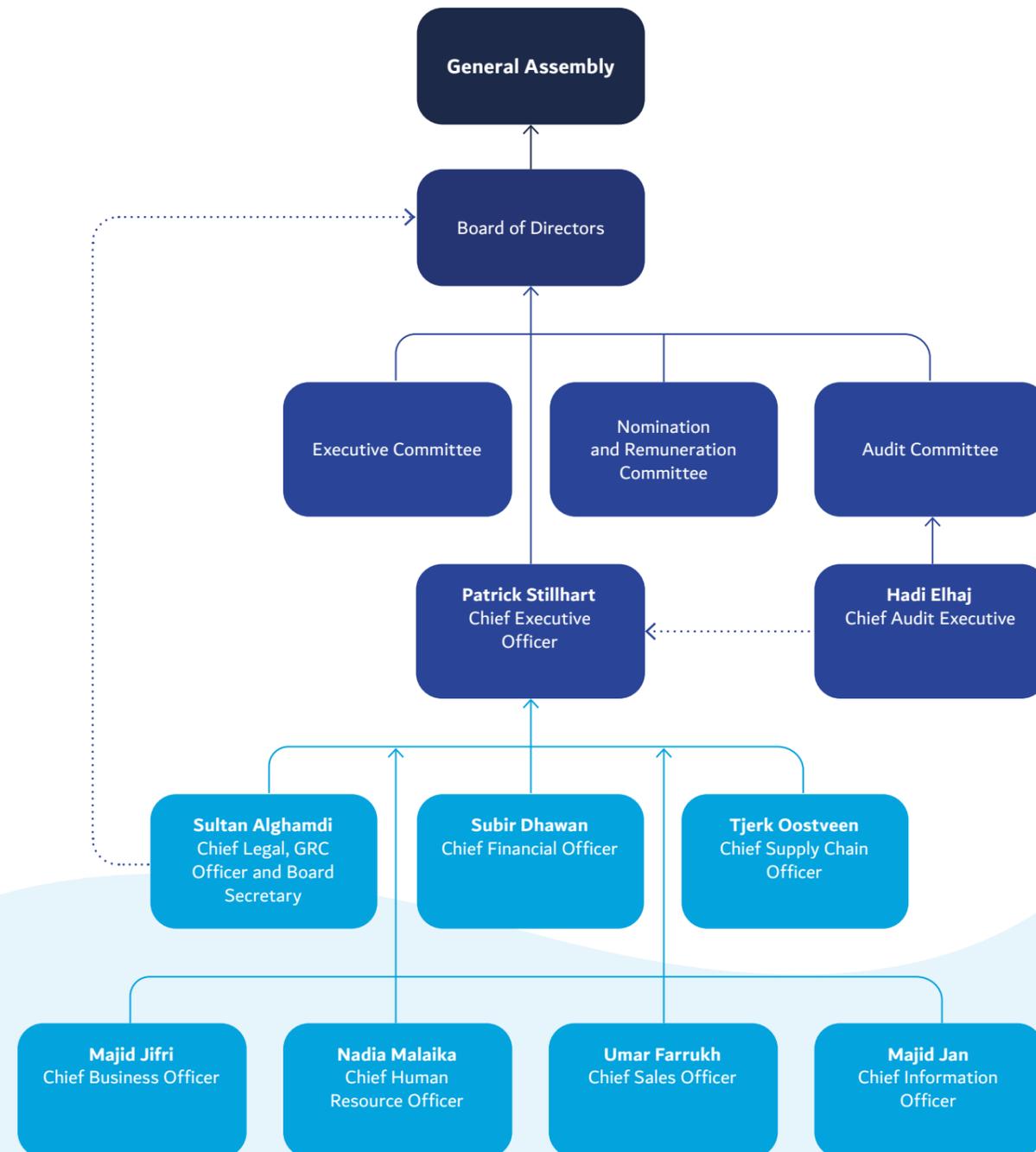
- > Rights of Shareholders;
- > Dividends Distribution policy;
- > General Assembly procedures;
- > Delegation of Powers principals;
- > Risk Management policy;
- > Conflict of Interest policy;
- > Relations with Stakeholders;
- > Confidentiality Policy;
- > Disclosure and Transparency policy;
- > Board of Directors' charter;
- > Code of Conduct policy;
- > Whistleblowing policy; and
- > Monitoring and Internal Control Systems.

### Corporate Governance System



# ORGANIZATIONAL STRUCTURE

The Company's organizational structure, including the Board, its committees and the functions of the Senior Executives.



# BOARD OF DIRECTORS

” The Board members have extensive experience in the fast-moving consumer goods sector and other key industries such as finance, investments, and manufacturing with diverse backgrounds and decades of combined experience: as a result, the Board is well balanced and able to perform its duties in line with the highest standards of corporate governance.



## HH SHEIKH HAMAD S. AL-AHMAD Chairman

HH Sheikh is a distinguished leader with extensive experience across multiple industries and regions. Known for his strategic insight and governance expertise, Sheikh Hamad has consistently driven sustainable growth, operational excellence, and long-term value across diverse sectors. A graduate of Storm King School in the United States, he combines a strong academic foundation with a commitment to business excellence and social responsibility, shaping the success of the organizations he leads.

### Other Current Positions:

- Outside of KSA:
- > Chairman of KIPCO Holding.
  - > Chairman of Masharee Al-Khair Charity Organization.
  - > Chairman of Gulf Egypt Hotels & Tourism Co.

### Previous Positions:

- Outside of KSA:
- > Chairman of Burgan Bank.
  - > Chairman of National Mobile Co.
  - > Chairman of United Real Estate Co.
  - > Chairman of United Gulf Bank.

### Academic Qualification:

- > Diploma from Storm King School, USA

- Board Audit Committee
  - Board Executive Committee
  - Board Nomination and Remuneration Committee
- Filled circle:** Committee Chairman    **Hollow Circle:** Committee Member



## MR. SAIED A. BASAMH ○ Vice Chairman

Mr. Saied Basamh is a seasoned executive with a distinguished career spanning business strategy, corporate governance, and operational leadership. He holds board positions in prominent organizations. With expertise in investment, logistics, and industrial development, he has driven strategic growth and operational excellence across sectors including real estate, petrochemicals, and supply chain management. A graduate of Ohio State University with a Bachelor of Science in Business Administration, specializing in Marketing & Logistics, he combines academic rigor with extensive industry experience to advance innovation and sustainability in the region.

### Other Current Positions:

- Inside KSA:
- > Chairman of Al-Khair Inorganic Chemical Industries Co. (inochem).
  - > Board Member of Samhaa Investment Co.
  - > Chairman of 3i Holding Co.
  - > Board Member of Sahra International Petrochemical Co. (Sipchem).
  - > Board Member of Basamh Group.
  - > Board Member of International Medical Center.
  - > Board Member of MADR Investment Co.
  - > Board Member of Basamh Industrial Co.
  - > Board Member of Hala Supply Chain Services Co.
  - > Board Member of Future Resources Co.
  - > Board Member of Sanwan Al Gharbiya Real Estate Investment and Development Co.
  - > Board Member of the Address Real Estate Investment Co.
  - > Board Member of the Central South Investment Co.

### Previous Positions:

- Inside KSA:
- > Board Member of Jeddah Central Development Co.

### Academic Qualification:

- > B.Sc Business Administration – Marketing & Logistics. Ohio State University, USA



## SHEIKH SABAH M. AL-SABAH ●●

HH Sheikh Sabah is a seasoned leader with expertise in corporate governance and strategic planning; he has experiences in driven growth and market expansion, and he holds leadership roles in prominent organizations. A graduate in Business Administration & Organization Management from Kuwait University, his extensive experience in industrial investments and operational excellence strengthens the organizations he serves.

### Other Current Positions:

- Outside KSA:
- > Group Chief Investment Officer at KIPCO Holding Co.
  - > Chairman of National Petroleum Service Co.
  - > Vice-Chairman of Jassim Transport & Stevedoring Co.
  - > Chairman of United Oil Projects Co.
  - > Chairman of United Building Co.

### Previous Positions:

- Outside KSA:
- > Vice Chairman & CEO at Qurain Petrochemical Industries Co.
  - > Vice Chairman & CEO at United Industries Co.

### Academic Qualification:

- > Bachelor's Degree in Business Administration & Organization Management, Kuwait University



**MR. FAISAL H. AL-AYYAR**

Mr. Faisal is a seasoned leader with expertise in corporate strategy, financial management, and regional investments. Known for his strategic insight and financial acumen, he has driven growth and success across banking, insurance, and investment sectors. A former U.S.-trained fighter pilot, his disciplined approach to leadership and decision-making enhances his contributions to operational excellence and sustainable growth, positioning him as a respected leader in the region.

**Other Current Positions:**

- Outside KSA:
- > Board member of KIPCO Holding Co.

**Previous Positions:**

- Outside KSA
- > Vice Chairman of Saudia Dairy & Foodstuff Co. (SADAFCO)
- > Vice Chairman of KIPCO Holding Co.
- > Vice Chairman of Gulf Insurance Group.
- > Vice Chairman of United Gulf Holding.
- > Vice Chairman of Jordan Kuwait Bank.

**Academic Qualification:**

- > Fighter Pilot, USA

**MR. AHMED M. AL-MARZOUKI** ○ ○

Mr. Ahmed is a seasoned leader with extensive expertise in sales, marketing, and executive management. Known for his deep understanding of commercial strategy and market dynamics, he has driven business growth and operational efficiency across various sectors. He has held key executive roles, shaping strategic direction and corporate development. An MBA graduate from California State University, USA, he combines strong academic credentials with professional experience, demonstrating a commitment to excellence and innovation in the organizations he serves.

**Other Current Positions:**

- Inside KSA:
- > Vice-Chairman at Buruj Co-Op Insurance Co.
- > Chairman at Saudi Arabian Drug Store Co.

**Previous Positions:**

- Inside KSA:
- > Sales & Marketing at Saudia Dairy & Foodstuff Co. (SADAFCO)
- > Managing Director at Saudia Dairy & Foodstuff Co. (SADAFCO).
- > Chairman of Saudi New Zealand Milk Products Co.
- > Chairman of Al-Ahli FC Club
- Outside KSA:
- > Chairman of Swiss Premium Food Co.
- > Chairman of Arab Co. for Animal Production.
- > Chairman of Egypt Dairy & Foodstuff Co. (EDAFCO).

**Academic Qualification:**

- > MBA - California State University, USA



**MR. MUSSAD A. AL-NASSAR**

Mr. Mussad is a seasoned leader with expertise in sales, executive management, and international operations. He has held key roles, including Executive Manager and Vice Chairman of SADAFCO Jordan, driving regional growth. As a Board Member of SADAFCO Poland, he oversees international strategies. With a Bachelor's degree in Public Administration, his leadership and governance expertise continue to support SADAFCO's success.

**Other Current Positions:**

- Outside KSA:
- > Board member of SADAFCO Bahrain.
- > Board member of SADAFCO Jordan.

**Previous Positions:**

- Outside KSA:
- > Board Member at SADAFCO Poland Sp. z.o.o.
- > Board Member at SADAFCO Qatar.

**Academic Qualification:**

- > Bachelor of Public Administration - Al Bakrki University - USA

**MR. HANI ABDULAZIZ SAAB**

Mr. Hani is a seasoned leader with expertise in textiles, manufacturing, and trading. He has held key roles, including Chairman of Giordano Fashion Agency, East Trading Activities Co., and Qurtubah Private School Co., as well as General Manager of several companies. Actively involved in community development, he serves on the Makkah Region Council and the Jeddah Chamber of Commerce, advocating for business and social progress.

A graduate in Business Administration from the University of California, San Diego, his academic background and professional experience strengthen his strategic contributions to SADAFCO and beyond.

**Other Current Positions:**

- Inside KSA:
- > General Manager of Al Faneyah Electromechanical Co.
- > General Manager of Prime Star Technologies Co. Ltd.
- > General Manager of Eastern Trading Activities.
- > General Manager of East Duct Factory.
- > Chairman of Textiles and Garments Co. "Giordano Fashion Agency."
- > Chairman of East Trading Activities Co.
- > Chairman of Qurtubah Private School Co.

**Previous Positions:**

- Inside KSA:
- > General Manager of Allied Motors Co.
- > Board member of Makkah Region Council, Chairman of the Social Development Committee.
- > Board member of Chamber of Commerce and Industry in Jeddah.
- > Board member of Al-Madinah Press, Printing and Publishing Corporation.

**Academic Qualification:**

- > B.Sc. Business Administration – University of California San Diego, USA

● Board Audit Committee  
 ● Board Executive Committee  
 ● Board Nomination and Remuneration Committee  
**Filled circle:** Committee Chairman    **Hollow Circle:** Committee Member



**MR. IHAB I. OSMAN** ○ ○

Mr. Ihab is a seasoned leader with expertise in telecommunications, education, and business development. Known for his ability to lead organizational transformation, he excels in corporate governance, financial management, and strategic planning. His academic excellence and leadership acumen continue to drive innovation and sustainability across industries.

**Other Current Positions:**

Inside KSA:  
 > Chief Executive Officer of Maarif Education.

Outside KSA:  
 > Chairman of Audit Committee at Atbara Cement Co.

**Previous Positions:**

> General Manager, New Businesses of NADEC.  
 > President & Chief Executive Officer of Sudatel Telecom Group.

**Academic Qualification:**

> Bachelor of Science, Electrical Engineering from New York Institute of Technology, USA  
 > Master of Business Administration, Finance & Strategy from University of Oxford, UK  
 > Master of Public Administration, Public Private Partnerships & Infrastructure Finance from Harvard University, USA

**MR. ESAM S. AL-THUKAIR** ●

Mr. Esam is a seasoned leader with expertise in finance, investments, and organizational strategy. He has held senior roles at Al Rajhi Capital, Al Rajhi Bank, Raz Group, and Kadi Group Holding, driving growth and innovation. In the public sector, he served as Deputy Governor of the Small & Medium Enterprises General Authority and Deputy Minister of the Ministry of Communications and Information Technology (MCIT), advancing national economic and tech initiatives. With a Bachelor's in MIS and two Master's degrees in Executive Management and Public Administration, his academic and professional background strengthens his strategic leadership.

**Other Current Positions:**

Inside KSA:  
 > Chief Executive Officer at 42 Group.  
 > Board member of Kamco Invest Saudi.  
 > Board member of Sekaya Charitable Foundation

**Previous Positions:**

Inside KSA:  
 > Deputy Minister of Communications and Information Technology Commission (CITC).  
 > Deputy Governor of Monshaat.  
 > Vice President, Investment of Kadi Group Holding.  
 > Vice President of Raz Holding.  
 > Board member of Al Naqool Co.  
 > Board member of King Fahad Causeway Authority.

**Academic Qualification:**

> Bachelor of MIS, from King Fahad University of Petroleum and Minerals (KFUPM), KSA  
 > Executive Master, from King Fahad University of Petroleum and Minerals (KFUPM), KSA  
 > Master of Business Administration, from Saudi Electronic University, KSA

- Board Audit Committee
- Board Executive Committee
- Board Nomination and Remuneration Committee
- Filled circle:** Committee Chairman    **Hollow Circle:** Committee Member

## Committee Members (Non-Board Directors)



**MR. MICKEY ZACHARIA** ○

Mr. Mickey is a seasoned finance leader with over 30 years of experience spanning corporate finance, investment management, and business development, including 17 years overseeing direct investments. He currently serves as Chief Financial Officer at JTC, where he leads financial strategy, capital allocation, and performance improvement initiatives across the Group's regional operations.

He has previously held senior roles as CIO and Head of Business Development, leading complex M&A and investment transactions in Kuwait, KSA, Lebanon, and Turkey across logistics, equipment leasing, cement, dairy, paints, and healthcare. He focuses on financial strategy, profitability enhancement, and long-term value creation.

**Other Current Positions:**

Outside KSA:  
 > Chief Financial Officer at JTC Logistics, Transportation & Stevedoring Company KSCP.  
 > Board Member at Insha'a Holding, Kuwait.

**Previous Positions:**

Outside KSA:  
 > Chief Investment Officer at Qurain Petrochemicals.  
 > Head Business Development at United Industries.  
 > Financial Controller at United Fisheries.  
 > Finance Manager at Kirby Building Systems.  
 > Accounts Manager at ICI India Co.  
 > Board Member at NAPESCO, Kuwait

**Academic Qualification:**

> Bachelor degree in Accountancy from St Xavier's College, India  
 > Chartered Accountancy (ACA) certification  
 > Chartered Management Accountancy (CMA) certification

**MR. MOUSTAPHA CHAMI** ○

Mr. Moustapha Chami is an accomplished finance executive with extensive regional and international experience across banking, investment, and industrial sectors. He currently serves as Deputy Group Chief Financial Officer at KIPCO Holding and holds several board and leadership positions, including Vice Chairman of Amaken United Real Estate and board memberships at Bank of Baghdad, SACEM Industries, Jordan Kuwait Bank, Burgan Bank Turkey, and Alternative Energy Co.

His previous roles include serving as Chief Accountant at Investment Dar, Financial Consultant at Al Khorafi Co., and Tax Auditor at the Ministry of Finance in Lebanon.

**Other Current Positions:**

Outside KSA:  
 > Deputy Group Chief Financial Officer at KIPCO Holding.  
 > Vice Chairman at Amaken United Real Estate Co.  
 > Board Member at Bank of Baghdad.  
 > Board Member at SACEM Industries.  
 > Board Member at Jordan Kuwait Bank.  
 > Board Member at Burgan Bank, Turkey.  
 > Board Member at Burgan Bank, Kuwait.  
 > Board Member at Alternative Energy Co.

**Previous Positions:**

Outside KSA:  
 > Chief Accountant at Investment Dar.  
 > Financial consultant at Alkhorafi Co.  
 > Tax Auditor at Ministry of Finance, Lebanon.

**Academic Qualification:**

> Bachelor of Business Administration from USJ University, Lebanon.  
 > Masters of Business Administration (MBA) from USJ University, Lebanon.  
 > Professional certifications, including CPA, CFA, CMA, CFM, and Certified IFRS from ACCA (UK).



**MR. NOOR KHAN** ○

Mr. Noor Khan is an accomplished finance and investment professional with extensive experience in private equity, corporate governance, and audit oversight. He currently serves as the Head of Private Equity at Al Samh for Trade Co. Ltd., the investment arm of the Basamh Group, where he leads investment strategy, portfolio management, and value-creation initiatives. In addition, he is a Board Audit Committee Member at Khair Inorganic Chemical Co. (Inochem), contributing his expertise in financial oversight, risk evaluation, and internal control effectiveness.

Previously, Mr. Noor Khan held the position of Senior Investment Executive at Al Samh for Trade Co. Ltd. and served on the Board Audit and Risk Committee of the International Medical Centre (IMC).

**Other Current Positions:**

- Inside KSA:
- > Head of Private Equity at Al Samh for Trade Co. Ltd
  - > Board Audit Committee Member at Khair Inorganic Chemical Co. (Inochem), KSA.

**Previous Positions:**

- Inside KSA:
- > Senior Investment Executive at Al Samh for Trade Co. Ltd (investment arm of Basamh Group).
  - > Board Audit and Risk Committee Member at 'The International Medical Center (IMC), KSA.

**Academic Qualification:**

- > Master of Science (MSc), Finance and Accounting from Arden University, UK
- > Postgraduate diploma in Business Administration, Financial Management from Symbiosis College, India
- > Bachelor of Commerce in Finance and Computers from Bangalore University, India



**MR. AHMED A. ZAHNAN** ○

Mr. Ahmed is a seasoned human resources executive with extensive experience leading HR functions across major multinational and regional organizations. He currently serves as Chief Human Resources Officer (CHRO) at Basamh Group and is a member of the Nomination and Remuneration Committee at Halal Products Development Co.

His previous leadership roles include Chief People Officer at Hunger Station, Human Resources Director for the GCC at Kimberly-Clark, and Country Human Resources Manager at Nestlé Middle East, where he played a key role in driving organizational development, talent strategy, and HR transformation initiatives.

**Other Current Positions:**

- Inside KSA:
- > CHRO at Basamh Group.
  - > NRC Member at Halal Products Development Co. (PIF Subsidiary)

**Previous Positions:**

- Outside KSA:
- > Chief People Officer at Hunger Station Co.
  - > Human Resources Director GCC at Kimberly-Clark GCC.
  - > Country Human Resources Manager at Nestlé Middle East.

**Academic Qualification:**

- > Bachelor's degree in Financial Management from University of Business and Technology, KSA

- Board Audit Committee
  - Board Executive Committee
  - Board Nomination and Remuneration Committee
- Filled circle:** Committee Chairman    **Hollow Circle:** Committee Member



**MR. SAMER ABOUCHI** ○

Mr. Samer has a career spanning 22 years during which he gained significant exposure to the financial sector in Kuwait and the MENA region, with particular emphasis on investment banking and he held several positions in Gulf Bank, including Deputy GM – Investment Banking and Head of Strategic Investments.

He started his career with Ernst & Young and worked at Global Investment House.

**Other Current Positions:**

- Outside KSA:
- > Deputy Group Chief Investment Officer at KIPCO Holding
  - > Board Member at United Real Estate Co.
  - > Board Member at Burgan Bank, Turkey
  - > Board Member at Tunis International Bank

**Previous Positions:**

- Outside KSA:
- > Board Member at Jordan Islamic Bank
  - > Board Member at First Jordan Investment Co.
  - > National International Holding Co.
  - > Board Member at Al Ekhlash Holding Co.
  - > Board Member at Al Buraq Investment Co.
  - > Board Member at Reef Real Estate Finance Co.

**Academic Qualification:**

- > BBA - Accounting Emphasis from American University of Beirut, Lebanon
- > London Business School Dubai-London Executive MBA Program
- > Chartered Financial Analyst – CFA
- > Certified Internal Auditor

## Board of Directors Responsibilities

The Companies' Law, the Corporate Governance Regulations, the Company's Bylaws, and the Corporate Governance Code define the duties and responsibilities of the Board of Directors.

Subject to the authorities reserved for the General Assembly, the Board of Directors holds the broadest powers to manage the Company and oversee its operations in a manner that achieves its objectives and enhances the interests of shareholders and stakeholders. The Board's responsibilities include setting the Company's strategic direction, ensuring sound management, protecting shareholders' rights, safeguarding stakeholders' interests, and ensuring adherence to the highest standards of efficiency, integrity, and compliance with applicable laws and regulations.

In fulfilling its duties, the Board oversees several core areas, including strategy execution, financial performance and reporting, internal control systems, audit, governance, compliance, and risk management.

