

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026
AND THE INDEPENDENT AUDITOR'S REVIEW REPORT

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

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Independent auditor's review report on the interim condensed financial statements

To the Shareholders of Nofoth Food Products Company

A Saudi Joint Stock Company
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Nofoth Food Products Company (a Saudi Joint Stock Company) (the "Company") as at 30 June 2026, the related interim condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and the related explanatory notes (the "interim condensed financial statements").

Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

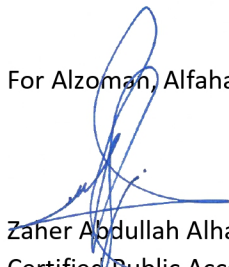
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

For Alzoman, Alfahad & Alhajjaj Professional Services


Zaher Abdullah Alhajjaj
Certified Public Accountant
License No (562)



Riyadh, Kingdom of Saudi Arabia

Date: 30 Safar 1448H

Corresponding to: 13 August 2026

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

(ALL AMOUNTS ARE IN ﷲ UNLESS OTHERWISE STATED)

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Assets			
Non-current assets			
Property and equipment, net	5	73,226,349	73,745,456
Right-of-use assets, net	6	63,759,651	57,173,405
Intangible assets, net	7	3,327,143	3,521,092
Long-term investments	8	40,748,000	40,952,000
Total non-current assets		181,061,143	175,391,953
Current assets			
Inventory, net	9	20,807,383	19,394,478
Trade receivables, prepaid expenses and other assets, net	10	32,140,257	25,596,868
Financial investments at fair value through profit or loss	12	50,278,803	49,009,600
Cash and cash equivalents	13	5,118,358	6,409,575
Total current assets		108,344,801	100,410,521
Total assets		289,405,944	275,802,474
Equity and liabilities			
Equity			
Share capital	1	96,000,000	96,000,000
Employees' defined benefits remeasurement reserve		(997,414)	(997,414)
Fair value reserve of financial instruments at FVOCI		(183,079)	10,361
Treasury shares	14	(11,467,208)	(7,563,590)
Retained earnings		102,582,247	97,883,662
Total equity		185,934,546	185,333,019
Liabilities			
Non-current liabilities			
Lease liabilities - non-current portion	6	42,712,054	37,044,718
Employees' benefit obligations		8,423,560	7,448,063
Deferred revenue - non-current portion		375,874	526,707
Total non-current liabilities		51,511,488	45,019,488
Current liabilities			
Lease liabilities - current portion	6	18,675,974	17,125,604
Deferred revenue - current portion		225,000	285,000
Trade payable, accrued expenses and other liabilities	15	32,307,764	26,577,458
Provision for zakat		751,172	1,461,905
Total current liabilities		51,959,910	45,449,967
Total liabilities		103,471,398	90,469,455
Total equity and liabilities		289,405,944	275,802,474

Chief Financial Officer



Chief Executive Officer



Chairman of the Board of Directors



The accompanying notes from 1 to 26 are an integral part of these interim condensed financial statements.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

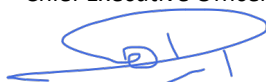
(ALL AMOUNTS ARE IN ﷲ UNLESS OTHERWISE STATED)

	Note	For the three-months ended 30 June		For the six-months ended 30 June	
		2026	2025	2026	2025
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	17	106,150,005	105,494,150	215,508,401	219,789,372
Cost of Sales	18	(39,879,725)	(39,832,224)	(81,096,751)	(80,855,383)
Gross profit		66,270,280	65,661,926	134,411,650	138,933,989
Expenses					
Selling and marketing expenses	19	(41,802,658)	(38,594,382)	(81,730,818)	(77,928,947)
General and administrative expenses	20	(13,757,995)	(14,653,363)	(27,553,805)	(28,203,205)
Provision for expected credit losses	10	(329,776)	(32,429)	(666,508)	(165,959)
Profit from main operations		10,379,851	12,381,752	24,460,519	32,635,878
Unrealized gain from the revaluation of financial investments at fair value through profit or loss	12	627,050	1,071,130	1,269,203	1,843,695
Finance costs		(764,160)	(593,771)	(1,478,176)	(1,159,541)
Other income, net		325,638	181,299	1,100,308	541,070
Net profit before zakat for the period		10,568,379	13,040,410	25,351,854	33,861,102
Zakat		(288,624)	(565,622)	(753,634)	(1,159,198)
Net profit for the period		10,279,755	12,474,788	24,598,220	32,701,904
Other comprehensive income/(loss) for the period					
Items that may be reclassified to profit or loss in subsequent periods:					
Fair value gain/(loss) on long-term investments designated at fair value through other comprehensive income	8	188,796	-	(193,440)	-
Total other comprehensive income/(loss) for the period		188,796	-	(193,440)	-
Total comprehensive income for the period		10,468,551	12,474,788	24,404,780	32,701,904
Earnings per share					
Basic and diluted earnings per share for the period	21	0.11	0.13	0.26	0.34

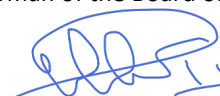
Chief Financial Officer



Chief Executive Officer



Chairman of the Board of Directors



The accompanying notes from 1 to 26 are an integral part of these interim condensed financial statements.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ₪ UNLESS OTHERWISE STATED)

