

**SAUDIA DAIRY AND FOODSTUFF COMPANY
(SADAFCO)
(A Saudi Joint Stock Company)**

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2026
AND REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2026

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Report on review of condensed consolidated interim financial statements

To the shareholders of Saudia Dairy and Foodstuff Company (SADAFCO)
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Saudia Dairy and Foodstuff Company (SADAFCO) (the “Company”) and its subsidiaries (together the “Group”) as of March 31, 2026 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim 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 condensed consolidated interim 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”, as 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, as 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447

April 29, 2026




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SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2026	December 31, 2025
Assets			
Non-current assets			
Property, plant and equipment	7	1,033,955	1,032,056
Right-of-use assets		89,810	90,570
Intangible assets		20,061	17,292
Financial assets at fair value through profit or loss	8	38,534	38,904
Total non-current assets		1,182,360	1,178,822
Current assets			
Inventories	9	416,839	501,965
Prepayments and other receivables		49,710	54,727
Trade receivables	10	410,375	318,870
Short-term investments	11	162,180	140,623
Cash and cash equivalents	12	208,409	464,231
Current assets excluding assets classified as held for sale		1,247,513	1,480,416
Assets classified as held for sale	15	23,220	30,342
Total current assets		1,270,733	1,510,758
Total assets		2,453,093	2,689,580
Equity and liabilities			
Equity			
Share capital		325,000	325,000
Treasury shares reserve	13	(61,668)	(61,668)
Foreign currency translation reserve		(9,825)	(7,328)
Retained earnings		1,313,055	1,486,705
Total equity		1,566,562	1,742,709
Liabilities			
Non-current liabilities			
Non-current portion of lease liabilities		56,928	57,572
Employee benefit obligations		175,240	171,092
Total non-current liabilities		232,168	228,664
Current liabilities			
Trade and other payables		241,407	298,566
Accrued expenses and other liabilities		359,186	370,325
Due to related parties	16	12	30
Current portion of lease liabilities		12,635	12,819
Dividends payable	19	4,350	4,350
Accrued zakat and income tax	14	30,681	25,527
Current liabilities excluding liabilities directly associated with assets held for sale		648,271	711,617
Liabilities relating to assets classified as held for sale	15	6,092	6,590
Total current liabilities		654,363	718,207
Total liabilities		886,531	946,871
Total equity and liabilities		2,453,093	2,689,580

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


Mussad Abdullah Al Nassar
Member Board of Directors


Patrick Othmar Stillhart
Chief Executive Officer


Subir Swarajya Dhawan
Chief Financial Officer

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of profit or loss
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended March 31,	
		2026	2025
Revenue	4	737,603	757,633
Cost of revenue		(512,911)	(480,981)
Gross profit		224,692	276,652
Selling and distribution expenses		(110,612)	(125,231)
General and administrative expenses		(29,576)	(29,699)
(Impairment loss)/ reversal of impairment loss on financial assets	10	(669)	2,000
Other operating income		138	505
Operating profit		83,973	124,227
Finance income		6,146	9,685
Finance costs		(1,170)	(676)
Finance income - net		4,976	9,009
Profit before zakat and income tax		88,949	133,236
Zakat and income tax expense	14	(5,154)	(6,147)
Profit from continuing operations		83,795	127,089
Loss from discontinued operations	15	(1,768)	(977)
Profit for the period		82,027	126,112
Earnings per share:			
Basic and dilutive earnings per share (Saudi Riyals) attributable to owners of the Company	6		
• Profit from continuing operations		2.62	3.97
• Profit for the period		2.57	3.94

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



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Member Board of Directors



Patrick Othmar Stillhart
Chief Executive Officer



Subir Swarajya Dhawan
Chief Financial Officer

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of comprehensive income
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended	
	March 31,	
	2026	2025
Profit for the period	82,027	126,112
Other comprehensive (loss)/ income		
<u>Items that may be reclassified to profit or loss</u>		
Exchange difference on translation of foreign operations	(2,497)	4,409
Other comprehensive (loss)/ income for the period	(2,497)	4,409
Total comprehensive income for the period	79,530	130,521
Total comprehensive income for the period		
attributable to owners of the Company:		
Continuing operations	81,298	131,498
Discontinued operations	(1,768)	(977)
	79,530	130,521

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SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Treasury shares reserve	Foreign currency translation reserve	Retained Earnings	Total
Balance as at January 1, 2025	325,000	(51,559)	(17,149)	1,550,958	1,807,250
Profit for the period	-	-	-	126,112	126,112
Other comprehensive income	-	-	4,409	-	4,409
Total comprehensive income for the period	-	-	4,409	126,112	130,521
Dividends declared (Note 19)	-	-	-	(287,998)	(287,998)
Balance as at March 31, 2025	325,000	(51,559)	(12,740)	1,389,072	1,649,773
Balance as at January 1, 2026	325,000	(61,668)	(7,328)	1,486,705	1,742,709
Profit for the period	-	-	-	82,027	82,027
Other comprehensive loss	-	-	(2,497)	-	(2,497)
Total comprehensive (loss)/income for the period	-	-	(2,497)	82,027	79,530
Dividends declared (Note 19)	-	-	-	(255,677)	(255,677)
Balance as at March 31, 2026	325,000	(61,668)	(9,825)	1,313,055	1,566,562