Additionally, the Board is responsible for appointing, evaluating, and supporting executive leadership, as well as overseeing the performance of its committees.

## Composition of the Board of Directors

Under the bylaws, the Board of Directors shall be comprised of (nine) directors appointed by the General Assembly by means of cumulative voting.

The Companies' Law, Corporate Governance Regulations, the Company's bylaws and Corporate Governance Code determine the duties and responsibilities of the Board of Directors.

The Board members have extensive experience in the fast-moving consumer goods sector and other key industries such as finance, investments and manufacturing with diverse backgrounds and decades of combined experience: as a result, the Board is well balanced and able to perform its duties in line with the highest standards of corporate governance.

The Extraordinary General Assembly held on 28 February 2024 has elected the Board of Directors members for its new term of four years starting from 01 April 2024 and ends on 31 March 2028.

The following table outlines Board composition 2025:

Name	Title	Membership Type	Membership Expiry Date
Sheikh Hamad S. Al-Ahmad	Chairman	Non-Executive	
Mr. Saied A. Basamh	Vice Chairman	Non-Executive	
Sheikh Sabah M. Al-Sabah	Member	Non-Executive	
Mr. Faisal H. Al-Ayyar	Member	Non-Executive	
Mr. Ahmed M. Al-Marzouki	Member	Non-Executive	31 March 2028
Mr. Mussad A. Al-Nassar	Member	Executive	
Mr. Hani A. Saab	Member	Independent	
Mr. Ihab I. Osman	Member	Independent	
Mr. Esam S. Al-Thukair	Member	Independent	

## Board Independence

Independent directors represent one-third of the Board, in accordance with the minimum requirements stipulated by the CMA Corporate Governance Regulations.

or circumstances that may affect their independence, in accordance with the CMA Corporate Governance Regulations, and the Company's Conflict of Interest Policy.

The Board, through the Nomination and Remuneration Committee, annually verifies the independence of its independent directors to identify any relationships

Based on this evaluation, the Board has confirmed the following members as independent directors:

1. Mr. Hani A. Saab
2. Mr. Ihab I. Osman
3. Mr. Esam S. Al-Thukair

## Board Evaluations

The Nomination and Remuneration Committee of the Board assess, on annual basis, the performance of the Board, its members, its committees, and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among other relevant criteria.

The results of the annual evaluations are reviewed to identify areas of strength and improvements and to recommend actions to enhance the performance of the Board and its committees in a manner that best serves the interests of the Company.

### BOARD READINESS, DEVELOPMENT, AND ACCESS TO INFORMATION

#### Onboarding Program

Newly appointed directors participate in a comprehensive onboarding program that introduces them to the Company's vision, values, governance framework, risk management framework, and strategic priorities. The program also covers legal and compliance related matters such as the board of directors' responsibilities under Companies Law and CMA regulations, as well as an overview of the regulatory environment in which the Company operates.

As part of the induction, directors visit the Company's factories to gain first-hand exposure to key operations and business activities.

This program is designed to ensure that directors are fully prepared to actively engage in Board discussions and contribute effectively to strategic decision-making from the outset.

#### Access to Information

The Company ensures that Board members have regular access to all information necessary to perform their duties effectively. Board materials and meeting agendas are circulated sufficiently in advance to enable directors to review matters in detail and contribute meaningfully to discussions and decision-making.

The Company also provides the Board with a monthly and quarterly reports covering key financial and operational performance indicators, key regulatory updates, risk management reviews, and major Company developments.

In addition, the Board may request any further information or clarification from executive management when needed.

#### Training and Development

The Company is committed to ensuring that Board members continuously enhance their knowledge and remain fully equipped to fulfill their duties effectively and contribute to informed, strategic decision-making.

Accordingly, the Nomination and Remuneration Committee oversees the development and training of the Board of Directors and recommends to the Board the approval of specialized training sessions or external professional development programs based on identified needs, industry trends, emerging risks, and a evolving regulatory landscape.

In 2025, the Board of Directors and Senior Executives participated in a Retreat in AIUla focused on Strategic Alignment, ensuring a shared vision on priorities, market position, and short to long-term objectives. The retreat also strengthened collaboration, improved communication, and built effective relationships through structured dialogue, joint problem-solving, and team-building activities.

#### Factories Visits

To strengthen Board members' understanding of the Company's operations, Board members conduct periodic visits to the Company's factories. These visits provide Directors with first-hand insight into production processes, operational performance, safety practices, and quality standards.

## Updating the Board on Shareholder Feedback

Remarks, suggestions, and questions raised by the shareholders are recorded in the General Assembly's minutes. The answers for their queries are recorded in the minutes and followed-up with the implementation of any applicable suggestion with the Company's Executive Management.

Also, the Company has an Investor Relations Department that meets all investors' requests and responds to their inquiries. The department then briefs the CEO of any recommendations suggested by the shareholders and submits their comments and suggestions to the Board of Directors of the Company. Several means are available and accessible to shareholders, including telephone and email correspondence.

## Board Meetings Held During the Year

The Board held (four) meetings during the financial year 2025 ending 31 December 2025 as follows:

Name	Total Meetings (4)				Total
	06-May-2025	31-August-2025	06-November-2025	04-Dec-2025	
Sheikh Hamad Sabah Al-Ahmad	✓	✗	✗	✗	1
Mr. Saied Ahmed S. Basamh	✓	✓	✓	✓	4
Sheikh Sabah Mohammed Al-Sabah	✓	✓	✓	✓	4
Mr. Faisal Hamad M. Al-Ayyar	✓	✓	✓	✓	4
Mr. Ahmed Mohamed H. Al-Marzouki	✓	✓	✓	✓	4
Mr. Mussad Abdullah A. Al-Nassar	✓	✓	✓	✓	4
Mr. Hani Abdulaziz A. Saab	✓	✓	✓	✓	4
Mr. Ihab Ibrahim M. Osman	✓	✓	✓	✓	4
Mr. Esam Saleh A. Al-Thukair	✓	✓	✓	✓	4

One Shareholders General Assembly meeting was held during the financial year ending 31 December 2025. Below is the attendance log of the Board of Directors of the meeting:

Assembly Type	Member Name	Ordinary 27-May-2025
HH	Sheikh Hamad S. Al-Ahmad	✗
	Mr. Saied Ahmed S. Basamh	✗
	Sheikh Sabah M. Al-Sabah	✓
	Mr. Faisal Hamad M. Al-Ayyar	✗
	Mr. Ahmed Mohamed H. Al-Marzouki	✓
	Mr. Mussad Abdullah A. Al-Nassar	✓
	Mr. Hani Abdulaziz A. Saab	✓
	Mr. Ihab Ibrahim M. Osman	✓
	Mr. Esam Saleh A. Al-Thukair	✓

## Voting Results on the Items of the General Assembly's Meeting Agenda's

1. Reviewed and discussed the Board of Directors Annual Report for the fiscal year ended 31-12-2024.
2. Reviewed and discussed the Company's Financial Statements for the fiscal year ended 31-12-2024.
3. Approved the External Auditors Report for the fiscal year ended 31-12-2024, post its discussion.
4. Approved the appointment of (PricewaterhouseCoopers - PwC) as the external auditor for the Company among the nominees based on the recommendation of the Audit Committee, to review and audit the Company's quarterly and annual financial statements for the second, third and annual periods of fiscal year ended 31-12-2025. In addition, the first quarter of the fiscal year ended 31-12-2026, for a fee of ₪ 875,000.
5. Approved the disbursement of (₪ 3,600,000) as remuneration for the Board Members for the fiscal year ended 31-12-2024.
6. Approved releasing the Board Members from their liability for the fiscal year ended 31-12-2024.
7. Approved authorizing the Board of Directors to distribute interim dividends, either semi-annually or quarterly, for the fiscal year ended 31-12-2025.
8. Approved delegating the Board of Directors with the authority of the General Assembly as stated in paragraph (1) of Article 27 of the Companies Law for a period of one year from the date of the approval of the General Assembly or until the end of the term of the authorized Board of Directors, whichever is earlier, in accordance with the conditions set forth in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
9. Approved the transactions and agreements made with Buruj Cooperative Insurance Co. (Saudi Arabia), which the Board Member, Mr. Ahmed Al Marzouki, has an indirect interest in. This agreement provides insurance services without preferential terms. These transactions for the fiscal year from 01-01-2024 to 31-12-2024 had a total value of ₪ 9,582,350.
10. Approved the transactions and agreements with PKC Advisory, which the Chairman, Sheikh Hamad Sabah Al Ahmed, the Board Member, Mr. Faisal Hamad Al Ayyar, and the Board Member, Sheikh Sabah Mohammed Al-Sabah, have indirect interest in. This agreement provides consultancy services without preferential terms. These transactions for the fiscal year from 01-01-2024 to 31-12-2024 had a total value of ₪ 1,758,723.
11. Approved the transactions and agreements made with Alternative Energy Projects Co., which the Chairman, Sheikh Hamad Sabah Al Ahmed, the Board Member, Mr. Faisal Hamad Al Ayyar, and the Board Member, Sheikh Sabah Mohammed Al-Sabah, have indirect interest in. This agreement is to handle the operation & maintenance of the solar rooftop photovoltaic energy system at Jeddah central warehouse without preferential terms. These transactions for the fiscal year from 01-01-2024 to 31-12-2024 had a total value of ₪ 125,062.
12. Approved the transactions and agreements made with Specialized Food Services Co. (SFS), where the Vice-Chairman, Mr. Saied Ahmed Saied Basamh, has indirect interest in. This agreement to distribute specific SADAFCO products by SFS in the Foodservice channel without preferential terms. These transactions for the fiscal year from 01-01-2024 to 31-12-2024 had a total value of ₪ 1,894,106.
13. Approved the participation of the Vice-Chairman Mr. Saied Ahmed Saied Basamh in a business competing with the Company's business.
14. Approved the amendment of the Audit Committee Charter.



# BOARD COMMITTEES

To strengthen the Company's governance and ensure effective management oversight, the Board of Directors has established the Audit Committee, the Nomination and Remuneration Committee and Executive Committee.

Each committee operates under an approved charter that outlines its role, authority, responsibilities, and meeting protocols in order to effectively fulfill its obligations.

## Audit Committee

### Audit Committee Members

The Audit Committee consists of five (5) members appointed by the Board of Directors for a period of four (4) years effective from 01 April 2024 and ending 31 March 2028.



<b>SHEIKH SABAH AL-SABAH</b> Chairman — Non-Executive	<b>MR. IHAB OSMAN</b> Member — Independent	<b>MR. MICKEY ZACHARIA</b> Non-Board Member - Independent	<b>MR. MOUSTAPHA CHAMI</b> Non-Board Member - Independent	<b>NOOR KHAN<sup>1</sup></b> Non-Board Member - Independent
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<sup>1</sup> Membership started April 2025.

### Audit Committee Responsibilities

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee shall particularly include the following:

#### Financial Reports

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.

- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- The committee will review with Executive Management and External & Internal Auditors separately the following:
  - > Any major difference between management and independent auditor or internal audit administration relating to preparation of financial statement.
  - > Any difficulties aroused during audit (including any restrictions) to the scope of work or reaching to the required information.
- The committee should discuss with the Auditor without attendance of the management, their opinion regarding the quality, relevance and acceptability to the Company's accounting principles and disclosure practices as followed currently by the Company when issuing the financial reports.

#### Internal Audit

- Examining and reviewing the Company's internal and financial control systems and risk management.
- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the observations made in such reports.

- Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit department of the Company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no Internal Auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an Internal Auditor.
- Providing a recommendation to the Board on appointing the manager of the Internal Audit unit or department, or the Internal Auditor and suggest his/her remunerations.

#### External Auditor

- Providing recommendations to the Board to nominate External Auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the External Auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- Reviewing the plan of the Company's External Auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon.
- Responding to queries of the Company's External Auditor.
- Reviewing the External Auditor's reports and its comments on the financial statements, and following up the action taken in connection therewith.

#### Internal Controls

- Reviews and evaluates the effectiveness of internal control systems, including financial, operational, IT, and compliance controls.
- Assesses management's reports on internal controls and monitors the implementation of corrective actions arising from internal or external audit findings.
- Ensures that appropriate resources, systems, and competencies are in place to maintain a strong internal control environment.
- Promotes a culture of accountability, transparency, and control awareness across the Company.

#### Risk Management

- Oversees the effectiveness of the Company's risk management framework and processes.
- Reviews the Company's risk profile, key risk exposures, and mitigation plans, including emerging and strategic risks.
- Ensures that risk management practices support the Company's strategic objectives and are aligned with regulatory requirements and best practices.
- Monitors implementation of risk mitigation actions and escalates significant risks to the Board as needed.

#### Compliance

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Ensuring the Company's compliance with the relevant laws, regulations, policies, and instructions.
- Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith.
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

#### Whistleblowing

- Oversee the effectiveness of the Company's whistleblowing framework, including confidential reporting channels for reporting misconduct, fraud, policy violations, and unethical behaviour.
- Ensure that whistleblowing reports are handled independently, fairly, and promptly, and that appropriate investigations and corrective actions are taken.
- Monitor compliance with whistleblower protection measures to prevent retaliation against individuals who report concerns in good faith.
- Review periodic reports on whistleblowing cases and trends, and escalate significant matters to the Board when necessary.

#### Cybersecurity

- Oversee the adequacy and effectiveness of the Company's cybersecurity framework, including information security policies, controls, and incident-response capabilities.
- Review reports on cybersecurity risks, threats, and mitigation measures, and ensure appropriate safeguards are in place to protect the Company's information assets and technology infrastructure.
- Monitor management's efforts to enhance cyber-resilience, including employee awareness programs and technology upgrades.
- Review significant cybersecurity incidents and the Company's response, and ensure corrective actions are implemented to prevent recurrence.
- Coordinate with internal and external auditors, as needed, to evaluate the effectiveness of cybersecurity controls and compliance with regulatory requirements and industry standards.

### Audit Committee Key Deliberation in 2025

During 2025, the Audit Committee reviewed and discussed several key matters. Major deliberations included:

- Review of interim and annual financial statements prior to submission to the Board.
- review of the External Auditor's performance and independence for 2025.

- Evaluation of External Auditor's quarter and annual reports and follow-up on audit findings and corrective action plans to address observations.
- Evaluation of the Internal Audit quarter reports on the company's internal auditing activities in 2025; and approved the 2026 Internal Audit Plan.
- Evaluation of the effectiveness of internal controls and risk management systems, including review of Risk Management and Internal Controls reports, and monitoring the implementation of recommendations.
- Review of the Company's regulatory compliance, and assessments of regulatory updates.

- Review of related-party transactions and providing appropriate recommendations to the Board in accordance with regulatory requirements.
- Review of the whistleblowing cases and investigation outcomes, and review quarter updates on implementation of relevant controls.

### Audit Committee Meetings

During the year, the Committee held five meetings. The attendance of the Committee members for these meetings was as follows:

Name	Title	2025				
		04-Mar	30-Apr	22-July	29-Sep	30-Oct
Sheikh Sabah M. Al-Sabah	Chairman	✓	✓	✓	✓	✓
Mr. Ihab I. Osman	Member	✓	✗	✓	✓	✓
Mr. Mohammed A. Sobh	Member	✓		NA		
Mr. Mickey Zacharia	Member	✓	✓	✓	✓	✓
Mr. Moustapha Chami	Member	✓	✓	✓	✓	✓
Mr. Noor Khan	Member	NA	✓	✓	✓	✓

## Nomination and Remuneration Committee

### Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee consists of three (3) members appointed by the Board of Directors for a period of four (4) years effective from 01 April 2024 and ending 31st March 2028.



- MR. ESAM AL-THUKAIR**  
Chairman — Independent
- MR. AHMED AL-MARZOUKI**  
Member — Non-Executive
- MR. AHMED ZAHRAN**  
Non-Board Member - Independent

### The Nomination and Remuneration Committee Responsibilities

The Nomination and Remuneration Committee is responsible for overseeing matters related to the composition, performance, and succession of the Board of Directors and Executive Management, as well as ensuring the effectiveness of the Company's nomination, evaluation, and remuneration practices. The Committee also ensures that remuneration policies promote transparency, fairness, and alignment with the Company's long-term objectives and shareholder interests.

The duties of the Nomination and Remuneration Committee shall particularly include the following:

- > Remunerations:**
  - Preparing a clear policy for the remunerations of the Board Members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy.
  - Clarifying the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
  - Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
  - Providing recommendations to the Board in respect of the remunerations of its members, the Committee Members and Senior Executives, in accordance with the approved policy.

### > Nominations:

- Suggesting clear policies and standards for membership of the Board and the Executive Management.
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
- Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- Determining the amount of time that the member shall allocate to the activities of the Board.
- Annually reviewing the skills and expertise required of the Board Members and the Executive Management.
- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
- Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board Member also acts as a member of the Board of Directors of another company.
- Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- Setting a mechanism for training the new Board members and introducing them to the Company duties and activities, to enable them to perform their work competently.
- Analyzing and reviewing the Company organizational structure and reviewing the Executive Management and the Company Senior Executives' performance.

In addition to the above-mentioned duties, Remuneration and Nomination Committee has the right to:

- Investigate and enquire any subject within its duties and specialties or any subject requested by the Board.
- Review the Company records and documents and requesting any clarification or indication from the Board or Executive Management members or the Company employees, for the purpose of inquiry about any information.
- The Committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the Committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management,

and the Company may request the attendance of any employee, manager, the company lawyers, or the independent auditors, for holding a meeting with the committee or with any of its members or consultants.

### Nomination and Remuneration Committee Key Deliberation in 2025

During 2025, the Nomination and Remuneration Committee reviewed and discussed several key matters. Major deliberations included:

- Overseeing the annual assessment of the Board and its committees, including the review of overall effectiveness, performance, and governance practices.
- Overseeing the mid-year and annual evaluation of the Executive Management against Board-approved KPIs and objectives, and monitoring the implementation of improvement actions.
- Assessing Directors' independence and confirming the continued independence of independent members in accordance with regulatory requirements.
- Approval of job descriptions for Senior Executives, outlining the required skills, competencies, and qualifications for Executive Management roles within the Company.
- Reviewing Executive Management succession plans to ensure leadership continuity and the Company's stability.
- Recommending to the Board of Directors the approval of the new Executive Management structure, aligned with the Company's strategy and its short- and long-term objectives.
- Reviewing the policies, benefits, and compensation packages of Senior Executives in line with market practices within the same industry, with the objective of attracting, motivating, and retaining top talent.
- Organizing a "Board Retreat" for Board members and Senior Executives to align on the Company's strategy and objectives, clarify roles, responsibilities, and obligations, and strengthen collaboration and alignment between the Board and Executive Management, in pursuit of shared goals.

### Nomination and Remuneration Committee Meetings

During the year, the Committee held six meetings. The attendance of the Committee members for these meetings was as follows:

Name	Title	2025					
		16-Jan	23-Jan	09-Mar	28-Apr	27-July	02-Oct
Mr. Esam S. Al-Thukair	Chairman	✓	✓	✓	✓	✓	✓
Mr. Ahmed M. Al-Marzouki	Member	✓	✓	✓	✓	✓	✓
Mr. Ahmed A. Zahran	Member	✓	✓	✓	✓	✓	✓

## Board Executive Committee

### Board Executive Committee Members

The Board Executive Committee was formed through a Board resolution circulated on April 1, 2024. The Board of Directors appointed the following five (5) members to the Board Executive Committee for a term of four (4) years, effective from April 1, 2024, and ending on March 31, 2028.



**SHEIKH SABAH AL-SABAH**  
Chairman —  
Non-Executive

**MR. SAIED BASAMH**  
Member —  
Non-Executive

**MR. AHMED AL-MARZOUKI**  
Member —  
Non-Executive

**MR. IHAB OSMAN**  
Member —  
Independent

**MR. SAMER ABBOUCHI**  
Non Board Member -  
Independent

### Executive Committee Responsibilities

The Executive Committee is responsible for overseeing all of the Company's business operations and making prompt decisions on matters related to the Company. It reviews, monitors, and approves key financial, non-financial, commercial, and operational decisions. The Committee, through its Chairman, submits reports to the Board of Directors on any significant matters and identifies subjects within its scope that should be presented to the Board, in addition to handling any topics not falling under the mandate of other committees. In particular, the Committee is responsible for the following:

1. Reviewing the company's performance based on the quarterly management reports in light of the set goals and the estimated budget, measuring performance with results, and studying the impact of future external and internal factors on the company's business.
2. Choosing and appointing one of the current members of the Company's Board of Directors or one of its Executive Management team to represent the Company in the membership of the boards of directors of subsidiaries, companies, and/or institutions in which the Company participates/contributes.
3. The Chair may review and approve any deviation from the approved budget within 5-10% of the total allocated operational budget.
4. The Chair may approve donations to charities on the Company's donation agenda not exceeding ₪ 2Mn per fiscal year.
5. The Chair may approve the grant amounts allocated by the Company to governmental or social activities not exceeding ₪ 2Mn per fiscal year.
6. The Chair may review and approve the capital and operating expenditures liabilities whose value is below ₪ 50Mn.

7. Making recommendations to the Board of Directors to take the appropriate resolution regarding capital and operating expenditures that exceed ₪ 50Mn.
8. Reviewing and making recommendations to the Board of Directors to approve all the powers of the Executive Management team except credit powers.
9. Reviewing and making recommendations to the Board of Directors to approve settlements of bad debts, including debts that include partial debt forgiveness.
10. Reviewing the annual budget prior to its submission to the Board of Directors.
11. Overseeing the Company's investment activities and assessing the investment performance.
12. Studying and evaluating the investment opportunities proposed by the Executive Management team, and making appropriate recommendations thereon to the Board, such investment opportunities including:
  - > Merger or acquisition of companies, businesses, or assets.
  - > Joint ventures, divestitures, or liquidation.
  - > Investment in new or existing projects, or expansion of projects owned by the Company.
  - > Investment opportunities that the Executive Management team wishes to enter.
13. Approving or rejecting any investment opportunity, proposed by Executive Management team, whose value is equal to or less than Fifty Million Saudi Riyals (₪ 50,000,000) per the fiscal year, provided that the justification for the approval or rejection is recorded in the minutes of meeting. The Board shall be notified of the Committee's decisions in this regard.
14. The Committee shall perform such other duties consistent with the Committee's purpose or that are assigned to it by the Board.