	Share capital	Employees' defined benefits remeasurement reserve	Fair value reserve of financial instruments at FVOCI	Treasury shares	Retained earnings	Total
Balance as at 1 January 2025 (Audited)	48,000,000	(810,390)	-	(6,920,027)	101,049,846	141,319,429
Total comprehensive income for the period	-	-	-	-	32,701,904	32,701,904
Transactions with owners of the Company:						
Bonus shares issued (Note 1)	48,000,000	-	-	-	(48,000,000)	-
Dividends declared and paid (Note 24)	-	-	-	-	(11,908,359)	(11,908,359)
Balance as at 30 June 2025 (Unaudited)	96,000,000	(810,390)	-	(6,920,027)	73,843,391	162,112,974
Balance as at 1 January 2026 (Audited)	96,000,000	(997,414)	10,361	(7,563,590)	97,883,662	185,333,019
Net profit for the period	-	-	-	-	24,598,220	24,598,220
Other comprehensive loss for the period	-	-	(193,440)	-	-	(193,440)
Total comprehensive income for the period	-	-	(193,440)	-	24,598,220	24,404,780
Transactions with owners of the Company:						
Dividends declared and paid (Note 24)	-	-	-	-	(19,899,635)	(19,899,635)
Purchase of treasury shares (Note 14)	-	-	-	(3,903,618)	-	(3,903,618)
Balance as at 30 June 2026 (Unaudited)	96,000,000	(997,414)	(183,079)	(11,467,208)	102,582,247	185,934,546

Chief Financial Officer



Chief Executive Officer



Chairman of the Board of Directors



The accompanying notes from 1 to 26 are an integral part of these interim condensed financial statements.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ₪ UNLESS OTHERWISE STATED)

	Note	For the six-month period ended 30 June	
		2026 (Unaudited)	2025 (Unaudited)
Cash flows from operating activities			
Net profit for the period before zakat		25,351,854	33,861,102
Adjustments to reconcile net profit for the period before zakat:			
Depreciation of property and equipment	5	5,011,938	6,738,181
Depreciation of right-of-use assets	6	9,558,170	9,196,147
Amortization of intangible assets		193,949	169,257
Loss/(gain) on disposal of property and equipment		273,459	(54,359)
Gain on disposal of lease contracts		(222,836)	-
Income from Islamic murabaha deposits		-	(166,596)
Movement in unrealized gain from the revaluation of financial investments at fair value through profit or loss	12	(1,269,203)	(1,843,695)
Write-off of advance to suppliers	20	261,672	-
Provision for advances to suppliers	10	154,387	-
Provision for expected credit losses	10	666,508	165,959
Accrued investment income	8	(1,089,440)	-
Provision for slow-moving inventory	9	53,947	-
Impairment loss on right-of-use asset	18	48,177	-
Amortization of deferred revenue		(210,833)	(212,500)
Provision for employees benefits obligations		1,308,921	1,095,884
Finance costs	6	1,478,176	1,159,541
		41,568,846	50,108,921
Changes in operating assets and liabilities			
Inventory		(1,466,852)	(5,268,224)
Trade receivables, prepaid expenses and other assets		(8,828,312)	(7,324,888)
Trade payable, accrued expenses and other liabilities		2,986,684	(2,625,065)
Deferred revenue		-	300,000
Cash generated from operations		34,260,366	35,190,744
Employees benefit obligations paid		(333,424)	(216,064)
Zakat paid		(1,464,367)	(1,454,355)
Net cash generated from operating activities		32,462,575	33,520,325
Cash flows from investing activities			
Purchase of property and equipment	5	(3,694,934)	(8,962,504)
Proceeds from disposal of property and equipment		131,000	55,000
Purchase of financial investments at fair value through profit or loss		-	(75,000,000)
Proceeds from islamic murabaha deposits		-	74,355,554
Investment income received	8	1,100,000	-
Income receipt from islamic murabaha deposits		-	1,880,266
Net cash used in investing activities		(2,463,934)	(7,671,684)

The accompanying notes from 1 to 26 are an integral part of these interim condensed financial statements.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) - (CONTINUED)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ₪ UNLESS OTHERWISE STATED)

	Note	For the six-month period ended 30 June	
		2026 (Unaudited)	2025 (Unaudited)
Cash flows from financing activities			
Purchase of treasury shares	14	(3,903,618)	-
Lease liability paid	6	(7,486,605)	(8,791,134)
Dividends paid	24	(19,899,635)	(11,908,359)
Net cash used in financing activities		(31,289,858)	(20,699,493)
Net change in cash and cash equivalents		(1,291,217)	5,149,148
Cash and cash equivalents at the beginning of the period	13	6,409,575	3,775,047
Cash and cash equivalents at the end of the period	13	5,118,358	8,924,195
Non-cash transactions:			
Transferred from retained earnings to increase capital	1	-	48,000,000
Addition to the right-of-use assets and related lease liabilities	6	20,112,232	4,225,414
Remeasurement of right-of-use assets against lease liabilities	6	424,937	5,576,721
Transferred from projects under construction to property and equipment	5	1,301,798	2,012,381
Transferred from lease liabilities to accrued expenses	6 & 15	(2,743,622)	824,936
Acquisition of property and equipment through settlement of trade receivables	5	1,202,356	-

Chief Financial Officer



Chief Executive Officer



Chairman of the Board of Directors



NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ﷲ UNLESS OTHERWISE STATED)

1. ORGANIZATION AND ACTIVITIES

Nofoth Food Products Company is a Saudi listed joint stock company ("the Company") registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010441682 issued in Riyadh, on 1 Jumada al-Awwal 1437 H (corresponding to 10 February 2016) and Unified number 7011006397.

The Company's activities include retail sales of bakery products and sugary sweets, retail sales of nuts, coffee, spices, and perfumes, operating service restaurants, providing food service contracting, managing main offices, manufacturing sugary sweets such as confectionery, caramel, toffee, and nougat, operating dry food stores, offering light transportation services, wholesale of used oils and export, automated bread production, pie manufacturing, biscuit production, and the production of various types of popular and oriental sweets. The Company also handles the road transport of goods, including refrigerated, frozen goods and main offices activities.