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



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SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended	
		March 31,	
		2026	2025
Cash flows from operating activities			
Profit before zakat and income tax from continuing operations		88,949	133,236
Loss before zakat and income tax from discontinued operations	15	(1,768)	(977)
Profit before zakat and income tax for the period		87,181	132,259
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment		26,970	24,642
Depreciation on right-of-use assets		4,142	3,013
Amortisation on intangible assets		415	390
Gain on disposal of property, plant and equipment		(249)	-
Impairment loss/ (reversal of impairment) on financial assets	10	669	(2,000)
Finance income		(6,146)	(9,685)
Finance costs		1,173	701
Reversal of provision for inventories	9	(6,410)	(10,187)
Provision for employee benefit obligations		7,489	8,214
<u>Changes in:</u>			
Inventories		95,698	15,399
Prepayments and other receivables		6,520	(13,155)
Trade receivables		(96,045)	(85,970)
Trade and other payables		(22,299)	58,657
Accrued expenses and other liabilities		(12,814)	(26,051)
Due to related parties		(18)	17
Cash generated from operating activities		86,276	96,244
Employee benefit obligations paid		(4,283)	(2,706)
Zakat and income tax paid	14	-	(142)
Net cash generated from operating activities		81,993	93,396
Cash flows from investing activities			
Finance income received on investments		7,817	37,059
Payment of initial direct costs on lease		(3,000)	-
Payments for property, plant and equipment		(61,849)	(32,278)
Payments for intangible assets		(3,184)	-
Proceeds from disposal of property, plant and equipment		2,235	61
Proceeds from disposal of financial assets at fair value through profit or loss	8	-	50,000
Short-term investments		(125,000)	(23,000)
Proceeds from maturity of short-term investments		103,500	165,460
Net cash (used in)/ generated from investing activities		(79,481)	197,302

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



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SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows (continued)
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended March 31,	
		2026	2025
Cash flows from financing activities			
Dividends paid	19	(255,677)	-
Finance costs paid		(1,173)	(701)
Principal repayments of lease liabilities		(1,561)	(3,174)
Net cash used in financing activities		(258,411)	(3,875)
Net (decrease)/increase in cash and cash equivalents			
Effects of exchange rate fluctuations on cash and cash equivalents		(2,682)	(6,723)
Cash and cash equivalents at the beginning of the period		468,719	467,796
Cash and cash equivalents at the end of the period		210,138	747,896
Cash and cash equivalents other than assets held for sale	12	208,409	747,896
Cash and cash equivalents included in assets held for sale	15	1,729	-
Cash and cash equivalents at the end of the period		210,138	747,896

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



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Chief Executive Officer



Subir Swarajya Dhawan
Chief Financial Officer

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements for the three-month period ended March 31, 2026

(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 period, the Company has shifted its head office to Sari Branch Road, Al Khalidiyyah District, Jeddah 23423, with the update of commercial registration pending finalisation 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 and Arab countries. Information on the Group’s structure is provided in Note 5 of these condensed consolidated interim financial statements.

2. Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2025. IAS 34 states that the interim financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosure in interim financial information than International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, require in annual financial statements. An interim period is considered as an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year’s operations.

The condensed consolidated interim financial statements are prepared on a going concern basis.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for the defined benefit obligation, which is recognised at the present value of future obligations using the Projected Unit Credit Method, and investment in sukuks, which is measured at fair value.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (“Saudi Riyals”), which is also the Company’s functional and presentational currency. For each entity, the Group determines the functional currency and items included in the condensed consolidated interim financial statements of each entity are measured using that functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements for the three-month period ended March 31, 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Basis of preparation (continued)

2.4 New and amended standards adopted by the Group

Certain amendments to existing standards became applicable for the current reporting period. The amendments 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
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: <ul style="list-style-type: none">• 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;• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;• 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• make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	January 1, 2026
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	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'.	January 1, 2026
Annual improvements to IFRS – Volume 11	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: <ul style="list-style-type: none">• IFRS 1 First-time Adoption of International Financial Reporting Standards;• IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;• IFRS 9 Financial Instruments;• IFRS 10 Consolidated Financial Statements; and• IAS 7 Statement of Cash Flows.	January 1, 2026

2.5 Standards and interpretation issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2026, 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.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month period ended March 31, 2026**(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Basis of preparation (continued)**2.5 Standards and interpretation issued but not yet effective** (continued)

Title	Key requirements	Effective date
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	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. 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.	January 1, 2027
IFRS 18 - Presentation and Disclosure in Financial Statements	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: - the structure of the statement of profit or loss; - 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 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	January 1, 2027

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

2.6 Critical accounting estimates and judgments

The preparation of the condensed consolidated interim financial statements requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amount of revenue and costs during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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 recognised 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.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements for the three-month period ended March 31, 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. Basis of preparation (continued)

2.6 Critical accounting estimates and judgments (continued)

Management has concluded that the Group's critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances for the purpose of preparation of the condensed consolidated interim financial information. Management believes all sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements for the year ended December 31, 2025.