### Committee Duties

1. Complying with the provisions of the Companies Law, the Capital Market Law and its implementing regulations, the Company's Bylaw and other related laws and regulations in exercising his/her duties.
2. Refraining from doing or participating in any act that would harm the interests of the Company.
3. Conflicts of Interest: Members must avoid situations that lead to Conflicts of Interest with the Company. A Conflict of Interest means that there is a direct or indirect interest to a member in any matter listed on the Committee agenda, where such an interest may (or is believed to) influence the independence of the member's opinion. If a member has a Conflict of Interest, he/she must disclose such conflict before starting the discussion of the matter. In such a case, the member must not attend nor participate in the discussion of the matter nor vote thereon, and this must be stated in the minutes of meeting.
4. Confidentiality: Committee's members and the secretary must maintain the Confidentiality of the information or documents made available to them. He/she may in no case – even if his/her membership is terminated – disclose such information to any individual or entity, nor may he/she use any such information for his/her own personal benefits or that of his/her relatives or third parties.

### Executive Committee Key Deliberations in 2025

During 2025, the Executive Committee reviewed and discussed several key matters. Major deliberations included:

1. Reviewing the Company's performance, market opportunities, and key challenges, and providing the necessary guidance and support to the Executive Management.
2. Recommending to the Board the roadmap and business plan for the Company's business units (Dairy, Frozen, Culinary and Snacks).
3. Reviewing the potential investment opportunities.
4. Reviewing opportunities for international expansion.
5. Reviewing cost optimization initiatives aimed at enhancing the Company's overall performance and efficiency.
6. Recommending to the Board the sale of the Riyadh land in Al-Muruj dist.
7. Recommending the annual budget and operating plan for 2026 to the Board for approval.

### Board Executive Committee Meetings

During the year, the Committee held seven meetings. The attendance of the committee members for these meetings was as follows:

Name	Title	2025						
		18-Feb	10-Mar	01-May	25-Aug	16-Oct	28-Oct	17-Nov
Sheikh Sabah M. Al-Sabah	Chairman	✓	✓	✓	✓	✓	✓	✓
Mr. Saied A. Basamh	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Ahmed M. Al-Marzouki	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Ihab I. Osman	Member	✓	✓	✓	✓	✓	✓	✗
Mr. Samer Abbouchi	Member	✓	✓	✓	✓	✓	✓	✓

# EXECUTIVE MANAGEMENT

## Senior Executives Profiles

” SADAFCO enjoys an experienced management team, which brings a wealth of knowledge and expertise, having successfully navigated the fast-moving consumer goods (FMCG) industries for many years. Their deep understanding of market dynamics, consumer trends, and industry best practices enables SADAFCO to make informed decisions, drive innovation, and maintain a competitive edge in the market. With their strategic vision and proven track record, the management team plays a pivotal role in steering SADAFCO towards sustainable growth and delivering exceptional value to its stakeholders.



**PATRICK STILLHART**  
Chief Executive Officer

Patrick joined SADAFCO as its Chief Executive Officer on November 1, 2021. His international career expands more than 23 years in the FMCG industry: 20+ years with Nestlé and 3+ years with DKSH. Besides Switzerland, Patrick has lived and worked in UAE, Malaysia, Indonesia, and Singapore.

He has a proven track record in the implementation of commercial strategies, entering new markets, and developing/creating operational excellence to deliver strategic objectives and transform organizations. He is a team-player with strong executive presence, capable of inspiring and developing teams and creating an environment of trust,

respect, and excellence to deliver results beyond expectations. He has delivered strong results in challenging environments for complex businesses with revenues close to USD 2Bn.

**Education:**

Patrick has a Master of Business Administration degree, with Major in Marketing, from the University of St. Gallen in Switzerland. He has completed various Executive Leadership programs in Marketing, Sales, Leadership, Innovation, Digital, and Artificial Intelligence & Machine Learning (AI&ML) at several renowned business schools.



**SUBIR DHWAN**  
Chief Financial Officer

With over 25 years, he has led teams across several multinational companies driving progressive financial management. He has led the transformation of finance functions across multiple industries. He brings a wealth of financial experience supporting in commercial, supply chain, and manufacturing functions, in both FMCG and pharmaceutical industries.

Before joining SADAFCO, Dhan held numerous positions within the region and globally. He managed financial operations, oversaw business strategies, and led teams in dynamic and complex environments at Friesland Campina, GlaxoSmithKline, British American Tobacco, and Mars. As a result of these roles, he has gained a comprehensive understanding of the food industry on both a global and local level.

A strong advocate for change and transformation, Dhan aims to foster a positive, supportive work environment for his team members to grow and develop. His extensive experience of working in multinational corporations across multiple geographies makes him culturally flexible and versatile. With a proven record of adapting to new cultures quickly, and collaborating effectively with diverse teams, he is able to effectively contribute to teams from different backgrounds.

**Education:**

He holds a B.A. of Commerce from Pune University, an MBA, and a Chartered Accountant Certification (CA).

**SULTAN ALGHAMDI**  
Chief Legal, GRC Officer and Board Secretary

With over 13 years of progressive experience in legal strategy, corporate governance, and compliance, Sultan is an expert in mitigating legal risks and aligning business operations with regulatory requirements. He has successfully overseen critical assurance functions, including Legal, Governance & Compliance, Internal Control & Risk Management, and Cybersecurity.

His leadership ensures that all organizational activities comply with legal standards, while promoting effective risk management practices and synchrony with global GRC best practices.

As Board Secretary, Sultan Al Ghamdi provides strategic counsel to the Board of Directors and its subcommittees, ensuring alignment with corporate governance policies and regulatory standards.

A trusted leader and strategic advisor, Sultan is committed to playing a key role in integrating legal, compliance, and governance strategies with SADAFCO's wider objectives, contributing to the Company's sustainable growth and long-term success.

Sultan was recognized in the inaugural Legal 500 GC Powerlist: Saudi Arabia 2025, the first edition dedicated to recognizing the top General Counsels in Saudi Arabia.

**Education:**

Master's degree in Law and Legal Practice from King Abdulaziz University in Jeddah, and a Bachelor's degree in Law from the same university, he also holds several accredited certificates in the field of governance and the secretariat of Board affairs and related committees.



**TJERK OOSTVEEN**  
Chief Supply Chain Officer

With over 25 years of experience in Supply Chain management for leading dairy companies, Oostveen has worked extensively in complex and emerging markets worldwide. His roles have spanned the End-to-End Supply Chain, encompassing sourcing, production, delivery, and planning of various consumer products such as liquid milk, yoghurt, baby food, milk powders, and cheese.

Prior to joining SADAFCO, Oostveen held the role of Business Group Director Plan & Deliver at Friesland Campina, overseeing the Asian region. His key achievements included upgrading the manufacturing network, leading to the establishment of two greenfield factories in Malaysia and Indonesia. In Russia, he spearheaded business growth and transitioned the route-to-market network, resulting in improved service levels and significant cost savings. Additionally, Oostveen served as Director of Supply Chain for fresh cheese operations at Friesland Campina in the Netherlands.

Oostveen currently manages the end-to-end supply chain, supporting growth and cross-functional effectiveness, poised to drive SADAFCO's expansion.

**Education:**

He holds a Master of Science in Industrial Engineering from Eindhoven University of Technology. During his work he joined several courses such as in-house Dairy Technology training, Supply Chain Management at INSEAD and a Leadership program at the IMD in Switzerland. He is fluent in English, Dutch and German and speaks basic Russian and French.



**MAJID JIFRI**  
Chief Business Officer

Majed has over 23 years of experience: he has driven corporate transformation, operational excellence, and organizational growth, while spearheading marketing, branding, and business development initiatives across diverse industries.

Majed held pivotal roles in both private and public sectors, including Marketing Director and Commercial Team Leader at Procter & Gamble and Deputy Governor at Saudi Arabian General Investment Authority (SAGIA), where he led regional development and investment attraction efforts. He also provided advisory to senior government leaders, including the Ministers of Labor and the Minister of Economy & Planning.

**Education:**

Master of Science in Engineering Management from the University of Dayton, USA and a Bachelor of Science in Electrical Engineering from Wright State University, USA.



**NADIA MALAIKA**  
Chief Human Resource Officer

She has a total of 22 years of experience in various industries. She started her career in corporate banking, where she spent a total of two years, and later moved to work for Unilever in marketing for three years. She made a career shift in 2005 when she entered the world of academia and taught marketing in a business college, in addition to managing its careers center. She rejoined Unilever in 2011, as part of the HR team where she spent six years between various HR functions. She later moved to Johnson & Johnson Consumer as an HR manager, and then worked for Glaxo Smith Kline for a total of 3.5 years as HR manager for the Jeddah and Algerian factory.

She is an accomplished HR professional with a solid history of achievement in all aspects of the business. She is well versed in a variety of Human Resource functions such as recruitment, training, and business partnering, and is skilled in HR Policies, Business Transformation, Organization Development, Employee Relations, and Leadership Development.

**Education:**

Master's degree from Bournemouth University in Marketing and a Bachelor's degree from King Abdul Aziz University in English Literature and Linguistics.



**UMAR FARRUKH**  
Chief Sales Officer

Umar is responsible for building a Frozen Organization within SADAFCO through internal and external benchmarking including front- and back-end investments. His responsibilities include crafting a 10-year Ambition and the consequent Business Strategy.

With almost 15 years of experience comprising of general management, marketing and sales, Farrukh specializes in developing and delivering sustainable business growth strategies.

Before joining SADAFCO in June 2019, Farrukh led different FMCG categories including Ice Cream, Culinary, Powdered Desserts, and Spreads at Unilever Pakistan during his 12 years tenure. He contributed with share gains through Advertising, Innovations, and Distribution, and turned around business profitability with E2E Restructuring Programs. As a member of the Marketing Leadership Team at Unilever Pakistan, he led channel expansion through synergies across multiple Foods & Refreshments categories with integrated selling solutions.

**Education:**

Certificate of Achievement - The Business of Artificial Intelligence (London Business School); MBA Marketing (LUMS); B.Sc. in Electrical Engineering (U.E.T).



**MAJID JAN**  
Chief Information Officer

With over 20 years of experience in digital transformation and technology leadership, Majid Jan has led strategic initiatives across diverse industries, including FMCG, Automotive, Manufacturing, and Oil & Gas. His expertise spans ERP implementations, Cybersecurity, Cloud Solutions, IoT/OT, and Digital Innovation.

Before joining SADAFCO, Majid served as Group CIO at Petromin Corporation, where he led large-scale digital transformation programs and strengthened the company's IT and technology infrastructure. Prior to this, he held the position of IT Executive Director at Savola Foods Company, where he enhanced operational efficiency and achieved significant cost optimization through technology-driven initiatives.

Majid has been recognized among the Top 100 Tech Leaders in Saudi Arabia (2023) and received the CIO 50 Award from IDC (2024) for his outstanding contributions to technology leadership.

**Education:**

Bachelor's degree in Computer Science from King Fahd University of Petroleum & Minerals (KFUPM) and an MBA from Loyola Marymount University (Los Angeles, USA). He also completed executive education at INSEAD and earned a Chief Digital Officer (CDO) certification from MIT.

**HADI ELHAJ**  
Chief Audit Executive

Hadi serves as the Chief Audit Executive at SADAFCO, bringing over 14 years of professional experience across Saudi Arabia and the Middle East. He has a proven track record of leading transformational initiatives in internal auditing, enterprise risk management, corporate governance, and management consulting.

Prior to joining SADAFCO, Hadi held senior roles at Ernst & Young (EY) and PwC, where he led critical internal audit, governance, risk, compliance, and management consulting initiatives across diverse sectors such as manufacturing, retail, logistics, real estate, and others.

**Education:**

Bachelor's degree in Business Administration and Management. Additionally, he is a Certified Internal Auditor (CIA) and holds the International Certificate in Enterprise Risk Management (IRMCert) from the Institute of Risk Management.



# REMUNERATION POLICY FOR BOARD OF DIRECTORS, COMMITTEES, AND EXECUTIVE MANAGEMENT

## First: Objectives

This Remunerations & Compensations of the Board Members, Committees and Executive Management Policy has been prepared to comply with Article 58(1) of the Corporate Governance Regulations Issued by the Board of the Capital Market Authority, and amended by Resolution of the Board of the Capital Market Authority Number 8-5-2023 Dated 25/6/1444H Corresponding to 18/1/2023G, which stipulated that the Remuneration and Nomination Committee shall “preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy.”

This Policy aims at attracting persons with academic, technical, administrative qualifications, retaining and training them to perform their duties professionally and effectively to commensurate with the company's activities and purposes. In addition, it aims at setting clear and specific standards and conditions explaining to shareholders the Company's terms, conditions, and procedures for granting remunerations to the members of the Board of Directors, Committees, and Executive Management.

## Second: Rules & Standards of Remunerations & Compensations

Without prejudice to the provisions of the Companies' Law, Capital Market Authority Regulations, and their Executive Regulations, and the Corporate Bylaw, remuneration policy shall take into account the following:

1. To be consistent with the Company's strategy, objectives, and required skills of the Company management, provided that it shall be fair and commensurate with member's scope of specialty, the duties and responsibilities performed by the Board members, and the objectives designated by the Board to be achieved during the financial year.
2. To provide remuneration in order to encourage the members of the Board of Directors and the Executive Management to achieve the success of the Company

and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance.

3. To determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experiences, skills, and level of performance.
4. To be consistent with the magnitude, nature and level of risks faced by the Company.
5. To take into consideration other companies' practices in determining remunerations, and avoid the disadvantages of such comparison in leading to unjustifiable increases of remunerations and compensations. The remunerations of the Board of Directors' members may vary based on the members' experiences, duties, and number of sessions attended.
6. To attract talented professionals, retain and motivate them without exaggeration.
7. Such remuneration shall be reasonably sufficient for attracting, motivating, and retaining qualified and experienced members.
8. Such remuneration shall be prepared in coordination with the Nomination and Remuneration Committee for new appointments, and based on the recommendation of the Nomination and Remuneration Committee.
9. To take into consideration the company scope of business, magnitude, and the experiences of its Board of Directors members.
10. To suspend or reclaim remuneration when determined that such remunerations were set based on inaccurate information provided by a member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.
11. In case of regulating the grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company, such action is supervised by the Nomination and Remuneration Committee and shall follow the Corporate Bylaw and the related regulations and policies of Capital Market Authority.

## Third: The Remunerations of the Board Members

1. The Remuneration and Nomination Committee shall submit a recommendation to the Board of Directors regarding the remuneration of the Board members. The Board of Directors shall propose the amount of the remuneration to the general assembly to determine the amount of the remuneration.

2. The remuneration of the Board of Directors' members consists of a certain amount of money, attendance allowance, in kind, or a percentage of net profit; two of the mentioned benefits may be combined together. The member is entitled to the remuneration from the effective date of membership.
3. The Board report to the Ordinary General assembly shall be comprehensive, including all benefits received by the members during the financial year, remunerations, expense allowances, etc., the cash received by members, as employees and executives, or as per their exerted efforts including their technical, administrative, and consulting performances. In addition, the report shall include, the number of sessions attended by every member from the last date of the General Assembly meeting, pursuant to the Companies Law, Capital Market Authority Regulations and its Executive regulations.
4. The remunerations of the independent members of the Board shall not be a percentage of the achieved Company's incomes, or based, directly or indirectly, on the Company's profitability.
5. Remunerations may vary as per the member's experience, specialty, duties, independence, and the number of sessions attended along with other considerations.
6. The Board of Directors may not vote for the remuneration article of the Board members during the Shareholders General Assembly.
7. A member of the Board may receive a remuneration or salary for any additional executive, technical, administrative, or consulting performances assigned by the Company, in addition to the received remuneration as a member of the Board and its committees as per the Companies Law, the Corporate Bylaw, CMA Regulations and its Executive regulations.
8. Remunerations in form of shares may be granted for the Board of Directors members after meeting the bylaws and procedures in this regard.
9. The Company shall cover the cost of traveling-ticket for members living outside Jeddah city.
10. The Company shall cover the cost of five star hotel stays and tickets, whenever the meeting is convened outside Jeddah city.
11. All round-trip tickets for members shall be on First and Business classes.

## Fourth: Remunerations of Committees

The Policy of each Committee shall include the remunerations pertaining to its members.

## Fifth: Remunerations of the Executive Management

The remuneration of the Executive Management includes:

1. Basic monthly salary to be paid at the end of every Gregorian month.

2. Allowances, including but not limited to, housing allowance or providing residence, transportations allowance or providing a car, telephone allowance, and children education allowance.
3. Insurance advantages, including but not limited to, medical insurance, and life insurance.
4. Fixed remunerations and compensations as per contracts of labor with senior executives. They may receive annual remunerations based on the performance assessment and the achievement of the annual results of the Company specified by the Board. The assessment of the senior executives is mainly based on their professional performance during the year and their achievement of the company's strategic goals.
5. Other advantages include but are limited to annual leave, annual airway travel tickets, and end-of-service remuneration.

## Sixth: Revision and Enforcement

1. The Remuneration and Nomination Committee is specialized in the periodical revision of this policy, assessing effectiveness in achieving its purposes. This policy is subject to periodical updating and revision, when needed, by the Remuneration and Nomination Committee. Any suggested amendments shall be presented by the committee to the Board. The Board will analyze and revise these amendments and submit recommendations for the approval of the Shareholders General Assembly.
2. This Policy will be effective and enforceable from the date of its approval by the Company Shareholders' General Assembly.
3. Texts or rules, whatsoever, not stated in this Policy will be subject to the application of the Saudi Companies' Law, the Capital Market Authority, and its Executive Regulations and decisions issued by the concerned bodies.
4. This Policy has been drawn up in Arabic and English texts. In case of any discrepancy or misinterpretation, the Arabic text shall prevail.
5. This Policy will be published, after an approval by the Shareholders General Assembly, on the Company website or via any other means for enabling the shareholders, the public, and the stakeholders to review it.

## Relation Between the Paid Remuneration and Compliance

The remuneration is paid to the members of the Board of Directors, the members of the board committees and senior executives, that is shown in the related tables in this report, in accordance with the “Remuneration Policy for Board of Directors, Committees, and Executive Management” approved by the Shareholders General Assembly and based on the recommendation of the Nomination and Remuneration Committee, knowing that there was no deviation in the remuneration payment from the Policy.

# DETAILS OF COMPENSATION REMUNERATION, AND OWNERSHIP OF THE BOARD, COMMITTEES, AND SENIOR EXECUTIVES

## Board Remuneration

Below is a statement of Board Members Remuneration for the Fiscal Year ending on 31 December 2025:

	Fixed Remuneration (L)						Variable Remuneration (L)									
	A Certain Amount	Attendance Allowance for Board Meetings	Total Committees Attendance Allowance	In-kind Benefits	Details of Board Members Earnings as workers or administrative or other Earnings for Technical, Administrative and Consultant Services or Technical Services	Remuneration of Chairman or Managing Director or BOD Secretary if he is a Member	Total	% of Profit	Periodic Remuneration	Short Term Motivational Plans	Long Term Motivational Plans	Given Shares (value)	Total	End of Service Benefit (L)	Grand Total (L)	Expenses Allowance (L)
<b>Independent Members</b>																
Mr. Hani Sabb	400,000						400,000								400,000	
Mr. Ihab Osman	400,000		233,000				633,000								633,000	
Mr. Esam Al-Thukair	400,000		118,000				518,000								518,000	
<b>Total</b>	<b>1,200,000</b>		<b>351,000</b>				<b>1,551,000</b>								<b>1,551,000</b>	
<b>Non-Executive Members</b>																
Shk. Hamad Al-Ahmad	400,000						400,000								400,000	
Mr. Saied Basamh	400,000		121,000				521,000								521,000	
Shk. Sabah Al-Sabah	400,000		236,000				636,000								636,000	
Mr. Faisal Al-Ayyar	400,000						400,000								400,000	
Mr. Ahmed Marzouki	400,000		239,000				639,000								639,000	
<b>Total</b>	<b>2,000,000</b>		<b>596,000</b>				<b>2,596,000</b>								<b>2,596,000</b>	
<b>Executive Members</b>																
Mr. Mussad Nassar	400,000				762,153		1,162,153						73,220		1,235,373	
<b>Total</b>	<b>400,000</b>				<b>762,153</b>		<b>1,162,153</b>						<b>73,220</b>		<b>1,235,373</b>	

## Board Committees Remuneration

Below is a statement of Committees' Members Remuneration for the Fiscal Year ending on 31 December 2025:

### Remuneration for Audit Committee

Member	Fixed Remuneration	Attending Allowance	Total (E)
1 Shk. Sabah Al Sabah	100,000	15,000	115,000
2 Mr. Ihab Osman	100,000	15,000	115,000
3 Mr. Mickey Zacharia	100,000	15,000	115,000
4 Mr. Moustapha Chami	100,000	15,000	115,000
5 Mr. Noor Khan	100,000	12,000	112,000
<b>Total</b>	<b>500,000</b>	<b>72,000</b>	<b>572,000</b>

### Remuneration for Nomination & Remuneration Committee

Member	Fixed Remuneration	Attending Allowance	Total (E)
1 Mr. Esam Al Thukair	100,000	18,000	118,000
2 Mr. Ahmed Marzouki	100,000	18,000	118,000
3 Mr. Ahmed Zahran	100,000	18,000	118,000
<b>Total</b>	<b>300,000</b>	<b>54,000</b>	<b>354,000</b>

### Remuneration for Board Executive Committee

Member	Fixed Remuneration	Attending Allowance	Total (E)
1 Shk. Sabah Al Sabah	100,000	21,000	121,000
2 Mr. Saied Basamh	100,000	21,000	121,000
3 Mr. Ahmed Marzouki	100,000	21,000	121,000
4 Mr. Ihab Osman	100,000	18,000	118,000
5 Mr. Samer Abbouchi	100,000	21,000	121,000
<b>Total</b>	<b>500,000</b>	<b>102,000</b>	<b>602,000</b>

## Board Members' Benefits

Below is a statement the interests, contractual securities or rights issue of the Board members and their relatives in the Company's shares.

Name	1t January 2025	31t December 2025	Change (+/-)
1 HH Sheikh Hamad Sabah Al-Ahmad	0	0	-
2 Mr. Saied Ahmed Saied Basamh	0	0	-
3 HH Sheikh Sabah Mohammed Al-Sabah	0	0	-
4 Mr. Faisal Hamad Mubarak Al-Ayyar	0	0	-
5 Mr. Ahmed Mohamed Hamed Al-Marzouki	20,000	20,000	-
6 Mr. Mussad Abdullah Abdul Aziz Al-Nassar	1,000	1,000	-
7 Mr. Hani Abdulaziz Ahmed Saab	2,000	2,000	-
8 Mr. Ihab Ibrahim Mohammed Osman	0	0	-
9 Mr. Esam Saleh Ahmed Al-Thukair	8	8	-

#### Declarations:

- There is no interest of the Board Members' relatives, spouses and children in the shares of the Company or any of its Subsidiaries.
- There is no interest of the Board Members and their relatives, spouses and children in the debt instruments of the Company or any of its Subsidiaries.