On 1 June 2025 (corresponding to 5 Dhu al-Hijjah 1446H), the Extraordinary General Assembly of the Company approved the Board of Directors' recommendation to increase the Company's share capital from ﷲ 48,000,000 to ﷲ 96,000,000 through the issuance of 48,000,000 bonus shares. The increase was effected by capitalizing ﷲ 48,000,000 from retained earnings, at the rate of one bonus share for every share held. Following the increase, the Company's share capital amounted to ﷲ 96,000,000, divided into 96,000,000 shares with a nominal value of ﷲ 1 each.

On 11 Rajab 1447 H (corresponding to 31 December 2025), Tadawul Saudi Arabia approved the Company's request to transfer its shares from Nomu - Parallel Market to the Main Market.

Pursuant to Tadawul's announcement dated 19 January 2026 (corresponding to 30 Rajab 1447 H), the Company's shares were listed and trading commenced on the Main Market effective 21 January 2026 (corresponding to 02 Sha'ban 1447 H) under trading symbol (2288) within the Food Production sector, with a daily price fluctuation limit of 10%.

During the six-month period ended 30 June 2026, the Company established a branch in Abu Dhabi, United Arab Emirates, under Economic License No. CN-6501038 issued on 15 May 2026. The principal activities of the branch comprise the preparation of sweets and the retail sale of sweets and juices. The registered address of the branch is Al Shamkha, Abu Dhabi, United Arab Emirates.

The registered head office address of the Company is: Kingdom of Saudi Arabia - Riyadh - 6383 Abi Bakr As-Siddiq Road, Al-Nuzha District, 2747.

Geopolitical Developments

The Company continues to monitor the regional geopolitical developments and their potential impact on Saudi Arabia and the broader GCC environment given that the majority of the Company's operations are conducted within the Kingdom of Saudi Arabia. While the situation remains evolving, the Company maintains a robust operational framework to manage associated risks. These developments have not had a material impact on Company's financial statements for the period ended 30 June 2026; however, given the evolving nature of the conflict, the potential long-term impact on the Company's business will continue to be assessed on future reporting dates.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ﷲ UNLESS OTHERWISE STATED)

2. BASIS OF PREPARATION

2-1 Statement of compliance

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These interim condensed financial statements do not include all the information and disclosures required for a complete set of annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2025. The results for the three-month and six-month periods ended 30 June 2026 are not necessarily indicative of the results that may be expected for the year ending 31 December 2026. However, selected explanatory notes have been included to explain significant events and transactions to understand the changes in the financial position and financial performance of the Company since 31 December 2025.

2-2 Basis of measurement

The interim condensed financial statements have been prepared on a historical cost basis, except where IFRS requires the use of another measurement basis, and in accordance with the accrual basis and the going concern basis.

2-3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency. All financial information presented in Saudi Riyals has been rounded to the nearest Saudi Riyal, unless otherwise stated.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New and revised standards, interpretations and amendments effective during the period

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim condensed financial statements of the Company other than presentation and disclosures, except as stated otherwise.

Lack of exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

Annual Improvements to IFRS Accounting Standards

The pronouncement comprises the following amendments:

- IFRS 1: Hedge accounting by a first-time adopter
- IFRS 7: Gain or loss on derecognition
- IFRS 7: Disclosure of deferred difference between fair value and transaction price
- IFRS 7: Introduction and credit risk disclosures
- IFRS 9: Lessee derecognition of lease liabilities
- IFRS 9: Transaction price
- IFRS 10: Determination of a ‘de facto agent’

Amendments to IFRS 9 and IFRS 7 regarding power purchase arrangements

The amendments aim at enabling entities to include information in their financial statements that in the IASB’s view more faithfully represents contracts referencing nature-dependent electricity.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)**New and revised standards, interpretations and amendments issued but not effective**

The following new and revised standards, interpretations and amendments are effective for periods beginning on or after 1 January 2027 and earlier application is permitted; however, the Company has not early adopted them in preparing these interim condensed financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The Company has not early adopted the new accounting standard in preparing these interim financial statements; however, earlier application is permitted.

The Company is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its financial statements.

a) Structure of the Statement of Profit or Loss

IFRS 18 requires entities to classify all income and expenses into categories in the statement of profit or loss – namely operating, investing, financing, zakat and income tax and discontinued operations. Classification of income and expenses depends on the main business activities of an entity. The Company has determined that it does not have a specified main business activity of investing in assets or providing financing to customers.

Neither net profit nor net assets will change as a result of the Company's adoption of IFRS 18. The Company will be required to present two newly defined subtotals, which are 'operating profit' and 'profit or loss before financing and income taxes'. However, the operating profit subtotal required by IFRS 18 will differ from the 'profit from main operations' subtotal currently presented by the Company. Based on the information currently available, the Company expects changes to the current structure of the statement of profit or loss to result from the following:

- Income from financial investments and finance costs are currently presented separately in the statement of profit or loss. IFRS 18 provides specific guidance on the classification of such income and expenses in the investing and financing categories.
- Interest cost on employee benefit obligations will be classified in the financing category and presented within finance costs.
- Under IFRS 18, foreign exchange differences will generally be classified in the same category as the income and expenses from the items that gave rise to those differences.

b) Management-defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. The Company will be required to disclose specific information about MPMs in a single note in the financial statements.

The Company is in process to determine which public communications should be considered when identifying MPMs. MPMs relate to the same reporting period as the financial statements. Therefore, MPMs disclosed by the Company following adoption of IFRS 18 will be determined based on public communications issued by the Company relating to the 2027 interim reporting period.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ﷲ UNLESS OTHERWISE STATED)

3. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

New and revised standards, interpretations and amendments issued but not effective (continued)

IFRS 18 Presentation and Disclosures in Financial Statements (continued)

c) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to aggregate and disaggregate information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Company is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Company is also assessing line items currently labelled as 'other' and will use more informative labels.

d) Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company currently uses profit before zakat for the period as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Company is assessing the effect of the amended requirements on the classification of interest paid. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted by the Company for the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2025. In addition, the following accounting policy became applicable during the current period following the establishment of the Company's branch in the United Arab Emirates.

Foreign currency transactions

Foreign currency transactions, including related income and expenses, are translated into Saudi Riyals at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses arising from the settlement and translation of foreign currency transactions are recognised in the interim condensed statement of profit or loss.

Use of judgments and estimates

The preparation of these interim condensed financial information requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are consistent with those disclosed in the Company's most recent annual financial statements for the year ended 31 December 2025.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ₪ UNLESS OTHERWISE STATED)

5. PROPERTY AND EQUIPMENT, NET

	Land	Leasehold improvements*	Electrical tools and equipment	Vehicles	Furniture and fixture	Projects under construction**	Total
Cost							
Balance as at 1 January 2026 (Audited)	31,250,067	37,956,192	30,945,799	10,402,697	4,361,433	5,609,181	120,525,369
Additions during the period	-	1,079,050	1,066,951	893,000	152,958	1,705,331	4,897,290
Transferred from projects under construction	-	648,638	633,854	-	19,306	(1,301,798)	-
Disposals during the period	-	(1,292,515)	-	(348,500)	-	-	(1,641,015)
Balance as at 30 June 2026 (Unaudited)	31,250,067	38,391,365	32,646,604	10,947,197	4,533,697	6,012,714	123,781,644
Accumulated depreciation							
Balance as at 1 January 2026 (Audited)	-	24,600,768	15,128,323	4,167,415	2,883,407	-	46,779,913
Charged for the period	-	3,194,715	1,252,954	421,598	142,671	-	5,011,938
Disposals during the period	-	(895,617)	-	(340,939)	-	-	(1,236,556)
Balance as at 30 June 2026 (Unaudited)	-	26,899,866	16,381,277	4,248,074	3,026,078	-	50,555,295
Net book value							
As at 30 June 2026 (Unaudited)	31,250,067	11,491,499	16,265,327	6,699,123	1,507,619	6,012,714	73,226,349

- Property and equipment's include fully depreciated assets that remain in use and are still recorded in the accounting books. The cost of these assets amounted to ₪ 13,684,139 as at 30 June 2026 (31 December 2025: ₪ 10,755,422).

- During the six-month period ended 30 June 2026, the Company acquired property and equipment aggregating to ₪ 1,202,356 in connection with the early termination of certain franchise agreements. The consideration for the acquired assets was settled against the related outstanding trade receivables.

* Leasehold improvements represent enhancements made to leased buildings and branches under lease agreements with terms of up to five years, renewable upon mutual agreement of the contracting parties (Note 6).

** Projects under construction represent ongoing works related to the preparing and installing decorations and equipment for the central factory and the main residence, both of which are still under development. Completion of the main residence is expected during the year 2026.

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5. PROPERTY AND EQUIPMENT, NET (CONTINUED)**Change in accounting estimate - Useful lives of property and equipment**

During the fourth quarter of the year ended 31 December 2025, the Company revised the estimated useful lives of its property and equipment based on an independent valuation performed by AH Valuation (licensed by the Saudi Authority for Accredited Valuers - Taqueem, License No. 43028). The useful lives were revised from 5 years to 8 years for office equipment and furniture, and from 5 years to 9 years for kitchen equipment, cars and vehicles.

This change represents a change in accounting estimate in accordance with IAS 8 and has been applied prospectively from 1 October 2025. Accordingly, for the six-month period ended 30 June 2026, depreciation expense decreased by ₪ 1,948,556 compared to the amount that would have been recognized under the previous estimates. This change is expected to continue to have a favourable impact on the Company's financial performance in subsequent periods.

	Land	Leasehold improvements	Electrical tools and equipment	Vehicles	Furniture and fixture	Projects under construction	Total
Cost							
Balance as at 1 January 2025	31,250,067	35,336,606	26,882,677	7,223,186	4,137,265	1,654,396	106,484,197
Additions during the year	-	-	3,140,809	3,990,761	149,716	8,097,278	15,378,564
Transferred from projects under construction	-	3,145,728	922,313	-	74,452	(4,142,493)	-
Disposals during the year	-	(526,142)	-	(811,250)	-	-	(1,337,392)
Balance as at 31 December 2025	31,250,067	37,956,192	30,945,799	10,402,697	4,361,433	5,609,181	120,525,369
Accumulated depreciation							
Balance as at 1 January 2025	-	16,649,078	12,359,457	3,631,447	2,305,018	-	34,945,000
Charged for the year	-	8,328,993	2,768,866	1,198,360	578,389	-	12,874,608
Disposals during the year	-	(377,303)	-	(662,392)	-	-	(1,039,695)
Balance as at 31 December 2025	-	24,600,768	15,128,323	4,167,415	2,883,407	-	46,779,913
Net book value							
As at 31 December 2025	31,250,067	13,355,424	15,817,476	6,235,282	1,478,026	5,609,181	73,745,456

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6. LEASES

Right-of-use assets represent buildings and branches recognized under lease contracts, which are depreciated on a straight-line basis over the term of the lease contract ranging up to 5 years.