## Senior Executives Remuneration<sup>1</sup>

The table below details the total remuneration paid to the top five senior executives (including the CEO and CFO), which are not Board members, during the financial year ended 31 December 2025:

	No. of staff (5)	Total
<b>Fixed Remuneration (E)</b>		
Salaries	6,803,474	<b>6,803,474</b>
Allowances	3,149,197	<b>3,149,197</b>
In-kind Benefits		
<b>Total</b>	<b>9,952,671</b>	<b>9,952,671</b>
<b>Variable Remuneration (E)</b>		
Periodic Remuneration		
Dividends		
Short Term Plan Incentives	3,602,192	<b>3,602,192</b>
Long Term Plan Incentives	1,019,314	<b>1,019,314</b>
Given Shares (Value)		
<b>Total</b>	<b>4,621,506</b>	<b>4,621,506</b>
<b>End of Service benefit</b>	<b>476,824</b>	<b>476,824</b>
<b>Total Remuneration of BOD Executive if any</b>		
<b>Total (E)</b>	<b>15,051,001</b>	<b>15,051,001</b>

## Senior Executives' Benefits

Below is a statement the interests, contractual securities, or rights issue of the Senior Executives and their relatives in the Company's shares.

Name	1t January 2025	31s December 2025	Change (+/-)
1 Mr. Patrick Stillhart	0	0	-
2 Mr. Subir Dhawan	0	0	-
3 Mr. Sultan Alghamdi	1	1	-
4 Mrs. Nadia Malaika	10	10	-
5 Mr. Umar Farrukh	0	0	-
6 Mr. Tjerk Oostveen	0	0	-
7 Mr. Majid Jifri	0	0	-
8 Mr. Majid Jan	0	0	-
9 Mr. Hadi Elhaj	0	0	-

#### Declarations:

- There is no interest of the Senior Executives' relatives, spouses and children in the shares of the Company or any of its Subsidiaries.
- There is no interest of the Senior Executives' and their relatives, spouses and children in the debt instruments of the Company or any of its Subsidiaries.

<sup>1</sup> SADAFCO has complied with the disclosure of the components of the senior executives' remuneration on aggregate in line with the requirements of subparagraph (b) of paragraph (4) of Article 90 of the Corporate Governance Regulations issued by CMA, but to protect the interests of the Company, its shareholders and employees, and to avoid any damage that may occur as a result of disclosing the detailed senior executives' remuneration by position, the Company did not disclose the details as per Appendix (1) of the CG Regulations.

# DIVIDENDS

## Dividends Distribution Policy

The Dividend Distribution Policy is prepared as per the requirements of Article (9) of Corporate Governance Regulations, Companies Law and SADAFCO's Bylaws.

### First: Payment Date of Dividends

The Company shall execute the General Assembly resolution, or the Board resolution regarding distribution of dividends to the registered shareholders who owned shares on the eligibility date within 15 days from the due date determined in the General Assembly resolution, or Board resolution for distributing interim dividends.

### Second: Dividends Distribution Announcement

1. Announcement for the Distribution of Interim Dividends: The company is obliged to make a prompt disclosure and announcement on Tadawul, whenever a resolution is made by the Board for the distribution of interim dividends on a biannual or quarterly basis.
2. Announcement for the Distribution of Annual Dividends: The Company shall present a recommendation for the distribution of annual profits to the General Assembly of Shareholders for voting whenever the Board decides. This will be promptly disclosed and announced on the Tadawul website. The announcement must adhere to the Instructions for Companies Announcements set forth by the Capital Market Authority.

### Third: Dividends Distribution

The Company may distribute interim dividends to its shareholders on a biannual or quarterly basis after fulfilling the following legal requirements:

1. The issuance of annual resolution by the General Assembly authorizing the Board to distribute interim dividends.
2. The Company shall enjoy regular positive profitability.
3. The Company shall enjoy reasonable liquidity, and able to reasonably foresee the scale of its profits.
4. The Company shall have distributable profits based on the latest audited financial statements. These profits shall be sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized of the dividends, after the date of these financial statements, in addition to any official requirements that may be requested by any of the concerned bodies in KSA.

### Fourth: Profit Distribution Factors

The implementation of this Policy depends on various factors that impact the profit distribution mechanism, including:

- a. Any significant changes in the Company's strategy and operations, including the business environment in which it operates.
- b. Any substantial changes in laws, regulations, legislation, and related controls.
- c. Any obligations or commitments that impose restrictions on dividend distributions.

### Fifth: Unreceived Profits

Any shareholder who has not received profits from the Company may inquire about their unreceived profits by reaching out to the Company's Investor Relations Department via email address: [investors.relations@sadafco.com](mailto:investors.relations@sadafco.com) or through any inquiry method designated by the Company, and can claim the outstanding profits.

### Sixth: Eligible Shareholders for Dividends

The entitlement of receiving dividends is for shareholders who owned shares in the due date specified in the Board resolution to distribute biannual or quarterly basis interim dividends, which will be announced on Tadawul. Alternatively, it is for those who owned the shares at the end of trading day of AGM meeting, and AGM approval to distribute annual dividends. The resolution shall highlight the entitlement and distribution dates, provided that this resolution shall be implemented in accordance with the stated rules and procedures issued for the implementation of the Bylaws of the listed joint stock companies.

## Seventh: Revision and Enforcement

1. The Board shall revise the content of this Policy, as may be necessary.
2. This Policy will be effective and enforceable after the approval of the Board.
3. Texts or rules, whatsoever, not stated in this policy, will be subject to the application of the Saudi Corporates' Law, its regulations, Capital Market Authority law and its executive regulations, the Company Bylaws and resolutions issued by the concerned bodies.
4. This Policy has been drawn up in Arabic and English texts. In case of any discrepancy or misinterpretation, the Arabic text shall prevail.

# DIVIDENDS DISTRIBUTION FOR THE FINANCIAL YEAR 2025

Profit ratio for the fiscal year from January 1, 2025 to December 31, 2025			
	1 <sup>st</sup> Half Year Dividend	2 <sup>nd</sup> Half Year Dividend	Total Dividend
%	80%	80%	160%
Total (S Mln)	~ 255.00	~ 255.00	~ 510.00

# ANNUAL REVIEW OF INTERNAL CONTROLS EFFECTIVENESS

The Internal Audit department reviews the adequacy, efficiency and effectiveness of internal controls, risk management and governance processes to ensure their effectiveness, through annual plan throughout the year, as approved by the Board. The Board also ensures that management is acting on reported issues and managing risks systemically, which will lead to controls enhancement.

Based on the work of the internal auditors and the conclusions contained in their audit reports issued during the current period and management's representation with respect to the effectiveness of the company's internal and financial control systems, no major control issues have been noted and thus the Board believes that these systems are effectively run.

# SHAREHOLDER INFORMATION

## Major Shareholders Owning 5% or more and Changes during the Financial Year

Name	Number of Shares on 1 January 2025	Number of Shares on 31 December 2025	Percentage Ownership on 1 January 2025	Percentage Ownership on 31 December 2025	Change (+/-)
1 Kuwait Investment Projects Co (KIPCO)	13,036,461	13,036,461	40.11%	40.11%	-
2 Al-Samh Trading Co Ltd	3,798,008	3,798,008	11.68%	11.68%	-

Declaration: Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Company confirms that it has not received any written notification during the fiscal year ended on 31

December 2025 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31 December 2025.

## Subsidiaries and Affiliates

SADAFCO owns shares in subsidiary companies to help achieve its targets and distribute its products as mentioned below:

Company	Main Activity	Country	Paid Up Capital	Number of Shares	Ownership (%)
1 SADAFCO Bahrain Co. (Under Liquidation)	Import, Sale, and Distribution of Dairy & Foodstuff.	Bahrain	BD 50,000	500	100%
2 SADAFCO Kuwait Foodstuff Co. <sup>(1)</sup> (Under Liquidation)	Import, Sale, and Distribution of Dairy & Foodstuff.	Kuwait	KD 50,000	100	49%
3 SADAFCO Jordan Foodstuff Co. (Under Liquidation)	Import, Sale, and Distribution of Dairy & Foodstuff.	Jordan	JD 250,000	250,000	100%
4 Mlekoma Sp. z.o.o.	Manufacturing of Dairy Products.	Poland	PLN 8,728,000	17,456	100%
5 SADAFCO Qatar Co. <sup>2</sup>	Import, Sale, and Distribution of Dairy & Foodstuff.	Qatar	QR 1,500,000	1,500	75%

All subsidiaries are limited liability companies. None of the above-mentioned subsidiaries have any debt instruments issued.

<sup>1</sup> Remaining equity interest is beneficially held through parties nominated by the Company.

<sup>2</sup> On October of 2025, all required procedures for liquidating the subsidiary have been completed, and the subsidiary's commercial registration was canceled by the Ministry of Commerce and Industry.

## Shareholders Register Applications

The below table summarizes the number and dates of Shareholders Register applications requested by the Company and the reasons for that during the fiscal year ended on 31 December 2025:

No. of Request	Date of Request	Reason
1	19 March 2025	Dividend Distribution
2	10 April 2025	Dividend Distribution
3	23 April 2025	Other
4	14 May 2025	Shareholders General Assembly
5	24 August 2025	Other
6	25 September 2025	Dividend Distribution

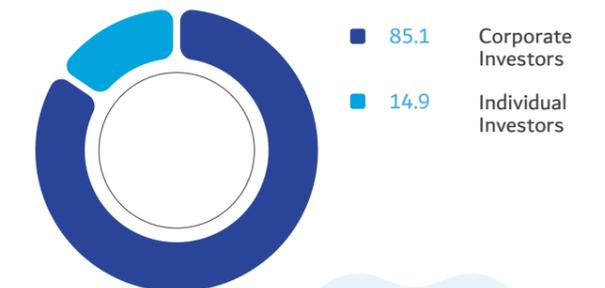
## Share Performance

Listing Date	2005/05/23
Exchange	Tadawul
Ticker Code	2270
ISIN Code	SA000A0EAXM3
Number of shares	32,500,000
<b>Earnings Call</b>	<b>Date</b>
2024 Annual Earning Call	24-Mar-25
Q1 Earning Call	13-May-25
Q2 Earning Call	29-Jul-25
Q3 Earning Call	5-Nov-25
2025 Annual Earning Call	17-Feb-25

### Investor Relations Calendar

Conferences	Date
The 19 <sup>th</sup> EFG Hermes Annual One-on-One Investor Conference in Dubai	9 and 10 April 2025

### Percentage of Investor Type, %



### Investor Relations

E-mail : [investors.relations@sadafco.com](mailto:investors.relations@sadafco.com)

Tel : (+966) 012 – 6293366

Fax : (+966) 012 - 6293380

## Share Performance For 2025



# RELATED PARTY TRANSACTIONS

The Company enters into transactions with related parties using the same criteria applied to all other parties and under the best terms of trade. Related Parties are defined as SADAFCO Board Members, Major Shareholders and Senior Executives or any of their first-degree relatives, in line

with the regulations and guidelines of the CMA Corporate Governance Regulations and Companies' law in this regard. Transactions with these parties require disclosure.

Below are the related party transactions.

Company Name	Country	Nature of Transaction	Value (K Mln)
Buruj Co-Op Insurance Co.	KSA	Insurance Services	10,498,617

SADAFCO entered into an Agreement with Buruj Cooperative Insurance Co. (offering insurance services) as its offer was the most suitable in terms of the price and benefits without preferential terms. Mr. Ahmed Al Marzouki is the Vice

Chairman of Buruj Cooperative Insurance Co. and Board member of SADAFCO. The total value of these transactions for the year from 01-01-2025 to 31-12-2025 had a total value of K 10,498,617 (indirect interest).

Company Name	Country	Nature of Transaction	Value (K Mln)
PKC Advisory	India	Consultation Services	1,825,485

SADAFCO has a Consultancy Agreement with PKC Advisory for various business advisory services, as their offer was the most suitable in terms of price and benefits without preferential terms. PKC Advisory is subsidiary of the Kuwait Investment Projects Company (KIPCO) Group, and Sheikh Hamad Sabah Al Ahmed, and Mr. Faisal Hamad Al-Ayyar serve as the Chairman and Board member of SADAFCO and

as the Chairman and Board member of KIPCO, respectively. Additionally, Sheikh Sabah Mohammed Al-Sabah is a Board member of SADAFCO and a member of KIPCO's executive team. The total value of these transactions for the year from 01-01-2025 to 31-12-2025 had a total value of K 1,825,485 (indirect interest).

Company Name	Country	Nature of Transaction	Value (K Mln)
Alternative Energy Project Co.	Kuwait	Solar Project of JCW	71,464

SADAFCO has an Agreement with Alternative Energy Projects Company (AEPC) to provide Operation & Maintenance for Solar Rooftop Photovoltaic Energy System at Central Warehouse located in Jeddah, KSA. Alternative Energy Projects Company (AEPC) is subsidiary of Kuwait Investment Projects Company (KIPCO) Group, and Sheikh Hamad Sabah Al Ahmed, and Mr. Faisal Hamad Al-Ayyar

serve as the Chairman and Board member of SADAFCO and as the Chairman and Board member of KIPCO, respectively. Additionally, Sheikh Sabah Mohammed Al-Sabah is a Board member of SADAFCO and a member of KIPCO's executive team. The total value of these transactions for the year from 01-01-2025 to 31-12-2025 had a total value of K 71,464 (indirect interest).

Company Name	Country	Nature of Transaction	Value (K Mln)
Specialized Food Services Co. (SFS)	KSA	Distribution of foodstuff to retail stores, hotels, restaurants and catering customers	1,454,622

SADAFCO entered into an Agreement with Specialized Food Services Co. (SFS) for the distribution of specific SADAFCO products in the Foodservice channel as its offer was the most suitable in terms of the price and benefits without preferential terms. Noting that Mr. Saied Ahmed Saied Basamh, the Vice-Chairman of SADAFCO, has ownership in SFS. The total

value of these transactions for the year from 01-01-2025 to 31-12-2025 had a total value of K 1,454,622 (indirect interest).

# COMPETITION ACTIVITIES

Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses

Board Member Name	Competitor Name	Nature of the Activity	Member Status	Competition Nature
Mr. Saied Ahmed Saied Basamh	1. Basamh Group of Companies	Distribution of foodstuff to retail stores.	> Ownership > Board Membership	Indirect
	2. Saudi Goody Products Marketing Co. Ltd	Owner of a trademark for foodstuff.	> Ownership	Indirect
	3. Saudi Specialized Food Services Co. (SFS) Ltd	Distribution of foodstuff to retail stores, hotels, restaurants and catering customers.	> Ownership	Indirect
	4. Basamh Industrial Co. Ltd	Manufacturing and Owner of a trademark for foodstuff.	> Ownership > Board Membership	Indirect
	5. Refined Food Co.	Manufacturing and Owner of a trademark for foodstuff.	> Ownership	Indirect

# MAJOR DECISIONS AND FUTURE PLANS

The Company continues to invest in future growth and is continuously evaluating new opportunities. Any concrete development will be announced as and when necessary.

# BUYBACK OF TREASURY SHARES

No. of Shares	Value	Date of Purchase	Details of Use
540,373	K 61.7 Mln	19, 26, 27 & 28 Feb 2019 01, 09 & 11 Sep 2025 05, 06, 09, 26 & 27 Nov 2025	Treasury Shares

# GOVERNANCE, AND RISK AND COMPLIANCE (GRC)

## Corporate Governance Compliance

The Company adheres to all the provisions outlined in the CMA Corporate Governance Regulations, except for the highlighted articles in the following section.

As part of these CMA provisions, the Company has already complied with:

- > General shareholder rights (Articles 4 to 9);
- > Rights relating to General Assembly Meetings (Articles 10 to 15);
- > The Board of Directors: Formation, responsibilities, competencies, procedures and training (Articles 16 to 39);
- > Conflicts of interest (Articles 40 to 46);
- > Company committees (Articles 47 to 69); and
- > Internal controls, external auditors, company reports and policies, and various other matters (Articles 70 to 95).

In addition, in compliance with the CMA Corporate Governance Regulations:

- > The Board of Directors formed the Audit Committee on 01 April 2024.
- > The Board of Directors formed the Nomination and Remuneration Committee on 01 April 2024.
- > The Board of Directors formed the Executive Committee on 01 April 2024.
- > The Company prepared the Audit Committee charter and the Nomination and Remuneration Committee charter, which were approved by the Board and ratified by the General Assembly.
- > The Company prepared the Executive Committee charter, which was approved by the Board of Directors.
- > The Company prepared the Board Membership Policy, which was approved by the Board and ratified by the General Assembly.
- > The Company prepared the Policy for Remuneration of Board of Directors, Its Committees and Executive Management, which were approved by the Board and ratified by the General Assembly.
- > The Company prepared the Corporate Social Responsibility (CSR) Policy, which was approved by the Board and ratified by the General Assembly.

- > The Company prepared the Competition Standards for Board Member with the Company's business, which was approved by the Board and ratified by the General Assembly.
- > The Company has recently amended its Bylaws to align with the changes mandated by the new Companies' Law. These amendments were approved by the Board and ratified by the General Assembly.

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing activities (Articles 71, 72 and 73 of the Companies' Law and Articles 42 and 44 of the Corporate Governance Regulations). The Company adheres to these requirements by obtaining the approval of the General Assembly for any Related Party Transactions and Competing Activities.

Also, the Board approved the "Insider Trading Policy" that prohibits trading the Company's shares based on undisclosed internal information, ensuring compliance with Market Conduct Regulations and reinforcing the Company's commitment to ethical practices and regulatory compliance.

Moreover, the management has established a number of committees to oversee specific functions within the Company and assist the Board in effectively supervising and operating the various departments.

- These management-level committees are:
- (i) Executive Management Committee;
  - (ii) Sustainability Steering Committee;
  - (iii) IT Committee;
  - (iv) HR Committee;
  - (v) Ethics Committee; and
  - (vi) Risk Management Committee.

Finally, the company complies with all provisions set forth in the Corporate Governance Regulations issued by the Capital Market Authority, as amended on January 18, 2023, except for the provisions listed below:

Article/ Sub Article	Details of Article/Sub Article	Justifications
39/e	Board Evaluation:  The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Guiding Article.
51/c	The Chairman of the Audit Committee shall be an Independent Member.	Guiding Article.

Article/ Sub Article	Details of Article/Sub Article	Justifications
51/d	Half of the audit committee's members must be Independent Directors or from those on whom the issues affecting independence in Article (19) of this Regulation do not apply	Guiding Article.
67	Composition of the Risk Management Committee  The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Guiding Article.  Risk management is undertaken by Audit Committee in accordance with its charter.
68	Competencies of the Risk Management Committee	Guiding Article.  Risk management is undertaken by Audit Committee in accordance with its charter.
69	Meetings of the Risk Management Committee	Guiding Article.  Risk management is undertaken by Audit Committee in accordance with its charter.
82/2	Employee Incentives  The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees and setting up an independent fund for such programs.	Guiding Article.
92	Formation of a Corporate Governance Committee  If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	Guiding Article.  The Board is overseeing the Company's Governance activities.



## Financial Instruments Risk Management Objective and Policies

The Group's principal financial liabilities comprise trade and other payables, accrued expenses and other liabilities, dividend payables, due to related parties and lease liabilities. The Group's principal financial assets include Trade receivables, cash and cash equivalent, other receivables and investments. The carrying amounts of the Group's financial instruments are reasonable approximations of fair values.

### Risk Management Framework

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below:

### Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity price – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to changes in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk such as equity price risk.

The sensitivity analyses in the following sections relate to the position as at December 31, 2025 and December 31, 2024.

### Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly

monitoring the interest rate profiles of its interest-bearing financial instruments. At December 31, 2025 and December 31, 2024, the Group does not have any borrowings, and accordingly, no interest-rate risk sensitivity is presented. Interest-bearing financial assets comprise of short term murabaha deposits and long-term investments in sukuku certificates are at fixed interest rates; therefore, they have no material exposure to cash flow interest rate risk and fair value interest rate risk.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is in Saudi Riyals. The Group's transactions are principally in Saudi Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The Group is not exposed to any significant foreign currency risk from Saudi Riyals, and US Dollars denominated financial instruments. However, the Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Bahraini Dinars, Polish Złoty, Kuwaiti Dinars, Jordanian Dinars, and Qatari Riyals. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Group does not have any financial instruments which are subject to other price risk.

### Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, trade receivables, investments, and other receivables.

### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. The credit quality of the customer is assessed based on a set of qualitative and quantitative factors, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and provided that are considered doubtful of recovery.

At each reporting date, the Group assesses whether trade receivables carried at amortized cost are credit impaired. A trade receivable is "credit-impaired" when one or more events that have detrimental impact on the estimated future cash flows of the trade receivables have occurred. A trade receivable that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

At December 31, 2025, the Group had five customers that accounted for approximately 50.71% (December 31, 2024: 43%) of total outstanding trade receivable. Trade receivables outstanding balance comprises 84.7% (December 31, 2024: 82%) in KSA, 5.6% (December 31, 2024: 0.2%) in GCC (other than KSA) and 9.7% (December 31, 2024: 17.8%) in other countries. Due to short-term nature of the trade receivable, their carrying amount is considered to be the same as their fair value.

The requirement for impairment is analyzed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Where recoveries are made, these are recognized in the consolidated statement of profit or loss. The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

### Cash and cash equivalents and investments

Credit risk from balances with banks and investments is managed in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the period. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group deals with reputable banks with investment grade credit ratings and the credit quality of the cash and cash equivalents and investments can be assessed by reference to external credit ratings.

The cash and cash equivalents and investments are treated under stage 1 and are held with bank and financial institution counterparties, which are rated Aa3, based on Moody's credit ratings.

### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group monitors its liquidity risk by regular working capital excess/shortage assessment and ensuring that it has adequate liquidity to fund its day-to-day operations. Where necessary, the Group may enter into borrowing facilities with banks in order to ensure continued funding of operations.

## PENALTIES AND SANCTIONS

No penalties have been imposed on the Company by the Capital Market Authority during the fiscal year 2025.