The following table presents the movement in right-of-use assets and corresponding lease liabilities during the period/year:

A- Movement in right-of-use assets

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Cost		
Balance as at the beginning of the period/year	99,830,302	82,686,790
Additions during period/year	20,112,232	14,962,638
Re-measurement during the period/year*	424,937	13,409,057
Disposal during the period/year	(11,019,911)	(11,228,183)
Balance as at the end of the period/year	109,347,560	99,830,302
Accumulated depreciation		
Balance as at the beginning of the period/year	42,656,897	34,217,322
Charge for the period/year	9,558,170	18,967,863
Disposal during the period/year	(6,627,158)	(10,528,288)
Balance as at the end of the period/year	45,587,909	42,656,897
Net book value	63,759,651	57,173,405

B- Movement on lease liabilities

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Balance as at the beginning of the period/year	54,170,322	44,556,986
Additions during the period/year	20,112,232	14,962,638
Re-measurement during the period/year*	424,937	13,409,057
Disposal during the period/year	(4,567,412)	(753,946)
Interest expense amortized during the period/year	1,478,176	2,674,011
Transferred from lease liabilities to accrued expenses (Note 15)	(2,743,622)	(390,259)
Paid during the period/year	(7,486,605)	(20,288,165)
Balance as at the end of the period/year	61,388,028	54,170,322

The balance is classified in the interim condensed statement of financial position as follows:

Non-current portion	42,712,054	37,044,718
Current portion	18,675,974	17,125,604
Balance as at the end of the period/year	61,388,028	54,170,322

* During the period, the lease liabilities were remeasured due to reassessments of lease terms and changes in future lease payments. Upon remeasurement, the lease liabilities were discounted using a revised incremental borrowing rate at the date of reassessment, with the corresponding adjustment recognised against the related right-of-use assets.

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7. INTANGIBLE ASSETS, NET

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Trademark	2,718,125	2,879,599
Goodwill	374,683	374,683
Program	234,335	266,810
	3,327,143	3,521,092

8. LONG-TERM INVESTMENTS

Long-term investments comprise the following:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	40,952,000	-
Additions during the period/year	-	40,920,413
Accrued investment income during the period/year	1,089,440	21,226
Investment income received during the period/year	(1,100,000)	-
Unrealised fair value (loss)/gain recognised in OCI during the period/year	(193,440)	10,361
Balance at the end of the period/year	40,748,000	40,952,000

8.1 The Company invested ﷲ 40.92 million in Sukuk issued by Al Rajhi Bank, with a face value of ﷲ 100 each, during the year ended 31 December 2025. The Sukuks carry mark-up of 5.5% per annum and are classified at fair value through other comprehensive income. The Sukuks are listed on Tadawul and are currently actively traded in the market. The fair value of the Sukuks as at 30 June 2026 was ﷲ 101.87 per certificate (31 December 2025: ﷲ 102.38 per certificate).

9. INVENTORY, NET

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Food	8,559,286	8,819,693
Packing and wrapping material	7,650,967	6,236,360
Finished goods	3,084,820	2,790,850
Consumable items	1,464,155	1,439,978
Cleaning materials	504,506	515,485
Office supplies	55,116	49,632
	21,318,850	19,851,998
Less:		
Provision for slow-moving inventory	(511,467)	(457,520)
	20,807,383	19,394,478

The movement for the slow-moving inventory provision is as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Balance as at the beginning of the period/year	457,520	457,520
Charged during the period	53,947	-
Balance as at the end of the period/year	511,467	457,520

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10. TRADE RECEIVABLES, PREPAID EXPENSES AND OTHER ASSETS, NET

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Trade receivables	12,806,115	11,611,814
Trade receivable - related parties (Note 11)	887,749	590,301
(Less): Provision for expected credit losses	(1,222,355)	(555,847)
Trade receivables, net	12,471,509	11,646,268
Advance to suppliers*	14,379,635	7,661,953
(Less): Provision for advances to suppliers	(154,387)	-
Advances to suppliers, net	14,225,248	7,661,953
Prepaid expenses	3,697,652	4,578,824
Advances to employees	1,378,326	1,425,816
Other	367,522	284,007
	32,140,257	25,596,868

* Advance to suppliers include an amount of ﷲ 49,929 (2025: ﷲ 18,082) representing a balance with a related party, as detailed in Note 11(c).

The movement in the provision for expected credit losses is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Balance at the beginning of the period/year	555,847	115,252
Charged during the period/year	666,508	440,595
Balance at the end of the period/year	1,222,355	555,847

Ageing of trade receivables is as follows:

	30 June 2026	31 December 2025
From 1 day to 30 days	9,584,436	9,695,448
From 31 days to 60 days	880,352	628,862
From 61 days to 90 days	550,364	679,850
More than 90 days	2,678,712	1,197,955
	13,693,864	12,202,115

The following is an analysis of the ageing of trade receivables and the related allowance for expected credit losses as at 30 June 2026 and 31 December 2025:

	30 June 2026			31 December 2025		
	Total book value	Expected credit loss rate	Provision for expected credit losses	Total book value	Expected credit loss rate	Provision for expected credit losses
From 1 day to 30 days	9,584,436	1.17%	112,609	9,695,448	1.37%	133,311
From 31 days to 60 days	880,352	9.47%	83,326	628,862	9.90%	62,259
From 61 days to 90 days	550,364	18.22%	100,300	679,850	18.31%	124,507
More than 90 days	2,678,712	34.57%	926,120	1,197,955	19.68%	235,770
Total	13,693,864		1,222,355	12,202,115		555,847

The movement in the provision for advances to suppliers is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Charged during the period/year	154,387	-
Balance at the end of the period/year	154,387	-

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11. RELATED PARTIES

The Company, in the ordinary course of its business, engages in transactions with related parties. These transactions are conducted on terms approved by management and are consistent with those applicable to arm's length transactions.

A-The transactions with related parties during the six-month period ended 30 June are as follows:

Related party	Nature of relationship	Nature of transaction	2026 (Unaudited)	2025 (Unaudited)
Musakhan Waq Anab Establishment for Catering	Affiliate*	Sales	345,606	302,967
Travel First Tourism Company	Affiliate*	Purchases	186,954	117,467
Abdullah Ibrahim Al-Amiqan Real Estate Company	Affiliate*	Rental	621,611	631,854

* An affiliate is a related party whose shareholders own a share in the capital of the Company, or it is those related parties in whose management the Company has representation.