# BOARD DECLARATIONS

The Board of Directors declares and confirms the following:

1. Its accounts have been prepared in accordance with correct procedures.
2. The internal auditing has been prepared on a sound basis and has been implemented effectively.
3. There is no doubt about its ability to continue its operations.
4. There are no outstanding loans or dues on the Company.
5. The Company is fully committed to adhering to the rules and regulations stipulated in the Company's by-laws, Companies Law and other relevant ministerial resolutions and Company Law.
6. None of the BOD members and Senior Executives, including the CEO and CFO, their spouses or children owns any shares in affiliate companies; and no contracts were issued where any of them had a material interest other than those transactions disclosed in this Board Report.
7. No loans were made to any Board Member; SADAFCO has not guaranteed any loans made by any Board or Senior Executives.
8. No shareholder waived his/her rights to dividends or other material benefits and none of the Board of Directors and Senior Executives waived their right to receive any salary or compensation.
9. All the shares are common stock with equal voting and other rights in accordance with the law. There are neither preferential shares nor shares with special voting rights outstanding; whether for shareholders, board members, Senior Executives, their relatives or the Company's employees.
10. Following the review and audit of the consolidated financial statements by PricewaterhouseCoopers (PwC), it was reported that SADAFCO's consolidated financial statements have been prepared in accordance

with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The External Auditors' report was issued without reservation. The consolidated financial statements were found to be a true and fair reflection of SADAFCO's financial position and in line with the requirements of Companies' law and SADAFCO Bylaws.

11. There is no transaction in the nature of a bargain between the Company and any related party.
12. The Company does not implement any stock options and has not issued any convertible debt instruments.
13. The Company has not set up any reserves or investments for the benefit of its employees.
14. The Company did not acquire treasury shares during the financial year

15. The Company nor any of its affiliates do not have any redeemable debt instruments.
16. No convertible debt instruments, contractual securities, warrants or any similar rights issued or granted by the Company, nor has the Company received any compensation.
17. No conversion or subscription rights under convertible debt instruments, contractual securities or warrants issued or granted by the Company.



# FINANCIAL STATEMENTS



## Independent auditor’s report to the shareholders of Saudia Dairy and Foodstuff Company (SADAFCO)

### Report on the audit of the consolidated financial statements

#### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudia Dairy and Foodstuff Company (SADAFCO) (the “Company”) and its subsidiaries (together the “Group”) as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

#### What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code’s requirements.

#### Our audit approach

##### Overview

Key audit matter	Revenue recognition
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Branch of PricewaterhouseCoopers Public Accountants (professional limited liability company), Jameel square, floor 5  
T: +966 (12) 610-4400, F: +966 (12) 610-4411

CR. 4030289002, UN No. 7003482481, capital of 500,000 SAR, (main CR. 1010371622, main UN No. 7000928734), national address: 2091 Prince Mohammed Bin Abdulaziz Street, Al Andalus Dist., postal code 23326, secondary number 8909, Jeddah, Kingdom of Saudi Arabia

## Independent auditor’s report to the shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

### Our audit approach (continued)

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><b>Revenue recognition</b></p> <p>For the year ended December 31, 2025, the Group recognised total revenue of Saudi Riyals 2.99 billion and Saudi Riyals 0.07 billion from its continued operations and discontinued operations, respectively.</p> <p>Revenue is recognised from the sale of goods at a point in time when control of the goods is transferred to the customer . In addition, revenue is recognized net of rebates and discounts, which require management to make critical estimates and assumptions.</p> <p>Revenue recognition is considered a key audit matter due to its quantitative significance, the critical estimation of rebates and discounts and presence of management bias or risk of fraud associated with revenue recognition.</p> <p>Refer to note 3.19 for the revenue recognition accounting policy and notes 20 and 27.1 for the related disclosures.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understood and evaluated the revenue process followed for the Group’s performance obligations;</li> <li>• Evaluated the design and implementation of the relevant controls related to revenue recognition;</li> <li>• Understood and evaluated the appropriateness of the accounting policy for revenue recognition with respect to International Financial Reporting Standard 15 – Revenue from Contracts with Customers (“IFRS 15”);</li> <li>• Obtained an understanding of the nature of revenue contracts entered into by the Group and tested a sample of such contracts to confirm our understanding and assess whether the management’s application of IFRS 15 requirements was appropriate;</li> <li>• Tested, on a sample basis, revenue transactions and traced these transactions to underlying source documents;</li> <li>• Tested on a sample basis, revenue transactions recorded before and after the reporting date against underlying source documents to assess whether revenue was recognized in the correct period;</li> <li>• Tested on a sample basis, the calculations for the rebates and traced the discounts and sales returns to underlying source documents;</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.</li> </ul>

## Independent auditor's report to the shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

### Other information

Management is responsible for the other information. The other information comprises information included in the Group's 2025 Annual Report, but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's 2025 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

## Independent auditor's report to the shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### PricewaterhouseCoopers

Mufaddal A. Ali  
License number 447

February 17, 2026

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at December 31,	
		2025	2024
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,032,056	994,364
Right-of-use assets	7	90,570	52,558
Intangible assets	8	17,292	8,814
Financial assets at fair value through profit or loss	9	38,904	87,138
<b>Total non-current assets</b>		<b>1,178,822</b>	<b>1,142,874</b>
<b>Current assets</b>			
Inventories	10	501,965	456,242
Prepayments and other receivables	11	54,727	73,110
Trade receivables	12	318,870	289,223
Short-term investments	13	140,623	222,752
Cash and cash equivalents	14	464,231	467,796
Current assets excluding assets classified as held for sale		1,480,416	1,509,123
Assets classified as held for sale	27	30,342	-
<b>Total current assets</b>		<b>1,510,758</b>	<b>1,509,123</b>
<b>Total assets</b>		<b>2,689,580</b>	<b>2,651,997</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	15	325,000	325,000
Treasury shares reserve	15	(61,668)	(51,559)
Foreign currency translation reserve	15	(7,328)	(17,149)
Retained earnings		1,486,705	1,550,958
<b>Net equity</b>		<b>1,742,709</b>	<b>1,807,250</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of lease liabilities	7	57,572	43,225
Employee benefit obligations	16	171,092	158,487
<b>Total non-current liabilities</b>		<b>228,664</b>	<b>201,712</b>

	Note	As at December 31,	
		2025	2024
<b>Current liabilities</b>			
Trade and other payables	17	298,566	252,108
Accrued expenses and other liabilities	18	370,325	351,810
Due to related parties	29	30	18
Current portion of lease liabilities	7	12,819	10,049
Dividends payable		4,350	4,715
Accrued zakat and income tax	19	25,527	24,335
Current liabilities excluding liabilities directly associated with assets held for sale		711,617	643,035
Liabilities relating to assets classified as held for sale	27	6,590	-
<b>Total current liabilities</b>		<b>718,207</b>	<b>643,035</b>
<b>Total liabilities</b>		<b>946,871</b>	<b>844,747</b>
<b>Total equity and liabilities</b>		<b>2,689,580</b>	<b>2,651,997</b>

The accompanying notes form an integral part of these consolidated financial statements.

Mussad Abdullah Al Nassar	Patrick Othmar Stillhart	Subir Swarajya Dhawan
Member Board of Directors	Chief Executive Officer	Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended December 31,	
		2025	2024
Revenue	20	2,999,400	2,857,652
Cost of revenue	21	(2,065,456)	(1,815,927)
<b>Gross profit</b>		<b>933,944</b>	<b>1,041,725</b>
Selling and distribution expenses	22	(443,600)	(458,270)
General and administrative expenses	23	(121,478)	(110,900)
Reversal of impairment on financial assets	12	4,832	3,211
Other operating income	24	109,905	2,047
<b>Operating profit</b>		<b>483,603</b>	<b>477,813</b>
Finance income	25	34,000	49,687
Finance costs	26	(4,201)	(10,805)
Finance income - net		29,799	38,882
<b>Profit before zakat and income tax from continuing operations</b>		<b>513,402</b>	<b>516,695</b>
Zakat and income tax expense	19	(25,414)	(23,899)
<b>Profit from continuing operations</b>		<b>487,988</b>	<b>492,796</b>
<b>Loss from discontinued operations</b>	27	<b>(10,599)</b>	<b>(9,633)</b>
<b>Profit for the year</b>		<b>477,389</b>	<b>483,163</b>

	Note	Year ended December 31,	
		2025	2024
<b>Profit from continuing operations attributable to:</b>			
Owners of the Company		487,988	493,320
Non-controlling interests		-	(524)
		487,988	492,796
<b>Profit for the year attributable to:</b>			
Owners of the Company		477,389	483,687
Non-controlling interests		-	(524)
		477,389	483,163
<b>Earnings per share:</b>			
Basic and dilutive earnings per share (Saudi Riyals) attributable to owners of the Company			
> Profit from continuing operations	28	15.25	15.42
> Profit from the year	28	14.92	15.12

The accompanying notes form an integral part of these consolidated financial statements.

Mussad Abdullah Al Nassar	Patrick Othmar Stillhart	Subir Swarajya Dhawan
Member Board of Directors	Chief Executive Officer	Chief Financial Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended December 31,	
		2025	2024
<b>Profit for the year</b>		<b>477,389</b>	<b>483,163</b>
<b>Other comprehensive income/ (loss)</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange difference on translation of foreign operations		9,821	(5,579)
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gain on employee benefit obligations	16	2,300	3,611
Other comprehensive income/ (loss) for the year		12,121	(1,968)
<b>Total comprehensive income for the year</b>		<b>489,510</b>	<b>481,195</b>
<b>Total comprehensive income for the year attributable to:</b>			
> Owners of the Company		489,510	481,719
> Non-controlling interests		-	(524)
		489,510	481,195
<b>Total comprehensive income for the year attributable to owners of the Company:</b>			
Continuing operations		500,109	490,828
Discontinued operations		(10,599)	(9,633)
		489,510	481,195

The accompanying notes form an integral part of these consolidated financial statements.

Mussad Abdullah Al Nassar	Patrick Othmar Stillhart	Subir Swarajya Dhawan
Member Board of Directors	Chief Executive Officer	Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Statutory reserve	Other reserve	Treasury shares	Foreign currency translation reserve	Retained earnings	Total			
<b>Balance at January 1, 2024</b>	<b>325,000</b>	<b>162,500</b>	<b>366,811</b>	<b>(51,559)</b>	<b>(11,570)</b>	<b>1,110,349</b>	<b>1,901,531</b>	<b>304</b>	<b>1,901,835</b>	
Profit for the year	-	-	-	-	-	483,687	483,687	(524)	483,163	
Other comprehensive income/ (loss) for the year	-	-	-	-	(5,579)	3,611	(1,968)	-	(1,968)	
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,579)</b>	<b>487,298</b>	<b>481,719</b>	<b>(524)</b>	<b>481,195</b>	
Dividends declared (Note 35)	-	-	-	-	-	(576,000)	(576,000)	-	(576,000)	
Disposal of a subsidiary (Note 5)	-	-	-	-	-	-	-	220	220	
Transfer to retained earnings (Note 15)	-	(162,500)	(366,811)	-	-	529,311	-	-	-	
<b>Balance at December 31, 2024</b>	<b>325,000</b>	<b>-</b>	<b>-</b>	<b>(51,559)</b>	<b>(17,149)</b>	<b>1,550,958</b>	<b>1,807,250</b>	<b>-</b>	<b>1,807,250</b>	
Profit for the year	-	-	-	-	-	477,389	477,389	-	477,389	
Other comprehensive income for the year	-	-	-	-	9,821	2,300	12,121	-	12,121	
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,821</b>	<b>479,689</b>	<b>489,510</b>	<b>-</b>	<b>489,510</b>	
Acquisition of treasury shares (Note 15)	-	-	-	(10,109)	-	-	(10,109)	-	(10,109)	

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Statutory reserve	Other reserve	Treasury shares	Foreign currency translation reserve	Retained earnings			
Dividends declared (Note 35)	-	-	-	-	-	(543,942)	(543,942)	-	(543,942)
<b>Balance at December 31, 2025</b>	<b>325,000</b>	<b>-</b>	<b>-</b>	<b>(61,668)</b>	<b>(7,328)</b>	<b>1,486,705</b>	<b>1,742,709</b>	<b>-</b>	<b>1,742,709</b>

The accompanying notes form an integral part of these consolidated financial statements.

Mussad Abdullah Al Nassar	Patrick Othmar Stillhart	Subir Swarajya Dhawan
Member Board of Directors	Chief Executive Officer	Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended December 31,	
		2025	2024
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax from continuing operations		513,402	516,695
Loss before zakat and income tax from discontinued operations	27	(10,599)	(9,633)
Profit before zakat and income tax for the year		502,803	507,062
Adjustments for:			
> Depreciation on property, plant and equipment	6	103,731	102,536
> Impairment on property, plant and equipment	6	16,359	-
> Depreciation on right-of-use assets	7	13,911	12,300
> Amortisation on intangible assets	8	1,580	31
> Gain on disposal of asset classified as held for sale	24	(107,417)	-
> Gain on disposal of property, plant and equipment	6	(715)	(1,383)
> Reversal of impairment on financial assets	12	(3,656)	(3,039)
Finance income	25	(34,000)	(49,687)
> Finance costs	26	4,290	10,887
> (Reversal of provision)/ provision for inventories	10	(20,180)	29,526
> Provision for employee benefit obligations	16	29,059	24,689
> Write-off of property, plant and equipment	6	65	796
> Loss on disposal of investment in subsidiary	5	-	1,891
Changes in:			
> Inventories		(29,724)	(55,516)
> Prepayments and other receivables		19,924	(12,423)
> Trade receivables		(34,626)	(17,346)
> Trade and other payables		1,862	(70,044)
> Accrued expenses and other liabilities		20,399	36,117
> Due to related parties		12	(1,926)
Cash generated from operating activities		483,677	514,471
Employee benefit obligations paid	16	(12,259)	(16,645)
Zakat and income tax paid	19	(24,222)	(27,391)
<b>Net cash generated from operating activities</b>		<b>447,196</b>	<b>470,435</b>

	Note	Year ended December 31,	
		2025	2024
<b>Cash flows from investing activities</b>			
Finance income received on investments		40,369	52,970
Payment of initial direct costs on lease	7	(20,395)	-
Payments for property, plant and equipment	6	(117,809)	(204,505)
Payments for intangible assets	8	(10,058)	(2,675)
Proceeds from disposal of asset classified as held for sale	24	110,250	-
Proceeds from disposal of property, plant and equipment		61	2,689
Proceeds from disposal of financial assets at fair value through profit or loss		50,000	-
Additions to financial assets at fair value through profit or loss		-	(50,000)
Short-term investments made		(817,700)	(796,760)
Proceeds from maturity of short-term investments		896,660	1,242,600
Net movement in other non-current assets		-	6,620
<b>Net cash generated from investing activities</b>		<b>131,378</b>	<b>250,939</b>

The accompanying notes form an integral part of these consolidated financial statements.

Mussad Abdullah Al Nassar	Patrick Othmar Stillhart	Subir Swarajya Dhawan
Member Board of Directors	Chief Executive Officer	Chief Financial Officer

	Note	Year ended December 31,	
		2025	2024
<b>Cash flows from financing activities</b>			
Dividends paid	35	(544,307)	(574,982)
Finance costs paid		(4,290)	(9,163)
Payments for acquisition of treasury shares		(10,109)	-
Principal repayments of lease liability	7	(14,800)	(12,645)
<b>Net cash used in financing activities</b>		<b>(573,506)</b>	<b>(596,790)</b>
<b>Net change in cash and cash equivalents</b>		<b>5,068</b>	<b>124,584</b>
Effects of exchange rate fluctuations on cash and cash equivalents		(4,145)	(6,128)
Cash and cash equivalents at the beginning of the year		467,796	349,340
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>468,719</b>	<b>467,796</b>
Cash and cash equivalents other than assets held for sale		464,231	467,796
Cash and cash equivalents included in assets held for sale	27	4,488	-
<b>Cash and cash equivalents at the end of the year</b>		<b>468,719</b>	<b>467,796</b>
<b>Non-cash transaction:</b>			
Transfer to assets held for sale	27	10,260	-

The accompanying notes form an integral part of these consolidated financial statements.

Mussad Abdullah Al Nassar	Patrick Othmar Stillhart	Subir Swarajya Dhawan
Member Board of Directors	Chief Executive Officer	Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

## 1. General Information

Saudia Dairy and Foodstuff Company (SADAFCO) the (“Company” or “SADAFCO” together with its subsidiaries referred to as the “Group”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 4030009917 having unified number 7000849831 issued in Jeddah dated Rabi Al-Akhar 21, 1396H (corresponding to April 21, 1976).

The registered office of the Company is located at Ibrahim Almalki Street, Alnakhil District, P.O. Box 5043, Jeddah 21422, Kingdom of Saudi Arabia. During the year, the Company has shifted its head office to Sari Branch

Road, Al Khalidiyyah District, Jeddah 23423, with the update of commercial registration pending finalization of the necessary legal formalities.

The Company and its subsidiaries are primarily engaged in the production and distribution of dairy products, beverages, and various foodstuffs in the Kingdom of Saudi Arabia, Poland, and certain other Gulf countries. Information on the Group’s structure is provided in note 5 to these consolidated financial statements.

The accompanying consolidated financial statements include the activities of the Company’s head office and its following branches:

S.No	Location of Branch	Commercial Registration Number
1	Riyadh	1010138304
2	Riyadh	1116003338
3	Buraydah	1131010561
4	Dammam	2050031704
5	Najran	5950003515
6	Dhahran	2251018568
7	AlKharj	1011150527
8	Taif	4032019884
9	Yanbu	4700003368
10	Sahil	5860013254
11	Jizan	5900003767
12	Abha	5855013255
13	Hafr Elbatin	2511003119
14	Hail	3350006499

S.No	Location of Branch	Commercial Registration Number
15	Hasa	3403005857
16	Tabouk	3550007577
17	Jeddah	4030122648
18	Jeddah	4030279567
19	Jeddah	4030311244
20	Jeddah	4030424042
21	Makkah	4031019174
22	Madinah	4650005848
23	Sabt Al Alaya	5852001684
24	Jeddah	4030009917
25	Dammam	2050084202

## 2. Basis of preparation

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

### 2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, unless stated otherwise, using the accruals basis of accounting, and going concern concept. Certain comparatives have been reclassified to conform to the current year’s presentation.

### 2.3 Functional and presentation currency

The Group’s consolidated financial statements are presented in Saudi Arabian Riyals (“Saudi Riyals”), which is also the Group’s functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### 2.4 Application of new and amended standards and interpretations

**a) Amended standard adopted by the Group**  
Certain amendment to existing standards became applicable for the current reporting period. The amendment did not have an impact on the financial statements of the Group and accordingly, the Group did not have to change its accounting policies or make any retrospective adjustments.

Title	Key requirements	Effective date
Lack of exchangeability – Amendment to IAS 21	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	January 1, 2025

### b) Standards, interpretations and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2025 reporting periods and have not been early

adopted by the Group. The standards, interpretations and amendments issued that are relevant to the Group, but are not yet effective are disclosed below.

Title	Key requirements	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	<p>These amendments:</p> <ul style="list-style-type: none"> <li>&gt; clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;</li> <li>&gt; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>&gt; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and</li> <li>&gt; make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</li> </ul>	January 1, 2026

Title	Key requirements	Effective date
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	<p>These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.</p>	January 1, 2026
Annual improvements to IFRS – Volume 11	<p>Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:</p> <ul style="list-style-type: none"> <li>&gt; IFRS 1 First-time Adoption of International Financial Reporting Standards;</li> <li>&gt; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;</li> <li>&gt; IFRS 9 Financial Instruments;</li> <li>&gt; IFRS 10 Consolidated Financial Statements; and</li> <li>&gt; IAS 7 Statement of Cash Flows.</li> </ul>	January 1, 2026
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 - Disclosures about Uncertainties in the Financial Statements	<p>The amendments set out guidance accompanying several IFRS Accounting Standards, including IFRS 18 Presentation and Disclosure in Financial Statements and IAS 1 Presentation of Financial Statements.</p> <p>These amendments add to that guidance examples that illustrate how an entity applies the requirements in the Standards to report the effects of uncertainties in its financial statements.</p>	January 1, 2027
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	<p>These amendments clarify how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.</p> <p>These narrow-scope amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.</p>	January 1, 2027

Title	Key requirements	Effective date
IFRS 18 - Presentation and Disclosure in Financial Statements	<p>The new standard on presentation and disclosure in financial statements, require more focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:</p> <ul style="list-style-type: none"> <li>&gt; the structure of the statement of profit or loss;</li> <li>&gt; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and</li> <li>&gt; enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.</li> </ul>	January 1, 2027
IFRS 19 – Subsidiaries without Public Accountability	<p>This new standard applies to eligible subsidiaries that elect to adopt the standard in their consolidated, separate or individual financial statements. Eligible subsidiaries are those that are not publicly accountable and whose ultimate or intermediate parent prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards.</p>	January 1, 2027
Amendments to IFRS 19	<p>The newly issued amendments to IFRS 19 help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024.</p>	January 1, 2027

Management is in the process of assessing the impact, if any, these pronouncements may have in future reporting periods.

## 3. Material accounting policies

The material accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

- > Rights arising from other contractual arrangements
- > The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year of are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and reporting period in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 3.1 Basis of consolidation

#### Subsidiaries

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- > Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- > Exposure, or rights, to variable returns from its involvement with the investee
- > The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- > The contractual arrangement with the other vote holders of the investee

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

### Non-controlling interests

Non-controlling interest represents the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group. Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal / acquisition of non-controlling interests are also recorded in equity.

### Non-controlling interest put option

Written put options in respect of which the Group does not have an unconditional right to avoid the delivery of cash, are recognized as financial liabilities. Under this method, the non-controlling interest is not derecognized when the financial liability in respect of the put option is recognized, as the non-controlling interest still has present access to the economic benefits associated with the underlying ownership interest. Non-controlling interest put options are initially recognized at the present value of redemption amount and reduction to controlling interest equity. All subsequent changes in liability are recognized within controlling interest equity.

## 3.2 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale at the date when the decision to transfer is appropriately authorized. They are measured at the lower of their carrying amount and fair value less costs to distribute.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities associated with assets classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations.

The Group presents results from discontinued operations after zakat as a single component of the consolidated statement of comprehensive income.

Any adjustments to the carrying amount, when the non-current asset ceases to be classified as held for sale, is included in profit or loss from continuing operations in the period that the 'held for sale' criteria cease to be met. In the comparative period, the consolidated statement of financial position amounts is not moved from the caption of 'held for sale' and their measurement is not revised. However, in the comparative consolidated statement of profit or loss, comprehensive income and cash flows, the comparative amounts are represented as continued operations.

## 3.3 Foreign currencies translation

### Transaction and balances

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- > assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of end of reporting period;

- > income and expenses for each consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at average exchange rates; and
- > all resulting exchange differences are recognised in other comprehensive income, except to the extent that the translation difference is allocated to NCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 3.4 Current vs non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset is current when it is:

- > Expected to be realised or intended to be sold or consumed in normal operating cycle;
- > Held primarily for the purpose of trading.
- > Expected to be realised within twelve months after the reporting period; or
- > Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current. A liability is current when:

- > It is expected to be settled in normal operating cycle;
- > It is held primarily for the purpose of trading;
- > It is due to be settled within twelve months after the reporting period; or
- > There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Category	Years
> Buildings and leasehold improvements	10 – 40
> Machinery and equipment	4 – 15
> Vehicles and trailers	4 – 7
> Furniture, fixtures and office equipment	4 – 10

## 3.5 Property, plant and equipment

### i) Recognition and measurement

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met and the amounts are expected to be material.

### ii) Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

### iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives of property, plant and equipment and is generally recognized in consolidated statement of profit or loss. Useful lives are determined by management based on the expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining term of the lease.

Depreciation is calculated on a straight-line basis over the below useful lives and is recognised in the consolidated statement of profit or loss:

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### Capital work in progress (CWIP)

Assets in the course of construction or development are capitalised in the CWIP within property, plant and equipment. The asset under construction or development is transferred to the appropriate category in property, plant and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of CWIP comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item intended by management. CWIP is measured at cost less impairment. CWIP is not depreciated. Depreciation only commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

## 3.6 Leases

At the inception of the contract, the Group assesses whether a contract is or contains a lease. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, and an estimate of costs to dismantle and remove the underlying asset on the site on which it is located less any lease incentives received.

Right-of-use assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 "Impairment of Assets" to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss. Refer note 3.8 for detail.

### Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- > where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- > uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- > makes adjustments specific to the lease, for example term, country, currency and security

Lease liabilities include the net present value of the following lease payments:

- > fixed lease payments, less any lease incentives receivable;
- > variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- > amounts expected to be payable by the lessee under residual value guarantees;
- > the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- > payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- > the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- > the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- > a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

## 3.7 Intangible assets

Intangible assets other than goodwill are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful lives of 3-5 years.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and amount can be measured reliably.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

## 3.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from

other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used such as valuation multiples (including earnings multiples), quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Intangible assets, excluding goodwill, with indefinite useful lives are tested at each reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

## 3.9 Financial instruments

### (i) Financial assets

#### Initial recognition and measurement

Financial assets are classified at initial recognition and measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- > Financial assets at amortised cost (debt instruments)
- > Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- > Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- > Financial assets at fair value through profit or loss

#### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired. This category is relevant to the Group. The Group's financial assets at amortised cost includes trade receivables, loans to employees and due from related parties included under other non-current financial assets.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Currently, the Group does not have any debt instruments at fair value through OCI.

#### Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet

the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Currently, the Group does not have any equity investments designated at fair value through OCI.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- > The rights to receive cash flows from the asset have expired; or
- > The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## (ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs. The Group's financial liabilities mainly include trade and other payables, accrued expenses, lease liabilities and non-controlling interest put option.

#### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- > Financial liabilities at fair value through profit or loss; and
- > Financial liabilities at amortised cost (lease liabilities, accrued expenses and trade payable).

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by International Financial Reporting Standard 9 - Financial Instruments ('IFRS 9').

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

#### Financial liabilities at amortised cost

This category is relevant to the Group. After initial recognition, lease liabilities, accrued expenses and trade payables are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses as a result of unwinding of interest cost through EIR amortization process and on de-recognition of financial liabilities are recognized in the consolidated statement of profit or loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## 3.10 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined on the weighted average method. The cost of finished products includes the cost of raw materials, direct labor and manufacturing overheads and all other costs necessary to bring the goods to their existing condition and location.

Raw materials and spares are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis.

Work in progress is measured using estimated manufacturing cost including appropriate overheads based on normal level of activity.

Goods-in-transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realisable value is the estimated selling price in ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

### 3.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Subsequent recoveries of amount previously written-off are credited to profit or loss.

### 3.12 Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand and other short term highly liquid investments, with original maturities of three months or less from the purchase date and / or readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

### 3.13 Share capital

Ordinary shares are classified as equity.

### 3.14 Dividends

Dividends distributions to the Group's shareholders are recorded as a liability and fully paid from retained earnings in the period in which the dividends are approved by the Shareholders.

### 3.15 Trade payables

This comprises of trade payables and retention payables. Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost.

### 3.16 Accrued expenses and provisions

Accrued expenses and other credit balances are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat and tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. The expense relating to a provision is presented in profit or loss, net of reimbursements.

### 3.17 Employee benefit obligations

#### Short-term employee benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, vacation leaves, ticket and other benefits when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, if any, are measured at an undiscounted amount using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits, which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The Group is operating an unfunded post-employment defined benefit plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to the consolidated statement of profit or loss in subsequent periods.

Past service costs are recognised in the consolidated statement of profit or loss on the earlier of:

- > The date of the plan amendment or curtailment; and
- > The date on which the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit

obligation under 'cost of revenue, 'general and administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss:

- > Service costs comprises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- > The defined benefit asset or liability comprises the present value of the defined benefit obligation, past service costs and less the fair value of plan assets out of which the obligations are to be settled. However, currently the plan is unfunded and has no assets.

### 3.18 Zakat and taxes

#### (i) Zakat and current income tax

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"), the Group is subject to zakat attributable to its Saudi shareholders. Provisions for zakat are charged to the consolidated statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. For pending zakat assessment years, provisions are assessed at each reporting period depending on the status of zakat assessment.

Income tax on foreign entities, including subsidiaries, is provided in accordance with the relevant income tax regulations of their countries of incorporation. The income tax expense or credit for the period is the tax payable on the current periods' taxable income based on the applicable income tax rate for each jurisdiction.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. The income tax charge relating to subsidiaries is recorded in the consolidated statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences arising from the initial recognition of assets and liabilities in a transaction that: (i) is not a business combination, (ii) affects neither the taxable profit nor accounting profit, and (iii) does not create equal and opposite deferred tax assets and liabilities. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### Withholding tax

The Group withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

#### Value Added Tax

Expenses and assets are recognised net of the amount of valued added tax ("VAT"), except:

- > When the VAT incurred on purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, respectively.
- > When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from / payable to the ZATCA is included as part of other assets or liabilities, respectively, in the consolidated statement of financial position.

### 3.19 Revenue recognition

The Group recognises revenues based on a five-step model as set out in IFRS 15 as follows:

IFRS 15 requires that revenue is recognised from contracts with customers based on a five-step model as follows:

- > Identification of contracts with customer;
- > Identification of performance obligations in the contract;
- > Determination of transaction price;

- > Allocation of transaction price to performance obligations in the contract; and
- > Recognition of revenue when the Group satisfies the performance obligation at a point in time or over time.

The Group generates revenue from dairy and foodstuff product. Revenue is recognised when there is a contract with a customer for the transfer of dairy and other related products across various product categories and geographical regions. Revenue is recognised in the consolidated statement of profit or loss when a performance obligation is satisfied, at the price allocated to that performance obligation. This is defined as the point in time when control of the products has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The transfer of control to customers takes place according to trade agreement terms.

Delivery occurs when the goods have been acknowledged by the customer, the risks of obsolescence and loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Therefore, it meets the criteria to recognise revenue point in time.

A receivable is recognised when the goods are delivered or acknowledged by the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. In determining the transaction price for the sale of goods, the Group considers the effects the existence of significant financing components, variable consideration, non-cash consideration and consideration payable to the customer (if any).

Revenue represents the fair value of the consideration received or receivable for goods sold, net of returns, trade discounts and volume rebates.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably. Products are sold principally on a sale or return basis. Allowances for expected sales returns are calculated based on the forecasted return of expired products based on historical experience.

Expected sales returns are netted off against revenue with the corresponding impact in accrued expenses and other liabilities for credit sales.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12-months period. Revenue from these sales is recognised based on the price

specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Rebates and discounts (included in accrued and other liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The duration of contracts with customers is one year and all contracts are fixed priced contracts.

No element of financing component is deemed present as the sales are made either on cash or on credit terms consistent with market practice of 30 to 90 days.

The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

### 3.20 Cost of revenue

Production costs and direct manufacturing expenses are classified as cost of revenue. This includes raw material, direct labour and other attributable overhead costs. Allocations between cost of revenue, selling and distribution expenses and general and administrative expenses when required, are made on a consistent basis.

### 3.21 Other operating expenses

Costs incurred in the distribution, marketing and selling of the Group's products and services are classified as selling and distribution expenses. All other expenses are classified as general and administrative expenses.

### 3.22 Segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (the "CEO"), (chief operating decision maker, CODM) (refer note 30). The CODM assesses the financial performance and position of the Group and makes strategic decisions.

An operating segment is group of assets and operations:

1. engaged in revenue producing activities;
2. results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
3. whose financial information is separately available.

The Group has the following two strategic divisions, which are reportable segments and are defined and used by the CEO when reviewing the Group's performance. These divisions offer different products and services and are managed separately because of their different fundamentals.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Drinks	Drink products of the Group include milk products and other drinks.
Non – drinks	Non drink products of the Group mainly include ice cream, tomato paste, cheese, and snacks.

### 3.23 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 4. Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The key assumptions concerning the future and other sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year include:

### (i) Measurement of post-employment defined benefits

Post-employment defined benefits plans represent obligations that will be settled in the future due to services provided by the employees. These arrangements require actuarial valuations to measure these obligations. The Group

is required to make assumptions regarding variables such as discount rates, rate of salary increase, longevity, attrition rates and future healthcare costs, as applicable. Changes in key assumptions can have a significant impact on the projected benefit obligations and subsequent employee defined benefit costs. The assumptions are reviewed at each reporting date.

Defined benefit obligations are discounted at a rate set by reference to relevant market yields at the end of the reporting period on high quality corporate or government bonds, if there is no deep market in such high quality corporate bonds. Judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the bonds, quality of the corporate bonds and the identification of outliers which are excluded, if any. Refer to note 16 to these consolidated financial statements for assumptions used.

### (ii) Right-of-use assets and lease liabilities

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of lands, warehouses and depot facilities, the following factors are normally the most relevant:

- > If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- > If any lands are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- > Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension and termination options are included in a number of leases of the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

### (iii) Expected Credit Loss (ECL) measurement on financial assets

The Group uses a provision matrix to calculate ECL for trade receivables. The provision matrix is initially based on the Group's historically observed rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information at each reporting date. The following components have a major impact on ECL allowance: definition of default, significant increase in credit risk, probability of default (PD), exposure at default (EAD) and loss given default (LGD), as well as models of macro-economic scenarios used as forward-looking information. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience. A change of +1%/ -1% in loss rate would increase/ (decrease) the ECL for the year by Saudi Riyals 2.84 million. The information about the ECL on the Group's trade receivables is disclosed in note 12.1 to these consolidated financial statements.

### (iv) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for computing depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes

the useful lives differ from previous estimates. At year-end, if the useful life increased / decreased by 1% against the current useful life with all other variables held constant, profit for the year would have been higher or lower by Saudi Riyals 18.12 million (2024: Saudi Riyals 29.82 million).

Refer to note 6 for further details of the carrying value of property, plant and equipment and depreciation expense.

### (v) Allowance for inventory losses

The Group recognizes an allowance for inventory losses due to factors such as slow movement, dormancy, obsolescence, physical damage, etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the manufacturer, past trends and both existing and emerging market conditions. At year end, a 1% increase/ (decrease) in rate of allowance for inventory losses would decrease/ increase the reversal of provision for the year by Saudi Riyals 0.51 million (2024: increase/ decrease the provision charged for the year by Saudi Riyals 0.71 million).

### (vi) Estimation expected for return and variable consideration for volume rebates

The Group estimates expected returns and variable considerations to be included in the transaction price for the sale of goods with volume rebates for contracts that permit the customer to return an item, under IFRS 15 revenue is recognised to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data.

Determining whether a customer will be likely entitled to rebate will depend on the customer's rebates entitlement and accumulated purchases. The Group applied most likely amount method for estimating expected volume rebates for contracts. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates annually and accordingly the accrued liabilities are adjusted. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements and may not be representative of customers' actual returns and rebate entitlements in the future. The management has assessed that the impact of change in assumption will not result in a material impact in the consolidated statement of profit or loss.

### (vii) Estimation of recoverable amount of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment

is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For details on the impairment assessment methodology, see notes 3.8 and 6.5.

## 5. Group Information

The consolidated financial statements of the Group include:

Name	Note	Relationship	Principal activities	Country of incorporation / principal place of business	% equity interest as at December 31,		Effective ownership interest held at December 31,	
					2025	2024	2025	2024
SADAFCO Bahrain Company LLC ("Sadafco Bahrain")	5.4, 5.5	Subsidiary	Distribution of foodstuff and dairy products	Bahrain	100%	100%	100%	100%
SADAFCO Jordan Foodstuff Company LLC ("Sadafco Jordan")	5.4	Subsidiary	Retail, trade and distribution of foodstuff and dairy products	Jordan	100%	100%	100%	100%
SADAFCO Kuwait Foodstuff Co. W.L.L ("Sadafco Kuwait")	5.2, 5.4	Subsidiary	Distribution of foodstuff and dairy products	Kuwait	49%	49%	100%	100%
Mlekoma Sp. z o.o.		Subsidiary	Retail, trade and distribution of dairy products	Poland	100%	100%	100%	100%

- > **5.1** On November 17, 2024, SADAFCO Qatar W.L.L.'s shareholders (SADAFCO & Mohammed Al-Khulaifi) mutually approved a voluntary liquidation and agreed on the distribution of assets. Accordingly, the Group has accounted for the disposal of SADAFCO Qatar W.L.L. in its consolidated financial statements for the year ended December 31, 2024. During the year, on November 7, 2025, all required procedures for liquidation were completed.
- > **5.2** The Group considers the Sadafco Kuwait as a 100% subsidiary as it holds 51% beneficial interest in the investee company through parties nominated by the Group.
- > **5.3** At December 31, 2025, the Group's parent entity is Kuwait Projects Company Holding ("KIPCO") and Group's ultimate parent entity is Al Futtooh Holding Company K.S.C. (Closed), with both entities being based in Kuwait.

- > **5.4** During the year, pursuant to a resolution on December 25, 2025, the Group's Board of Directors (the "Board") resolved to voluntarily liquidate three of its foreign subsidiaries namely, Sadafco Jordan, Sadafco Bahrain and Sadafco Kuwait to transition from operational to distribution model in these regions. Accordingly, the underlying assets of these subsidiaries are carried under assets and liabilities held for sale as at December 31, 2025. Please refer note 27 for details.

Subsequent to the year end, effective January 1, 2026, the Group entered into a distributor agreement with a Jordan based company.

- > **5.5** The financial year end of the Company and its subsidiaries is December 31, except for Sadafco Bahrain which has a financial year end of March 31.

## 6. Property, plant and equipment

The movement of property, plant and equipment is as follows:

	Land, buildings and leasehold improvements	Machinery and equipment	Vehicles and trailers	Furniture, fixtures and office equipment	Capital work-in-progress	Total
<b>Cost</b>						
<b>As at January 1, 2025</b>	<b>746,839</b>	<b>1,329,831</b>	<b>275,729</b>	<b>127,981</b>	<b>60,840</b>	<b>2,541,220</b>
Additions	1,113	549	146	-	162,753	164,561
Disposals	-	-	(4,633)	-	-	(4,633)
Write-off	(3,334)	(1,776)	-	(111)	-	(5,221)
Transfers to assets classified as held for sale (notes 6.5, 24 and 27)	(14,003)	(8,696)	(9,086)	(392)	-	(32,177)
Transfers from capital work-in-progress	26,515	60,144	29,933	3,030	(119,622)	-
Exchange differences	2,122	(1,256)	(2,563)	(13)	54	(1,656)
<b>As at December 31, 2025</b>	<b>759,252</b>	<b>1,378,796</b>	<b>289,526</b>	<b>130,495</b>	<b>104,025</b>	<b>2,662,094</b>
<b>Accumulated depreciation and impairment loss</b>						
<b>As at January 1, 2025</b>	<b>331,670</b>	<b>883,329</b>	<b>224,455</b>	<b>107,402</b>	<b>-</b>	<b>1,546,856</b>
Depreciation charge for the year	17,486	63,504	16,677	6,064	-	103,731
Impairment charge for the year (note 6.5)	839	15,099	-	421	-	16,359
Disposals	-	-	(3,917)	-	-	(3,917)
Write-off	(3,222)	(1,845)	-	(89)	-	(5,156)
Transfers to assets classified as held for sale (notes 6.5, 24 and 27)	(10,365)	(4,174)	(6,995)	(383)	-	(21,917)
Exchange differences	(1,207)	(348)	(4,145)	(218)	-	(5,918)
<b>As at December 31, 2025</b>	<b>335,201</b>	<b>955,565</b>	<b>226,075</b>	<b>113,197</b>	<b>-</b>	<b>1,630,038</b>
<b>Net book value:</b>						
<b>As at December 31, 2025</b>	<b>424,051</b>	<b>423,231</b>	<b>63,451</b>	<b>17,298</b>	<b>104,025</b>	<b>1,032,056</b>
<b>Cost</b>						
<b>As at January 1, 2024</b>	<b>660,169</b>	<b>1,286,805</b>	<b>282,406</b>	<b>126,921</b>	<b>14,285</b>	<b>2,370,586</b>
Additions	84,351	921	-	4	119,229	204,505
Disposals	(1,147)	(10,468)	(16,806)	(593)	-	(29,014)
Write-off	-	-	-	-	(796)	(796)

	Land, buildings and leasehold improvements	Machinery and equipment	Vehicles and trailers	Furniture, fixtures and office equipment	Capital work-in-progress	Total
Transfers	5,719	54,024	9,958	2,118	(71,819)	-
Exchange differences	(2,253)	(1,451)	171	(469)	(59)	(4,061)
<b>As at December 31, 2024</b>	<b>746,839</b>	<b>1,329,831</b>	<b>275,729</b>	<b>127,981</b>	<b>60,840</b>	<b>2,541,220</b>
<b>Accumulated depreciation</b>						
<b>As at January 1, 2024</b>	<b>313,946</b>	<b>836,061</b>	<b>223,413</b>	<b>101,402</b>	<b>-</b>	<b>1,474,822</b>
Charge for the year	20,133	58,306	17,266	6,831	-	102,536
Disposals	(1,066)	(9,802)	(16,325)	(515)	-	(27,708)
Exchange differences	(1,343)	(1,236)	101	(316)	-	(2,794)
<b>As at December 31, 2024</b>	<b>331,670</b>	<b>883,329</b>	<b>224,455</b>	<b>107,402</b>	<b>-</b>	<b>1,546,856</b>
<b>Net book value:</b>						
<b>As at December 31, 2024</b>	<b>415,169</b>	<b>446,502</b>	<b>51,274</b>	<b>20,579</b>	<b>60,840</b>	<b>994,364</b>

> **6.1** Depreciation charge for the year has been allocated as follows:

	Note	2025	2024
Cost of revenue	21	69,440	65,704
Selling and distribution expenses	22	30,160	31,574
General and administrative expenses	23	2,605	2,717
		102,205	99,995
Discontinued operations	27	1,526	2,541
		103,731	102,536

> **6.2** Capital work in progress as at December 31, 2025 includes advance payments to suppliers for purchase of machinery and vehicles and associated costs as well as the costs incurred related to leasehold improvements during the year, which is expected to be completed during 2026.

> **6.3** During the year, the Group carried out an exercise to reassess the useful lives and residual values certain of its plant and machinery due to the decision of replacing those production lines with new and advanced lines by end of the year 2026. As a result of the exercise done by the management, the Group revised the residual values, whereas the revised remaining useful lives were determined to be in the range of 10 to 15 months.

The change in estimated useful lives has resulted in an increase in depreciation expenses. The impact of the adjustment amounted to Saudi Riyals 2.22 million on the cost of revenue for the current year. The effect of change in estimate for future periods is estimated to be Saudi Riyals 7.44 million over the remaining useful life.

> **6.4** No items of Group's property, plant and equipment are pledged as collateral or security under any arrangements with external parties as of reporting date.  
> **6.5** Impairment

During the year ended December 31, 2025, management performed an impairment assessment on certain cash generating units following a review of operational developments and strategic considerations during the period. The assessment covered:

- > the ice-cream factory CGU, where changes in the use of certain assets were identified following the commissioning of a new facility;
- > the production lines CGU, reflecting adjustments to production and procurement strategies in response to market conditions; and
- > the depots CGU, following the rationalisation of certain locations.

Based on this assessment, the recoverability of the related assets was evaluated. No impairment indicators were noted for other CGUs.

For the purpose of impairment testing of the non-financial assets, the underlying assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The Group has determined the recoverable amounts of CGUs by assessing the fair value less cost of disposal (FVLCD) of the underlying assets. The valuation is considered to be Level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The impairment assessment resulted in the recognition of impairment losses across the three CGUs, as follows:

- a. For the ice-cream factory CGU, comprising machinery and equipment, and furniture, fixtures and office equipment, the carrying amount of Saudi Riyals 5.19 million has a recoverable amount, based on fair value less costs of disposal, of Saudi Riyals 0.53 million, resulting in an impairment loss of Saudi Riyals 4.66 million.

- b. In respect of the production lines CGU, which includes machinery and equipment and land, buildings and leasehold improvements, the carrying amount of Saudi Riyals 10.75 million was assessed against a recoverable amount of Saudi Riyals 0.45 million, leading to an impairment loss of Saudi Riyals 10.31 million.
- c. For the depots and related assets CGU, consisting of machinery and equipment and furniture, fixtures and office equipment, the carrying amount of Saudi Riyals 1.39 million was fully impaired, as no recoverable amount was identified.

Accordingly, the total impairment loss recognised during the year amounted to Saudi Riyals 16.36 million.

Impairment charge for the year has been allocated as per the underlying nature of the CGU as follows:

		2025	2024
Cost of revenue	21	14,970	-
Selling and distribution expenses	22	852	-
		<b>15,822</b>	-
Discontinued operations	27	537	-
		<b>16,359</b>	-

### Valuation methodology

The Group engaged an independent valuer who applied the residual value approach in accordance with IVSC and IFRS 13.

Valuations were reviewed by the finance team, with oversight from the Chief Financial Officer (the "CFO"), including verification of key inputs, comparison to prior-year valuations and discussions with the valuer/manufacturer. Fair value measurements were classified as Level 3 due to significant unobservable inputs.