B-The following represents balance of trade receivable due from related parties:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Musakhan Waq Anab Establishment for Catering (Note 10)	614,509	317,061
Vaza Food Company (Note 10)	273,240	273,240
	887,749	590,301

C-The following represents the advance paid to related party:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Travel First Tourism Company (Note 10)	49,929	18,082
	49,929	18,082

D- The following represents the balance of trade payable due to a related party:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Abdullah Ibrahim Al-Amiqan Real Estate Company (Note 15)	702,691	-
	702,691	-

E-TRANSACTIONS WITH SENIOR EXECUTIVES

The related parties also represent the non-executive members of the Board of Directors and the senior management personnel of the Company. Senior management personnel are individuals who exercise the authority and responsibility in planning, managing and controlling the activities of the Company, directly or indirectly, including the managers. The transactions for the six-month period ended 30 June are as follows:

	2026 (Unaudited)	2025 (Unaudited)
Salaries, allowances and bonuses for executive management*	6,843,781	6,960,213
Allowances and bonuses for the Board of Directors	480,000	480,000
Allowances and bonuses for Committees	275,000	218,000
	7,598,781	7,658,213

* These include employees' benefit obligations of ₪ 541,779 (2025: ₪ 433,019).

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12. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial investments at fair value through profit or loss represent investments in units of the Artal Murabaha Fund (A Saudi closed ended public fund managed by Artal Capital Company). The investment is classified at fair value through profit or loss as it is managed and evaluated on a fair value basis. The fair value is determined based on the published net asset value per unit at the reporting date, and any resulting gains or losses are recognised in the statement of profit or loss.

The following table presents the movement in cost of financial investments through profit or loss:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	45,000,000	-
Deposited during the period/year	-	85,000,000
Withdrawn during the period/year	-	(40,000,000)
Balance at the end of the period/year (at cost)	45,000,000	45,000,000

The following table presents the reconciliation of financial investments at fair value through profit or loss.

Description	Number of units	Opening Market value	Movement in unrealized gains during the Period/ year	Realized gains during the period/ year	Closing Market value
As at 30 June 2026					
Artal Murabaha Fund	4,169,537.76	49,009,600	1,269,203	-	50,278,803
As at 31 December 2025					
Artal Murabaha Fund	4,169,537.76	45,000,000	2,005,200	2,004,400	49,009,600

13. CASH AND CASH EQUIVALENTS

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Cash at banks	4,203,203	5,234,140
Cash in hand	915,155	1,175,435
	5,118,358	6,409,575

14. TREASURY SHARES

On 25 Jumada al-Thani 1445 H (corresponding to 7 January 2024), the Extraordinary General Assembly approved the Board of Directors' recommendation from its meeting held on 14 Rabi' al-Thani 1445 H (corresponding to 29 October 2023) to purchase up to 2,400,000 of the Company's shares. These shares are held as treasury shares and allocated under the employee stock program.

Pursuant to this approval, the Company initially acquired 366,564 shares for a total consideration of ₪ 6,920,027. Following the bonus share issuance during the year ended 31 December 2025, the number of treasury shares increased to 733,128. During the same year, the Company acquired an additional 56,001 treasury shares at an aggregate cost of ₪ 643,563. Further, during the six-month period ended 30 June 2026, the Company acquired an additional 450,700 treasury shares for a total consideration of ₪ 3,903,618.

Accordingly, as at 30 June 2026, the Company held 1,239,829 treasury shares, representing approximately 1.29% of the Company's total issued share capital, with an aggregate carrying amount of ₪ 11,467,208 (31 December 2025: ₪ 7,563,590).

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14. TREASURY SHARES (CONTINUED)

The shares will be retained for a maximum period of five years from the date of the Extraordinary General Assembly's approval or until allocated to eligible employees. As at the date of these interim condensed financial statements, no allocation has been announced. Treasury shares are not entitled to dividends and do not carry voting rights at the Company's general assembly meetings.

The movement in treasury shares is as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Balance as at the beginning of the period/year	7,563,590	6,920,027
Additions during the period/year	3,903,618	643,563
Balance as at the end of the period/year	11,467,208	7,563,590

15. TRADE PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Trade payable*	19,099,193	13,052,721
Allowances for vacations and tickets	4,359,694	4,584,369
Accrued expenses**	3,131,449	700,603
Due to executive and non-executive directors	2,806,832	5,718,029
Value added tax	1,676,075	1,412,019
Accrued salaries, wages, and employee benefits	1,096,740	1,012,197
Others	137,781	97,520
	32,307,764	26,577,458

* Trade payables include an amount of ﷲ 702,691 (2025: Nil) representing a balance due to a related party, as detailed in Note 11(d).

** Accrued expenses include an amount of ﷲ 2,743,622, representing lease contract obligations due for the period ended 30 June 2026 (31 December 2025: ﷲ 390,259) (Note 6).

16. PROVISION FOR ZAKAT

The Company has filed its zakat returns for all prior years up to 31 December 2025 and has obtained the zakat certificate for 2025 valid until 30 April 2027. The Zakat, Tax and Customs Authority (ZATCA) has issued final zakat assessments for the years ended 31 December 2023 and 31 December 2024, amounting to ﷲ 50,680 and ﷲ 1,734 respectively. The assessment relating to 2023 was settled during the year ended 31 December 2025, while the assessment relating to 2024 was fully settled during the period ended 30 June 2026. ZATCA has initiated a zakat audit for the year ended 31 December 2025, which remains in progress as at the reporting date.