## 7. Leases

The Group leases various stores, offices and vehicles. Rental contracts are typically made for fixed periods of 2 to 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance

Key assumptions included estimating replacement cost, benchmarking residual values of similar assets, estimating the residual value factor of the assets under consideration, and correlation of determined replacement costs to residual values. Sensitivity analysis indicates that a 1% change in residual value assumption would change the impairment loss by approximately Saudi Riyals 0.01 million. Management noted no other reasonably possible changes that would cause carrying values to exceed recoverable amounts.

cost is charged to consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period. The Group's weighted average incremental borrowing rate applied to the lease liabilities ranges from 2.56% to 8.02% (2024: 2.56% to 8.07%).

Amounts recognized in the consolidated statement of financial position in respect of right-of-use assets and lease liabilities is as follows:

## 7.1 Right-of-use assets

	Land	Buildings	Vehicles	Total
<b>As at January 1, 2024</b>	<b>39,402</b>	<b>3,887</b>	<b>19,194</b>	<b>62,483</b>
Additions	1,870	-	549	2,419
Depreciation charge for the year	(2,640)	(2,746)	(6,914)	(12,300)
Exchange difference	-	(16)	(28)	(44)
<b>Carrying amount as at December 31, 2024</b>	<b>38,632</b>	<b>1,125</b>	<b>12,801</b>	<b>52,558</b>
Additions <sup>1</sup>	21,136	20,486	11,806	53,428
Depreciation charge for the year	(3,141)	(1,925)	(9,097)	(14,163)
Terminations	(36)	(610)	-	(646)
Transfers to assets classified as held for sale (note 27)	-	(715)	-	(715)
Exchange difference	-	-	108	108
<b>Carrying amount as at December 31, 2025</b>	<b>56,591</b>	<b>18,361</b>	<b>15,618</b>	<b>90,570</b>

## 7.2 Lease liabilities

Movement in lease liabilities during the year is as follows:

	2025	2024
Lease liability at beginning of the year	53,274	64,033
Additions	33,033	2,419
Payments made during the year	(18,246)	(15,329)
Finance costs charged during the year	3,446	2,684
Terminations	(897)	-
Transfers to liabilities associated with Transfers to assets classified as held for sale (note 27)	(584)	-
Exchange differences	365	(533)
<b>Lease liabilities at end of the year</b>	<b>70,391</b>	<b>53,274</b>

Contractual undiscounted cashflows pertaining to lease liabilities as of December 31, 2025 and December 31, 2024, are disclosed in note 32.

Lease liabilities as at December 31, 2025, and December 31, 2024, is divided into current and non-current portion as follows:

	2025	2024
Current	12,819	10,049
Non-current	57,572	43,225
	<b>70,391</b>	<b>53,274</b>

<sup>1</sup> Additions during the year include initial direct costs paid as part of entering into new leases for land and buildings amounting to Saudi Riyals 20.40 million (2024: Nil).

The aging of minimum lease payments together with the present value of minimum lease payments are as follows:

	December 31, 2025		December 31, 2024	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Less than one year	15,871	13,228	9,981	8,803
One to five years	38,754	31,522	22,015	15,757
More than five years	36,530	25,641	42,587	28,714
<b>Total</b>	<b>91,155</b>	<b>70,391</b>	<b>74,583</b>	<b>53,274</b>
Less: financial charges	(20,764)	-	(21,309)	-
	<b>70,391</b>	<b>70,391</b>	<b>53,274</b>	<b>53,274</b>

### 7.3 Amounts recognised in the consolidated statement of profit or loss is as follows:

	2025	2024
Depreciation charge on right-of-use assets	14,163	12,300
Finance costs on lease liabilities	3,446	2,684
Expense relating to short term leases (included in cost of revenue – Note 21, selling and distribution expenses – Note 22 and general and administrative – Note 23)	15,406	17,784

Depreciation on right-of-use assets for the year has been allocated as follows:

	Note	2025	2024
Cost of revenue	21	1,799	1,488
Selling and distribution expenses	22	10,819	8,339
General and administrative expenses	23	931	982
		<b>13,549</b>	<b>10,809</b>
Discontinued operations	27	614	1,491
		<b>14,163</b>	<b>12,300</b>

Finance cost on lease liability on discontinued operations amounts to Saudi Riyal 0.06 million (2024: Saudi Riyals 0.05 million).

## 8. Intangible assets

The movement of intangible assets during the year is as follows:

	Software	Capital work-in-progress	Total
<b>Cost:</b>			
<b>As at January 1, 2024</b>	-	<b>6,170</b>	<b>6,170</b>
Additions	646	2,029	2,675
Transfers	7,143	(7,143)	-

	Software	Capital work-in-progress	Total
As at December 31, 2024	7,789	1,056	8,845
Additions	77	9,981	10,058
Transfers	755	(755)	-
As at December 31, 2025	8,621	10,282	18,903
<b>Accumulated amortization</b>			
<b>As at January 1, 2024</b>	-	-	-
Amortisation during the year	31	-	31
As at December 31, 2024	31	-	31
Amortization during the year	1,580	-	1,580
As at December 31, 2025	1,611	-	1,611
<b>Carrying amount:</b>			
<b>As at December 31, 2025</b>	<b>7,010</b>	<b>10,282</b>	<b>17,292</b>
<b>As at December 31, 2024</b>	<b>7,758</b>	<b>1,056</b>	<b>8,814</b>

Amortisation on intangible assets for the year has been allocated as follows:

	2025	2024
Cost of revenue	1,147	-
Selling and distribution expenses	4	-
General and administrative expenses	429	31
	<b>1,580</b>	<b>31</b>

## 9. Financial assets at fair value through profit or loss

Financial assets at FVTPL comprise of the following:

	2025	2024
Investment in sukuk	38,904	87,138

> **9.1** The Group invested Saudi Riyals 38 million in Tier 1 Sukuks, issued by Al Rajhi Bank, with a face value of Saudi Riyals 1,000 each certificate. The Sukuks carry mark-up of 5.5% per annum and are classified at fair value through profit or loss. The Sukuks are listed on Tadawul and are being actively traded in the market. The fair value of the Sukuks as at December 31, 2025, is Saudi Riyals 1,023.8 (December 31, 2024: Saudi Riyals 1,001) per certificate.

> **9.2** During the year ended December 31, 2025, the Group has divested its investment in sukuku, issued by Emkan Finance Company, amounting to Saudi Riyals 50 million and having a face value of Saudi Riyals 1,000 each. The Sukuk carried a mark-up of 5.1% per annum and was classified at fair value through profit or loss. The Sukuk was sold at Saudi Riyals 50 million (Saudi Riyals 1,000 per certificate).

> **9.3** Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 32 and Note 34, respectively.

## 10. Inventories

Inventories comprise of the following:

	2025	2024
Raw materials	297,209	308,896
Packing materials	45,624	27,710
Finished goods	154,810	147,295
Spare parts, supplies and others	14,138	14,360
Goods-in-transit	40,667	28,644
	552,448	526,905
Less: Provision for inventories (note 10.1)	(50,483)	(70,663)
	<b>501,965</b>	<b>456,242</b>

> **10.1** Movement in the provision for inventories is as follows:

	2025	2024
Balance at beginning of the year	70,663	41,137
(Reversal of provision)/impairment charge for the year	(20,180)	29,526
<b>Balance at end of the year</b>	<b>50,483</b>	<b>70,663</b>

> **10.2** Provision for inventories is based on the nature of inventories, ageing profile, their expiry, and sales expectation based on historical trends and other qualitative factors.

## 11. Prepayments and other receivables

Prepayments and other receivables comprise of the following:

	2025	2024
Prepayments	18,467	19,193
Advances to employees	17,608	16,717
Advances to suppliers	13,316	19,393
Security deposits and others	5,336	17,807
	<b>54,727</b>	<b>73,110</b>

## 12. Trade receivables

Trade receivables comprise of the following:

	2025	2024
Trade receivables	336,195	315,201
Less: Allowance for impairment of trade receivables (note 12.1)	(17,325)	(25,978)
	<b>318,870</b>	<b>289,223</b>

Trade receivables are non-interest bearing and are classified as financial assets measured at amortised cost.

> **12.1** The movement in allowance for impairment of trade receivables is as follows:

	2025	2024
Balance at beginning of the year	25,978	29,017
Reversal of impairment charge for the year	(3,656)	(3,039)
Transfers to assets classified as held for sale	(4,246)	-
Exchange differences	(751)	-
<b>Balance at end of the year</b>	<b>17,325</b>	<b>25,978</b>

The Group does not obtain collateral over receivables, and the vast majority of receivables are, therefore, unsecured. However, unimpaired receivables are expected to be recoverable based on past experience. Refer note 32 on the credit risk of trade receivables, which explains how the Group manages and measures the credit quality of trade receivables.

Trade receivables include Saudi Riyals 0.23 million (2024: Saudi Riyals 0.32 million) due from related parties (note 29).

Allowance for impairment of trade receivables for the year on discontinued operations includes an amount of Saudi Riyal 1.18 million (2024: Saudi Riyal 0.17 million).

## 13. Short-term investments

Short-term investments comprise of the following:

	2025	2024
Short-term Murabaha deposits	140,623	222,752

1. Short-term Murabaha deposits represent deposits with local banks that have an original maturity of more than three months and less than twelve months from the investment date.
2. Short-term Murabaha deposits earn commission ranges from 4.80% to 5.78% per annum for the year ended December 31, 2025 (December 31, 2024: 5.15% to 5.55% per annum).
3. The investments are made with banks having sound credit ratings of Aa3 based on Moody's credit ratings.

## 14. Cash and cash equivalents

Cash and cash equivalent as at December 31 comprise of the following:

	2025	2024
Cash in hand	1,100	12,535
Cash at banks	46,610	53,942
Short-term Murabaha deposits with original maturity of less than three months	416,521	401,319
	<b>464,231</b>	<b>467,796</b>

- Short-term murabaha deposits earn commission ranges from 4.20% to 5.60% per annum for the year ended December 31, 2025 (December 31, 2024: 4.8% to 5.8% per annum).
- At December 31, the carrying value of bank balances (included above) and short-term murabaha deposits represent its maximum exposure to credit risk without taking into account any collateral and other credit enhancement, and none of the balances were considered impaired at the reporting date.

## 15. Capital and reserves

### 15.1 Share capital

At December 31, 2025 and 2024, the Company share capital is Saudi Riyals 325 million consists of 32.5 million fully paid shares of Saudi Riyals 10 each (December 31, 2024: Saudi Riyals 325 million consists of 32.5 million shares of Saudi Riyals 10 each). The Company's share capital includes treasury shares acquired during the years ended December 31, 2019 and 2025.

	Number of treasury shares	Year of buy-back	Average price (Saudi Riyals)	2025	2024
Balance at beginning of the year	500,250	2019	103.12	51,559	51,559
Purchases during the year	40,123	2025	251.95	10,109	-
Balance at the end of the year	540,373			61,668	51,559

### 15.3 Other reserve

Pursuant to Company's By-laws, the Company had created a voluntary 'other reserve' based on shareholders resolution whereby the Company transfers ten percent of its profit attributable to owners of the Company each year. During 2024, the Board, in its meeting held on September 17, 2024, recommended transferring the balance of the other reserve to the retained earnings. Extraordinary General Assembly then approved the transfer of other reserve to retained earnings in its meeting held on December 12, 2024.

### 15.2 Treasury shares reserve

The reserves for the Company's treasury shares comprise, the cost of the Company's shares held by the Company.

On December 17, 2024, the Company's shareholders in their Extraordinary General Assembly Meeting approved buy-back of treasury shares valid till December 17, 2025. The movement in treasury shares reserve is as follows:

### 15.4 Statutory reserve

The statutory reserve included in the consolidated financial statements as of December 31, 2023, was required under the Company's previous By-laws. However, following amendments to the Company's By-laws during the year ended December 31, 2024, the requirement to set aside a statutory reserve has been removed. During 2024, the Board, in its meeting held on September 17, 2024, recommended transferring the balance of the statutory reserve to the retained earnings. Extraordinary General Assembly then approved the transfer of statutory reserve to retained earnings in its meeting held on December 12, 2024.

## 15.5 Foreign currency translation reserve

The reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## 16. Employee benefit obligations

The Group operates an approved unfunded employees end of service benefit plan ("EOSB") for its employees as required by the Saudi Arabia Labor law. The entitlement to these benefits, is based upon the employees' last drawn salary and length of service, subject to completion of minimum service period.

An independent actuarial exercise has been conducted by the Group as of December 31, 2025, and December 31, 2024, to ensure the adequacy of the provision for employees end of service benefits in accordance with the rules stated

under Saudi Arabian labor law by using the projected unit credit method as required under International Accounting Standards 19: Employee Benefits.

### i) Movement in defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance of employees' end of service benefits:

	2025	2024
Balance at beginning of the year	158,487	154,054
<b>Current service cost and finance cost included in consolidated statement of profit or loss</b>		
Service cost	20,547	17,556
Finance cost	8,512	7,133
	29,059	24,689
<b>Included in other comprehensive income</b>		
Actuarial gain due to experience adjustment	(2,300)	(3,611)
<b>Other</b>		
Benefits paid	(12,259)	(16,645)
Transfers to liabilities associated with assets classified as held for sale (note 27)	(1,966)	-
<b>Exchange differences</b>	<b>71</b>	<b>-</b>
<b>Balance at end of the year</b>	<b>171,092</b>	<b>158,487</b>

### ii) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2025	2024
Discount rate %	5.46%	5.65%
Future salary growth %	5.46%	5.65%

Assumptions relating to future mortality is based on published statistics and mortality tables. The weighted average duration of the defined benefit obligation as at December 31, 2025, is 9.98 years (December 31, 2024: 10.09 years).

### iii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2025		2024	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(7,642)	8,291	(7,463)	7,304
Future salary growth (0.5% movement)	8,646	(8,035)	7,631	(7,826)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### iv) Maturity analysis

Following is the undiscounted maturity profile of the employee benefit obligations:

	2025	2024
<b>Particulars</b>		
Within 1 year	17,653	15,900
1 to 2 years	9,389	7,999
2 to 5 years	36,789	36,389
More than 5 years	252,015	238,592

### v) Expected consolidated current service cost and finance cost for the following year amounts to Saudi Riyals 28.68 million (2024: Saudi Riyals 26.30 million).

## 17. Trade and other payables

Trade and other payables comprise of the following:

	2025	2024
Trade payables	201,122	186,503
Other payables	97,444	65,605
	<b>298,566</b>	<b>252,108</b>

The Group has a supplier finance arrangement under which a third-party finance provider offers, at the discretion of participating suppliers, early settlement of approved trade invoices. Under the arrangement, the finance provider pays the supplier, and the Group settles the related liability with the finance provider on the invoice due date.

The arrangement does not change the underlying commercial terms agreed with suppliers, nor does it modify the timing or amount of the Group's payment obligations to suppliers or

finance providers. Accordingly, the related balances continue to be classified within trade payables and are presented within the same line item as other trade payables.

At December 31, 2025, trade payables of Saudi Riyals 51.37 million (2024: Saudi Riyals 57.32 million) are included under this arrangement. The payment terms for these liabilities remain consistent with those for other trade payables not included in the arrangement and fall within the same range of payment due dates as comparable trade payables outside the arrangement.

The Group has not provided guarantees or collateral to the finance provider, and there are no covenants or other conditions that would affect its access to the facility.

The Group monitors the arrangement for changes in terms or usage levels that may require reassessment of classification or additional disclosures under IAS 7 and IFRS 7, including the effects of the arrangement on the Group's liabilities, cash flows and exposure to liquidity risk.

## 18. Accrued expenses and other liabilities

Accrued expenses and other liabilities comprise of the following:

	2025	2024
Marketing related accruals	106,253	89,532
Employee related accruals	106,026	101,876
Rent and utility accruals	59,190	63,467
Value added tax payable	13,409	12,664
Other accruals	85,447	84,271
	<b>370,325</b>	<b>351,810</b>

## 19. Zakat and income tax

### 19.1 Components of zakat base

On Ramadan 12, 1445H (corresponding to March 22, 2024), the new Regulations for Zakat collection ("Revised ZATCA Regulations") were approved with effect from fiscal years starting on or after January 1, 2024. The Revised ZATCA Regulations clarified certain zakat compliance requirements and zakat calculation methods particularly related to zakat base calculation.

During 2024, the Group adopted the New Zakat, Tax, and Customs Authority ("ZATCA") Regulations and has accordingly computed the zakat base and the zakat liability in accordance with the new guidelines.

The Company files its zakat declaration on a consolidated basis. The significant components of the zakat base of the Company and its subsidiaries, which are subject to zakat under zakat and income tax regulations, are principally comprised of shareholders' equity, provisions at beginning of the year, and adjusted net profit, less deduction for the net book value of property, plant and equipment and certain other items.

	2025	2024
Shareholders' equity at the end of the year	1,742,709	1,807,250
Provision at the end of the year	171,092	158,487
Non-current liabilities at the end of the year	46,669	26,290
Non-current deductible assets at the end of the year	(1,097,678)	(1,138,824)
Excess of current liabilities over current assets	-	-
Approximate zakat base	862,792	853,203
Zakat base computed at a ratio of 365/354 (2024: 366/354)	889,602	882,125
Minimum limit (i.e. profit for the year)	513,402	507,062
Maximum limit (i.e. net equity)	1,772,586	1,836,300
Zakat base as per the new regulations	889,602	882,125
Zakat provision for the year	26,300	22,801

## 19.2 Charge for the year

The charge for the year consists of the following:

	2025	2024
Zakat charge	26,300	22,801
(Reversal of income tax charge)/ income tax charge	(886)	1,098
	<b>25,414</b>	<b>23,899</b>

## 19.3 Accrued Zakat and income tax

The movement in Zakat and income tax payable is as follows:

	Zakat	Income tax	Total
At January 1, 2024	27,827	-	<b>27,827</b>
Charge for the year	22,801	1,098	<b>23,899</b>
Payments during the year	(26,293)	(1,098)	<b>(27,391)</b>
At December 31, 2024	24,335	-	<b>24,335</b>
Charge/(reversal of charge) for the year	26,300	(886)	<b>25,414</b>
(Payments) / refund during the year	(25,108)	886	<b>(24,222)</b>
At December 31, 2025	25,527	-	<b>25,527</b>

## 19.4 Status of assessments

### Zakat on the Company and other GCC based subsidiaries

Zakat assessments for the years up to year ended December 31, 2023, have been finalized with Zakat, Tax and Customs Authority (ZATCA). The Company has filed its Zakat return for the year ended December 31, 2024 and received a Zakat certificate valid until April 30, 2026.

### Income tax on Mlekoma Sp z.o.o.

Mlekoma Sp. z o.o. filed its income tax returns for all years up to 2025 and settled its tax liabilities accordingly.

### Income tax on Sadafco Jordan

Income tax assessments for the years up to year ended December 31, 2020, have been finalized with the tax authorities. Sadafco Jordan has filed its income tax returns for all years up to 2024 with the tax authorities.

## 19.5 Pillar Two

In 2021, the OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) agreed on a two-pillar solution to address tax challenges arising from the digitalization

of the economy. They introduced a Global Anti-Base Erosion Model Rules (Pillar Two) ("GloBE Rules") under which multinational entities (MNE Groups) with consolidated revenue exceeding EUR750 million are subject to a minimum effective tax rate (ETR) of 15% in each jurisdiction where they operate. The GloBE Rules operate through three primary charging mechanisms: the Domestic Minimum Top Up Tax (DMTT), the Income Inclusion Rule (IIR), and the Undertaxed Profits Rule (UTPR).

SADAFCO forms part of an MNE Group headquartered in Kuwait which constitute as the Ultimate Parent Entity (UPE) and is therefore within the scope of the OECD BEPS Pillar Two framework.

The Group operates in several jurisdictions in which Pillar Two legislation became effective in 2025, including Bahrain, Kuwait, and Poland. The UPE has performed a preliminary assessment of the Group's potential exposure to Pillar Two income taxes in these jurisdictions. Based on this assessment, the jurisdictions in which the Group operate and where Pillar Two legislation has been enacted are in a GloBE loss position.

The Group continues to monitor legislative developments in Kingdom of Saudi Arabia and Jordan to evaluate any future impact on the consolidated financial statements of the Group.

## 20. Revenue

Revenue for the year comprise of the following:

	2025	2024
Revenue from sale of drink products	1,614,118	1,558,524
Revenue from sale of non-drink products	1,385,282	1,299,128
	<b>2,999,400</b>	<b>2,857,652</b>

### Disaggregation of revenue from contracts with customers

#### Primary geographical markets

	2025	2024
Kingdom of Saudi Arabia	2,316,323	2,327,506
Outside Kingdom of Saudi Arabia	683,077	530,146
	<b>2,999,400</b>	<b>2,857,652</b>

## 21. Cost of revenue

Cost of revenue for the year comprise of the following:

	Note	2025	2024
Material costs		1,645,568	1,402,727
Employee costs		136,167	142,543
Depreciation on property, plant and equipment	6	69,440	65,704
Others		214,281	204,953
		<b>2,065,456</b>	<b>1,815,927</b>

## 22. Selling and distribution expenses

Selling and distribution expenses for the year comprise of the following:

	Note	2025	2024
Employee costs		218,080	204,861
Advertising and sales promotion		104,707	144,188
Depreciation on property, plant and equipment	6	30,160	31,574
Depreciation on right-of-use assets	7	10,819	8,339
Fuel and transportation costs		15,892	13,125

	Note	2025	2024
Others		63,942	56,182
		<b>443,600</b>	<b>458,270</b>

## 23. General and administrative expenses

General and administrative expenses for the year comprise of the following:

	Note	2025	2024
Employee costs		70,239	66,145
Professional and legal charges		18,415	6,469
Subscription costs		9,175	7,833
Directors' remuneration and other benefits	29	5,866	6,014
Others		17,783	24,439
		<b>121,478</b>	<b>110,900</b>

## 24. Other operating income

Net other operating income for the year comprise the following:

	2025	2024
Gain on sale of property (note 24.1)	107,417	-
Other income	2,488	2,047
	<b>109,905</b>	<b>2,047</b>

### 24.1 Gain on sale of property

During the year, the group disposed a property, which was originally used for warehousing operations, and later vacated.