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17. SALES**Revenue recognition timing**

	For the three-month ended 30 June		For the six-month ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
At a point of time				
Revenue from sales of food products	105,764,484	104,736,192	214,518,881	218,458,386
Over a period of time				
Revenue from granting franchise rights	385,521	757,958	989,520	1,330,986
Total Revenue	106,150,005	105,494,150	215,508,401	219,789,372

The Company's revenue from the sale of food products is recognized at a point in time, whereas revenue from granting franchise rights is recognized over time. The Company generates revenue from customers within and outside the Kingdom of Saudi Arabia.

Revenue from external parties or related parties:

	For the three-month ended 30 June		For the six-month ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Third parties	106,005,485	105,440,126	215,162,795	219,486,405
Related parties (Note 11)	144,520	54,024	345,606	302,967
	106,150,005	105,494,150	215,508,401	219,789,372

Sales classification from customer contracts

	For the three-month ended 30 June		For the six-month ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Geographic Region				
Kingdom of Saudi Arabia	105,157,080	103,667,481	213,231,898	217,895,929
Qatar	992,925	1,826,669	2,276,503	1,893,443
	106,150,005	105,494,150	215,508,401	219,789,372

18. COST OF SALES

	For the three-month ended 30 June		For the six-month ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Materials consumed	31,838,994	31,795,653	64,911,900	65,409,819
Salaries, wages and employee benefits	3,663,823	3,887,941	7,429,446	7,845,915
Depreciation expense	1,037,617	1,260,947	2,064,101	2,467,086
Repairs and maintenance	979,215	716,966	2,058,988	1,204,172
Consumables	813,454	904,548	1,657,287	1,735,590
Electricity, water and telephone charges	820,281	569,854	1,469,229	972,800
Provision for slow-moving inventory	53,947	-	53,947	-
Impairment loss on right-of-use asset	48,177	-	48,177	-
Others	624,217	696,315	1,403,676	1,220,001
	39,879,725	39,832,224	81,096,751	80,855,383

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19. SELLING AND MARKETING EXPENSES

	For the three-month ended 30 June		For the six-month ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Commissions of sales application	23,402,410	18,806,012	46,432,576	39,355,651
Salaries, wages and other benefits	5,705,043	7,047,171	11,304,130	14,011,222
Depreciation and amortization expenses	5,751,236	6,106,298	11,261,596	12,028,137
Marketing and advertising	2,278,115	1,506,520	3,882,337	3,294,218
Electricity, water and phone charges	1,467,901	1,421,988	2,591,480	2,433,023
Repair and maintenance	798,576	811,452	1,572,233	1,571,458
Governmental expenses	351,156	698,943	1,108,480	1,174,385
Consumables	754,602	770,343	1,265,228	1,511,457
Bank charges	326,891	308,001	695,886	678,169
Others	966,728	1,117,654	1,616,872	1,871,227
	41,802,658	38,594,382	81,730,818	77,928,947

20. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month ended 30 June		For the six-month ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	10,229,913	9,664,514	20,162,339	19,140,072
Depreciation and amortization expenses	648,494	817,521	1,438,360	1,608,362
Travel expenses	689,798	856,622	1,337,527	1,715,964
Professional and consulting fees	266,171	1,035,480	721,284	1,323,680
Governmental expenses	186,280	289,157	597,345	503,204
Short-term rentals	447,637	341,368	677,187	865,956
Electricity, water and phone charges	269,018	300,445	479,664	538,677
Repair and maintenance	124,523	359,766	333,408	683,081
Write-off of advance to suppliers	-	-	261,672	-
Provision for advances to suppliers	154,387	-	154,387	-
Consumables	43,786	97,122	105,141	186,539
Others	697,988	891,368	1,285,491	1,637,670
	13,757,995	14,653,363	27,553,805	28,203,205

21. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit for the period by the weighted average number of outstanding shares during the period.

The following table shows the basic and diluted earnings per share:

	For the three-month ended 30 June		For the six-month ended 30 June	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period	10,279,755	12,474,788	24,598,220	32,701,904
Weighted average number of outstanding shares during the period	94,925,553	95,266,872	94,925,553	95,266,872
Basic and diluted earnings per share for the period	0.11	0.13	0.26	0.34

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(ALL AMOUNTS ARE IN ₪ UNLESS OTHERWISE STATED)

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its financial obligations associated with financial instruments or other commitments made on behalf of others.

To reduce the liquidity risk and associated losses that may affect the business of the Company, the Company maintains, wherever possible, sufficient highly liquid current assets in all business conditions. The Company also has a highly dynamic cash flow policy and a system by which it can estimate the maturity dates of its liabilities and develop appropriate plans to provide the required funding to meet these liabilities in a timely manner.

A- The following is the maturity of liabilities as at 30 June 2026:

	<u>Book value</u>	<u>3 months or less</u>	<u>More than 3 months to 1 year</u>	<u>More than 1 year up to 10 years</u>	<u>No specific maturity dates</u>	<u>Total contractual cash flows</u>
Lease liabilities	61,388,028	5,076,002	15,407,006	49,737,379	-	70,220,387
Employees' benefit obligations	8,423,560	-	-	-	8,423,560	8,423,560
Trade payable, accrued expenses and other liabilities	32,307,764	27,948,070	4,359,694	-	-	32,307,764
	<u>102,119,352</u>	<u>33,024,072</u>	<u>19,766,700</u>	<u>49,737,379</u>	<u>8,423,560</u>	<u>110,951,711</u>

B- The following is the maturity of liabilities as at 31 December 2025:

	<u>Book value</u>	<u>3 months or less</u>	<u>More than 3 months to 1 year</u>	<u>More than 1 year up to 10 years</u>	<u>No specific maturity dates</u>	<u>Total contractual cash flows</u>
Lease liabilities	54,170,322	4,283,837	13,382,411	40,844,755	-	58,511,003
Employees' benefit obligations	7,448,063	-	-	-	7,448,063	7,448,063
Trade payable, accrued expenses and other liabilities	26,577,458	21,993,089	4,584,369	-	-	26,577,458
	<u>88,195,843</u>	<u>26,276,926</u>	<u>17,966,780</u>	<u>40,844,755</u>	<u>7,448,063</u>	<u>92,536,524</u>

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ﷲ UNLESS OTHERWISE STATED)

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)**Credit risk**

Credit risk arises from the possibility that one party to a financial instrument will fail to meet its contractual obligations, resulting in a financial loss to the Company. The Company, as much as possible, maintains its cash with banks that have good credit ratings. However, the Company may still be exposed to credit risk on cash balances held with banks, financial investments, trade receivables and long-term investments, as follows:

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
Financial investments at fair value through profit or loss (Note 12)	50,278,803	49,009,600
Long-term investments (Note 8)	40,748,000	40,952,000
Cash at banks (Note 13)	4,203,203	5,234,140
Trade receivables (Note 10)	13,693,864	12,202,115
	108,923,870	107,397,855

Currency risks

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's transactions are primarily denominated in Saudi Riyals (ﷲ) and, where applicable, in United States Dollars (USD). The functional currency of the Company's UAE branch is the United Arab Emirates Dirham (AED), and its financial information is translated into ﷲ, exposing the Company to foreign-currency translation risk. The Company monitors currency rate fluctuations and believes that the impact of currency rate risks is not material.

Fair value

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. Fair value definition includes the assumption that the Company will continue its operations where there is no intention or condition to physically limit the volume of its operations or conduct a transaction with negative terms.

Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Quoted market prices in active markets for the same financial instrument and investment property.

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 that rely on inputs affecting fair value that cannot be observed, either directly or indirectly, in the market.

The following table presents the Company's financial assets measured at fair value, classified according to the fair value hierarchy.

30 June 2026	Level 1	Level 2	Level 3	Total
Long-term investments	40,748,000	-	-	40,748,000
Financial investments at fair value through profit or loss	-	50,278,803	-	50,278,803
31 December 2025	Level 1	Level 2	Level 3	Total
Long-term investments	40,952,000	-	-	40,952,000
Financial investments at fair value through profit or loss	-	49,009,600	-	49,009,600

Market price risk

Market risk refers to the risks that arise from changes in the fair value of future cash flows of financial instruments due to fluctuations in market prices. Market prices include three types of risks: interest rate risk, currency risk, and other price risks such as equity price risk and commodity price risk. Financial liabilities that are affected by market price risks include trade payable.

NOFOTH FOOD PRODUCTS COMPANY

A SAUDI JOINT STOCK COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) - (CONTINUED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

(ALL AMOUNTS ARE IN ₪ UNLESS OTHERWISE STATED)

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

Interest rate risk refers to the risks that arise from changes in the fair value of future cash flows of financial instruments due to changes in the market interest rate. The assets and liabilities of the Company, as of the date of the interim condensed statement of financial position are not exposed to material interest rate risk.

23. SEGMENT INFORMATION

Segment information relates to the Company's activities and operations, which management has used as a basis for preparing its financial information, in accordance with internal reporting methods. Transactions between segments are conducted under the same terms as those with third parties.

Segment assets, liabilities, and operating activities include items that are directly attributable to a specific segment, as well as items that can be reasonably allocated to different segments. Items that cannot be allocated among segments are classified as shared assets and liabilities.

The Company mainly operates in a single segment, which is the manufacturing and sale of bakery products and related food services. Other operations relate to the sale of food and beverages through dine-in and delivery services, which have not met the quantitative thresholds for reportable segments for the six-month period ended 30 June 2026. Accordingly, segmental analysis of the statement of profit or loss and other comprehensive income and statement of financial position is not carried out, as there are no additional reportable operating segments.

Revenue generated outside the Kingdom of Saudi Arabia represents less than 10% of the Company's total revenue. Geographic information related to the Company's revenue is disclosed in note 17. Additionally, the substantial portion of the Company's operations, assets, and liabilities is located within the Kingdom of Saudi Arabia.

24. DIVIDENDS

On 7 May 2026 (corresponding to 20 Dhu al-Qi'dah 1447H), the General Assembly approved the recommendation of the Board of Directors to distribute cash dividends amounting to ₪ 15,161,626 for the year ended 31 December 2025 (30 June 2025: ₪ 11,908,359 for the year ended 31 December 2024). This represents a dividend of ₪ 0.16 per eligible share, equivalent to 16% of the nominal value per share. Furthermore, on 18 May 2026 (corresponding to 1 Dhu al-Hijjah 1447H), the Board of Directors unanimously approved the distribution of interim cash dividends amounting to ₪ 4,738,009 for the three-month period ended 31 March 2026, representing ₪ 0.05 per eligible share, equivalent to 5% of the nominal value per share. The approved dividends were fully distributed and paid during the six-month period ended 30 June 2026.

25. SUBSEQUENT EVENTS

Subsequent to the reporting date, on 8 Safar 1448H (corresponding to 22 July 2026), the Company entered into an agreement for interior fit-out works in Abu Dhabi with a total contract value of AED 1,028,595.

On 26 Safar 1448H (corresponding to 9 August 2026), the Board of Directors approved distribution of interim dividends for the second quarter of 2026 amounting to ₪ 4,738,009, representing ₪ 0.05 per eligible share. As the dividend distribution was approved after the reporting date, no liability has been recognised in these interim condensed financial statements.

Except for the matters disclosed above, management believes that no other significant events have occurred subsequent to the reporting date that would require adjustment to, or disclosure in, these interim condensed financial statements.

26. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved for issue by the Board of Directors of the Company on 26 Safar 1448H (Corresponding to 9 August 2026).