## 25. Finance income

Finance income for the year comprise of the following:

	2025	2024
Finance income on Murabaha and other certificates	31,555	39,211
Finance income on financial assets at FVTPL	2,445	10,476
	<b>34,000</b>	<b>49,687</b>

## 26. Finance costs

Finance costs for the year comprise of the following:

	Note	2025	2024
Finance cost on lease liability	7	3,386	2,634
Others		815	8,171
		<b>4,201</b>	<b>10,805</b>

## 27. Discontinued operations

### Voluntary liquidation of foreign subsidiaries – Disposal group

On December 25, 2025, the Group's Board resolved to voluntarily liquidate its foreign subsidiaries in Jordan, Kuwait and Bahrain and transitioned the operations to distribution model in those regions. The appointment of liquidators on such entities are subject to ongoing legal formalities. The underlying assets of each entity are assessed

by the Group to be sold to distributors, repurposed for the use of the Group or written off. The process of disposals are expected to be completed within one year.

As a result, the subsidiaries namely, Sadafco Jordan, Sadafco Kuwait and Sadafco Bahrain have been presented as 'discontinued operations' under IFRS 5 'Non-current Assets classified as held for sale and Discontinued Operations' in these consolidated financial statements which are related to both drinks and non-drinks segments.

### 27.1 Financial performance and cash flow information

Following table presents the financial performance of discontinued operation for the following periods:

For the years ended December 31,	2025	2024
Revenue	65,410	105,230
Cost of revenue	(58,187)	(88,388)
<b>Gross profit</b>	<b>7,223</b>	<b>16,842</b>
Selling and distribution expenses	(16,227)	(25,495)
General and administrative expenses	(620)	(889)
Impairment on financial assets	(1,176)	(172)
Other operating income	290	163
<b>Operating loss</b>	<b>(10,510)</b>	<b>(9,551)</b>
Finance costs	(89)	(82)
<b>Loss before zakat and income tax</b>	<b>(10,599)</b>	<b>(9,633)</b>
Income tax expense	-	-
<b>Loss from discontinued operations</b>	<b>(10,599)</b>	<b>(9,633)</b>

Loss before zakat and income tax from discontinued operations, as presented in the consolidated statement of cash flows, amounted to Saudi Riyals 10.60 million including the fair value re-measurement required on assets classified as held for sale. Following table presents the cash flow information of discontinued operation for the following periods:

For the years ended December 31,	2025
Net cash used in operating activities	(7,222)
Net cash used in investing activities	(146)
Net cash used in financing activities	(684)
<b>Net decrease in cash and cash equivalents</b>	<b>(8,052)</b>

## 27.2 Assets and liabilities of disposal group classified as held for sale

The carrying amounts of assets and liabilities of disposal group classified as held for sale were:

	2025
<b>Assets classified as held for sale</b>	
Property, plant and equipment	7,427
Right-of-use assets	715
Inventories	4,181
Prepayments and other receivables	4,896
Trade receivables	8,635
Cash and cash equivalents	4,488
<b>Total assets</b>	<b>30,342</b>
<b>Liabilities relating to assets classified as held for sale</b>	
Employee benefit obligations	1,966
Trade and other payables	2,156
Accrued expenses and other liabilities	1,884
Current portion of lease liabilities	584
<b>Total liabilities</b>	<b>6,590</b>
<b>Net assets</b>	<b>23,752</b>

## 28. Basic and dilutive earnings per share

> **28.1** Basic earnings per share ("EPS") is calculated by dividing profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue outstanding during the year.

	2025	2024
The weighted average number of ordinary shares for the purposes of basic and diluted earnings (Note 28.2)	31,993	32,000
Profit for the year from continuing operations attributable to owners of the Company	487,988	493,320
Basic and diluted earnings per share based on profit for the year from continuing operations attributable to owners of the Company (Saudi Riyals)	15.25	15.42
Profit for the year attributable to owners of the Company	477,389	483,687
Basic and diluted earnings per share based on profit for the year attributable to owners of the Company (Saudi Riyals)	14.92	15.12

> **28.2** Weighted average number of ordinary shares in issue is calculated as follows:

	2025	2024
Issued ordinary shares at beginning	32,500	32,500
Effect of treasury share held	(507)	(500)
<b>Weighted average number of ordinary shares outstanding at end</b>	<b>31,993</b>	<b>32,000</b>

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

## 29. Related party transactions and balances

Related party transactions were undertaken in the ordinary course of business at commercially agreed terms and were approved by the management. For the purpose of these consolidated financial statements, related parties that are identified as affiliates of the Group includes entities which are subsidiaries and associates of KIPCO Group and key management personnel including close family members. Key management personnel include the CEO, CFO and other executives of the Group.

Significant related party transactions and balances for the years ended December 31, 2025 and 2024, including balances arising there-from are described as follows:

### 29.1 Due to related parties:

Transaction with	Nature of transaction	Transactions with related parties		Closing balance	
		2025	2024	2025	2024
PKC Advisory (associate of parent company)	Consultancy services	1,825	1,759	12	-
Alternative Energy Projects Co. (associate of parent company)	Purchase and installation of solar energy systems	72	125	18	18
				<b>30</b>	<b>18</b>

### 29.2 Due to related parties under accrued and other liabilities:

Transaction with	Nature of transaction	Transactions with related parties		Closing balance	
		2025	2024	2025	2024
Board of Directors and other committees	Remuneration	5,215	5,043	5,215	5,043

### 29.3 Due from related parties under trade receivables:

Transaction with	Nature of transaction	Transactions with related parties		Closing balance	
		2025	2024	2025	2024
Specialized Food Services (subsidiary of a major shareholder)	Sale of goods	1,455	1,894	229	320

## 29.4 Compensation of key management personnel of the Group

	2025	2024
Short-term employee benefits	13,141	12,895
Employee benefit obligations	396	535
<b>Total compensation paid to key management personnel</b>	<b>13,537</b>	<b>13,430</b>

## 30. Segment information

### 30.1 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units include different products and are managed separately because they require different marketing strategies. The Group's CEO is the Chief Operating Decision Maker (CODM) and monitors the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit/(loss) before zakat and income tax for each segment.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For each of the segments, the CODM reviews internal management reports on a regular basis. No operating segments have been aggregated to form the above reportable segments.

The drinks segment represents milk and other drinks, while non-drinks represent mainly ice cream, tomato paste, cheese, and snacks.

During the year ended December 31, 2025, the Group reassessed the composition of the CODM, and the measures of segment information that are regularly reviewed by the CODM to monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment.

Accordingly, the Group determined that the CEO serves as the CODM. Previously the Board and the CEO were identified as the CODM collectively, but the Board is comprised exclusively of non-executive directors indicating its governance role, while the CEO is primarily responsible for assessing performance and allocating resources. This has not changed the segments identified or the basis of the segmental information presented as the same information is used by the CEO as is reported to the Board. Separately, the Group has removed segmental asset and liability information from the CODM reporting pack as it is not used to assess performance and allocate resources. Consequently, the Group has ceased disclosing this information in its consolidated financial statements given the focus of IFRS 8 – Operating Segments on disclosure of information used by the CODM.

The following table presents segment information for the year ended December 31:

	Drinks	Non- drinks	Unallocated	Total
<b>December 31, 2025</b>				
<b>Segment profit or loss</b>				
Segment revenue	1,614,118	1,401,221	-	3,015,339
Inter-segment revenue	-	(15,939)	-	(15,939)
Revenue from external customers	1,614,118	1,385,282	-	2,999,400
Profit before zakat and income tax	255,128	112,051	146,223	513,402
Depreciation and amortization	71,438	45,896	-	117,334
Impairment	3,541	12,281	-	15,822
Finance income	-	-	34,000	34,000
Finance cost	2,065	2,136	-	4,201
Reversal of impairment on financial assets	-	-	4,832	4,832

	Drinks	Non- drinks	Unallocated	Total
<b>December 31, 2024</b>				
<b>Segment profit or loss</b>				
Segment revenue	1,558,525	1,350,367	-	2,908,892
Inter-segment revenue	-	(51,240)	-	(51,240)
Revenue from external customers	1,558,525	1,299,127	-	2,857,652
Profit before zakat and income tax	279,112	183,823	53,760	516,695
Depreciation and amortization	58,065	52,770	-	110,835
Finance income	-	-	49,687	49,687
Finance cost	2,206	7,737	862	10,805
Reversal of impairment on financial assets	-	-	3,211	3,211

The management has categorised its geographical operations as follows:

<b>Geographic information</b>	2025	2024
<b>Revenue from external customers</b>		
Kingdom of Saudi Arabia	2,316,323	2,327,506
Poland	461,867	355,862
Other Gulf Cooperation Council (GCC) countries	90,906	60,993
Others	130,304	113,291
	<b>2,999,400</b>	<b>2,857,652</b>
<b>Non-current assets</b>		
Kingdom of Saudi Arabia	1,104,411	1,012,657
Poland	35,507	31,561
Other GCC countries	-	4,333
Others	-	7,185
	<b>1,139,918</b>	<b>1,055,736</b>

## 31. Financial instruments

### 31.1 Financial assets

	Note	2025	2024
<b>Financial Assets</b>			
<b>Financial assets measured at fair value</b>			
Financial assets at FVTPL	9	38,904	87,138
<b>Financial assets not measured at amortised cost</b>			
Trade receivables	12	318,870	289,223
Short term investments	13	140,623	222,752
Cash and cash equivalents	14	464,231	467,796
Other receivables	11	22,944	34,524
<b>Total financial assets</b>		<b>985,572</b>	<b>1,101,433</b>

Trade receivables, cash and cash equivalent, other receivables and investments are non-derivative financial assets carried at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties.

### 31.2 Financial liabilities

	Note	2025	2024
<b>Non-Derivative financial liabilities</b>			
<b>Financial liabilities not measured at fair value</b>			
Trade and other payables	17	298,566	252,108
Accrued expense and other liabilities	18	356,916	339,146
Lease liabilities	7	70,391	53,274
Dividend payables		4,350	4,715
Due to related parties	29	30	18
<b>Total financial liabilities</b>		<b>730,253</b>	<b>649,261</b>

The carrying amount of financial assets and liabilities approximates their fair value.

## 31.3 Financial instruments carried at fair value

### a) Valuation techniques used to determine fair values

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the consolidated statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter relationship between Significant unobservable inputs and fair value measurement
Financial assets at FVTPL - Unquoted	The Group has used specific valuation technique to value Financial assets at FVTPL in unquoted sukus by deriving the mark to model value of the instrument as the sum of two components:  6. value of the bond component; and 7. value of prepayment option.  Value of the bond is determined using the Discounted Cash Flow model (DCF). The discount rate has been determined from a reliable Saudi Riyal denominated listed comparable bond issued by Al Rajhi which is the parent company of the issuer of the unquoted sukus.	Not applicable.	Not applicable.

### b) Valuation process

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team from an affiliated group of KIPCO that has overall responsibility for overseeing all significant fair value measurements, including Level 2 and 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the applicable standards, including the level in the fair value hierarchy in which the valuations should be classified. There were no changes in the valuation techniques during the year.

At each financial year-end / period-end, the finance department:

- > verifies all major inputs to the independent valuation report;
- > assesses valuation movements when compared to the prior year valuation report; and
- > holds discussions with the independent valuer.

There were no transfers between levels of the fair value hierarchy during the year ended December 31, 2025 and December 31, 2024. Additionally, there were no changes in the valuation techniques.

## 32. Financial instruments risk management objective and policies

The Group's principal financial liabilities comprise trade and other payables, accrued expenses and other liabilities, dividend payables, due to related parties and lease liabilities. The Group's principal financial assets include Trade receivables, cash and cash equivalent, other receivables and investments. The carrying amounts of the Group's financial instruments are reasonable approximations of fair values.

### Risk management framework

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board reviews and agrees on policies for managing each of these risks, which are summarized below:

### Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to changes in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk such as equity price risk.

Following is the exposure classified into separate foreign currencies:

The sensitivity analyses in the following sections relate to the position as at December 31, 2025 and December 31, 2024.

### i) Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. At December 31, 2025 and December 31, 2024, the Group does not have any borrowings, and accordingly, no interest rate risk sensitivity is presented. Interest-bearing financial assets comprise of short term murabaha deposits and financial assets at FVTPL in sukuks certificates which are at fixed interest rates; therefore, they have no material exposure to cash flow interest rate risk and fair value interest rate risk.

### ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is in Saudi Riyals. The Group's transactions are principally in Saudi Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The Group is not exposed to any significant foreign currency risk from Saudi Riyals, and US Dollars denominated financial instruments. However, the Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Bahraini Dinars, Polish Złoty, Kuwaiti Dinars, Jordanian Dinars, and Qatari Riyals. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

	Average Rate		Spot Rate	
	2025	2024	2025	2024
<b>Foreign currency per Saudi Riyal</b>				
US Dollar	3.751	3.752	3.750	3.752
Polish zloty	1.003	0.941	1.045	0.915
Kuwaiti dinar	12.334	12.363	12.280	12.314
Bahraini dinar	9.985	9.998	9.948	9.996
Jordanian dinar	5.410	5.438	5.300	5.462
Qatari riyal	1.042	1.040	1.030	1.042

Every 1% increase or decrease in exchange rate with all other variables held constant will (decrease) or increase profit before zakat and income tax for the year by (Saudi Riyals 1.75 million)/ Saudi Riyals 1.34 million (December 31, 2024: Saudi Riyals 0.89 million).

### iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Group does

not have any financial instruments which are subject to other price risk, except for the financial assets at FVTPL in Tadawul listed Sukuks which have immaterial variation during the year.

### Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, trade receivables, investments and other receivables.

The Group's maximum exposure to credit risk at the reporting date is as follows:

	Note	2025	2024
<b>Financial assets</b>			
Financial assets at FVTPL	9	38,904	87,138
Trade receivables	12	318,870	289,223
Short term investments	13	140,623	222,752
Cash and cash equivalents	14	463,131	455,261
Other receivables	11	22,944	34,524
		<b>984,472</b>	<b>1,088,898</b>

### a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. The credit quality of the customer is assessed based on a set of qualitative and quantitative factors, and individual credit

limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and provided that are considered doubtful of recovery.

At each reporting date, the Group assesses whether trade receivables carried at amortised cost are credit impaired. A trade receivable is 'credit-impaired' when one or more

events that have detrimental impact on the estimated future cash flows of the trade receivables have occurred. A trade receivable that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

At December 31, 2025, the Group had five customers that accounted for approximately 50.71% (December 31, 2024: 43%) of total outstanding trade receivable. Trade receivables outstanding balance comprises 84.7% (December 31, 2024: 82%) in KSA, 5.6% (December 31, 2024: 0.2%) in GCC (other than KSA) and 9.7% (December 31, 2024: 17.8%) in other countries. Due to short-term nature of the trade receivable, their carrying amount is considered to be the same as their fair value.

The requirement for impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Where recoveries are made, these are recognised

in the consolidated statement of profit or loss. The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

The Group establishes that there is no reasonable expectation of recovery once they are not subject to enforcement activity.

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The provision matrix takes into account historical credit loss experience and is adjusted for average historical recovery rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment reversal on financial assets recognised in the consolidated statement of profit or loss were as follows:

	Note	2025	2024
Impairment reversal on trade receivables	12	(4,832)	(3,211)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from external customers:

December 31, 2025	Gross carrying amount	Expected loss rate	Allowance for impairment of trade receivables
Current (not past due)	301,646	0.20%	590
1-90 days past due	16,727	2.68%	449
90-180 days past due	1,646	25.58%	421
180-270 days past due	1,111	72.01%	800
270+ days past due	62	100.00%	62
	321,192		2,322
Individually assessed	15,003	100.00%	15,003
	336,195		17,325

December 31, 2024	Gross carrying amount	Expected loss rate	Allowance for impairment of trade receivables
Current (not past due)	277,066	0.13%	352
1-90 days past due	11,719	1.84%	216
90-180 days past due	285	22.46%	64
180-270 days past due	87	20.69%	18
270+ days past due	7,052	89.85%	6,336
	296,209		6,986

December 31, 2024	Gross carrying amount	Expected loss rate	Allowance for impairment of trade receivables
Individually assessed	18,992	100.00%	18,992
	315,201		25,978

At December 31, the exposure to credit risk for trade receivables by geographic location was as follows:

Geographic information	2025	2024
Trade Receivables		
Kingdom of Saudi Arabia	284,693	260,436
Poland	24,623	38,451
GCC countries	18,874	1,742
Others	8,005	14,572
	336,195	315,201

#### b) Cash and cash equivalents and investments

Credit risk from balances with banks and investments is managed in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's board on an annual basis and may be updated throughout the period. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group deals with reputable banks with investment grade credit ratings and the credit quality of the cash and cash equivalents and investments can be assessed by reference to external credit ratings.

The cash and cash equivalents and investments are treated under stage 1 and are held with bank and financial institution counterparties, which are rated Aa3, based on Moody's credit ratings.

#### c) Other receivables

Other receivables credit risk is managed by management and relates to non-trade receivables. Other receivables are considered to have low credit risk; therefore, 12 months expected loss model was used for impairment assessment. Based on the management's impairment assessment, there is no provision required in respect of these balances for the year presented.

#### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount

close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group monitors its liquidity risk by regular working capital excess/shortage assessment and ensuring that it has adequate liquidity to fund its day-to-day operations. Where necessary, the Group may enter into borrowing facilities with banks in order to ensure continued funding of operations.

Excessive risk concentration:

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversification. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

December 31, 2025	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	298,566	298,566	-	-	298,566

December 31, 2025	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Accrued expense and other liabilities	356,916	356,916	-	-	356,916
Dividend payables	4,350	4,350	-	-	4,350
Due to related parties	30	30	-	-	30
Lease liabilities	70,391	15,871	38,754	36,530	91,155
	<b>730,253</b>	<b>675,733</b>	<b>38,754</b>	<b>36,530</b>	<b>751,017</b>

December 31, 2024	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	252,108	252,108	-	-	252,108
Accrued expense and other liabilities	339,146	339,146	-	-	339,146
Dividend payables	4,715	4,715	-	-	4,715
Due to related parties	18	18	-	-	18
Lease liabilities	53,274	9,981	22,015	42,587	74,587
	<b>649,261</b>	<b>605,968</b>	<b>22,015</b>	<b>42,587</b>	<b>670,570</b>

## 33. Capital management

The Group's objective when managing capital is to safeguard the Group's ability as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its businesses. The primary objective of the Group's capital management is to maximize the shareholder value.

For the purpose of the Group's capital management, capital includes issued share and paid-up capital, statutory reserve, other reserve, treasury reserve, foreign currency translation reserve and retained earnings.

The Group manages its capital structure and makes adjustment in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares.

	2025	2024
Total liabilities	946,871	844,747
Cash and cash equivalents	(464,231)	(467,796)
<b>Net debt</b>	<b>482,640</b>	<b>376,951</b>
Share capital	325,000	325,000
Treasury shares	(61,668)	(51,559)
Foreign currency translation reserve	(7,328)	(17,149)
Retained earnings	1,486,705	1,550,958
<b>Total equity</b>	<b>1,742,709</b>	<b>1,807,250</b>
<b>Net debt to equity ratio</b>	<b>0.28</b>	<b>0.21</b>

## 34. Fair value of assets and liabilities

### 34.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability or
- > In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- > In the principal market for the asset or liability; or
- > In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- > Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- > Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- > Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Refer Note 34 for more details.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The fair values of financial instruments are not materially different from their carrying values.

	Level 1	Level 2	Level 3	Total
<b>December 31, 2025</b>				
Financial assets at FVTPL - Quoted	38,904	-	-	38,904
<b>December 31, 2024</b>				
Financial assets at FVTPL - Quoted	38,038	-	-	38,038
Financial assets at FVTPL - Unquoted	-	49,100	-	49,100

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, it does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Description:	Carrying amount			Total
	Amortized cost	Fair value through profit or loss		
<b>December 31, 2025</b>				
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL	-	38,904		38,904
<b>Financial assets not measured at fair value</b>				
Trade receivables	318,870	-		318,870
Short-term investments	140,623	-		140,623
Cash and cash equivalents	464,231	-		464,231
Other receivables	22,944	-		22,944
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables	298,566	-		298,566
Accrued expenses and other liabilities	356,916	-		356,916
Lease liabilities	70,391	-		70,391
Dividend payables	4,350	-		4,350
Due to related parties	30	-		30

Description:	Carrying amount			Total
	Amortised cost	Fair value through profit or loss		
<b>December 31, 2024</b>				
<b>Financial assets measured at fair value</b>				
Financial assets at FVTPL	-	87,138		87,138
<b>Financial assets not measured at fair value</b>				
Trade receivables	289,223	-		289,223
Short term investments	222,752	-		222,752
Cash and cash equivalents	467,796	-		467,796
Other receivables	34,524	-		34,524
<b>Financial liabilities not measured at fair value</b>				
Accrued expenses and other liabilities	339,146	-		339,146

Description:	Carrying amount		
	Amortised cost	Fair value through profit or loss	Total
<b>December 31, 2024</b>			
Trade and other payables	252,108	-	252,108
Lease liabilities	53,274	-	53,274
Dividend payables	4,715	-	4,715
Due to related parties	18	-	18

## 35. Dividends

In the Annual General Assembly Meeting of the Company held on May 13, 2024, the shareholders approved final dividend of Saudi Riyals 6 per share, amounting to Saudi Riyals 192 million.

Following dividends were announced during the year as approved by the Group's board of directors:

Date of approval	Dividend per share	Amount
September 22, 2025	Saudi Riyal 8	Saudi Riyals 255.9 million
March 17, 2025	Saudi Riyal 9	Saudi Riyals 288 million
September 15, 2024	Saudi Riyal 6	Saudi Riyals 192 million
February 27, 2024	Saudi Riyal 6	Saudi Riyals 192 million

On February 16, 2026, the Group's Board of Directors announced its decision to distribute dividends of Saudi Riyals 8 per share, amounting to Saudi Riyals 255.7 million.

## 36. Contingencies, commitments and other information

### 36.1 Contingencies

As at December 31, 2025, the banks have issued letter of guarantees on behalf of Group amounting to Saudi Riyals 1.62 million (December 31, 2024: Saudi Riyals 1.8 million) for various business needs.

### 36.2 Commitments and other information

As at December 31, 2025, the Group has outstanding commitments for future capital expenditures amounting to Saudi Riyals 163.78 million (December 31, 2024: Saudi Riyals 61.0 million).

## 37. Subsequent events

There have been no significant subsequent events since the year end up to and including the date of the approval of these consolidated financial statements by the Board that would require disclosures or adjustments in these consolidated financial statements, except for those events already disclosed in notes to these consolidated financial statements.

## 38. Authorisation of financial information

These consolidated financial statements were approved and authorized for issue by the Board of the Directors on February 11, 2026, corresponding to 23 Sha'ban 1447 H.