3. Material accounting policies

The material accounting policies adopted by the Group for the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2025.

4. Segment information

4.1 Operating segment

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 Chief Executive Officer (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 three-month period ended March 31, 2026, the Group, in line with determination during 2025, 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 of Directors (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 financial statements given the focus of IFRS 8 – Operating Segments on disclosure of information used by the CODM.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements for the three-month period ended March 31, 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. Segment information (continued)

4.1 Operating segment (continued)

The following table presents segment information for the period ended March 31:

	Three-month period ended			Total
	Drinks	Non-Drinks	Un-allocated	
March 31, 2026				
Segment profit or loss:				
Revenue	423,972	319,174	-	743,146
Revenue from external customers	423,972	313,631	-	737,603
Profit before zakat and income tax	52,616	30,856	5,477	88,949
Depreciation and amortisation	19,382	11,846	-	31,228
Finance income	-	-	6,146	6,146
Finance costs	590	580	-	1,170
Impairment loss on financial assets	-	-	669	669

	Three-month period ended			Total
	Drinks	Non-Drinks	Un-allocated	
March 31, 2025				
Segment profit or loss				
Revenue	410,070	347,563	-	757,633
Revenue from external customers	410,070	347,563	-	757,633
Profit before zakat and income tax	84,806	36,745	11,685	133,236
Depreciation and amortisation	17,970	9,440	-	27,410
Finance income	-	-	9,685	9,685
Finance costs	467	209	-	676
Reversal of impairment on financial assets	-	-	2,000	2,000

The management has categorised its geographical operations as follows:

	Three-month period ended March 31,	
	2026	2025
Geographic information		
Revenue from external customers		
Kingdom of Saudi Arabia	588,833	573,303
Poland	84,399	122,550
Other Gulf Cooperation Council (GCC) countries	25,429	23,054
Others	38,942	38,726
Total	737,603	757,633
	March 31,	December
	2026	31, 2025
Non-current operating assets:		
Kingdom of Saudi Arabia	1,109,327	1,104,411
Poland	34,499	35,507
Total	1,143,826	1,139,918

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month period ended March 31, 2026**

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. Segment information (continued)**4.1 Operating segment** (continued)

The Group sustained its revenue by concentrating efforts and increasing sales of key products in local market, resulting in higher sales and receivables, offset by heightened competition in foreign markets.

Gross margin for the three-month period ended March 31, 2026, declined compared to the previous period, primarily due to increased raw material costs.

The Group is constantly evaluating the potential impact of the current regional geopolitical events on its operations, particularly in relation to supply chain and procurement process.

5. Group information

The condensed consolidated interim financial statements of the Group include:

Name	Relationship	Principal activities	Country of incorporation	% equity interest	
				March 31, 2026	December 31, 2025
SADAFCO Bahrain Company LLC (“Sadafco Bahrain”)	Subsidiary	Distribution of foodstuff and dairy products	Bahrain	100%	100%
SADAFCO Jordan Foodstuff Company LLC (“Sadafco Jordan”)	Subsidiary	Retail, trade and distribution of foodstuff and dairy products	Jordan	100%	100%
SADAFCO Kuwait Foodstuff Co. W.L.L (*) (“Sadafco Kuwait”)	Subsidiary	Retail, trade and distribution of foodstuff and dairy products	Kuwait	49%	49%
Mlekoma Sp. z o.o.	Subsidiary	Retail, trade and distribution of foodstuff and dairy products	Poland	100%	100%

(*) The Group considers the Sadafco Kuwait (“investee company”) as 100% subsidiary and held 51% beneficial interest in the investee company through parties nominated by the Group. Accordingly, the Group holds 100% effective ownership in all of its subsidiaries.

At March 31, 2026, the Group’s parent company is Kuwait Projects Company Holding (“KIPCO”) and Group’s ultimate parent company is Al Futtooh Holding Company K.S.C. (Closed).

On December 25, 2025, pursuant to a resolution, 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 March 31, 2026 and December 31, 2025. Please refer note 15 for details.

Further, effective January 1, 2026, the Group entered into a distributor agreement with a Jordan based company.

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.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month period ended March 31, 2026**

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue outstanding during the period.

	Three-month period ended March 31,	
	2026	2025
Weighted average number of ordinary shares outstanding (in thousands)	31,960	32,000
Profit for the period from continuing operations attributable to owners of the Company	83,795	127,089
Basic and diluted earnings per share based on profit for the period from continuing operations attributable to owners of the Company (Saudi Riyals)	2.62	3.97
Profit for the period attributable to owners of the Company	82,027	126,112
Basic and diluted earnings per share based on profit for the period attributable to owners of the Company (Saudi Riyals)	2.57	3.94

6.1 Weighted average number of ordinary shares

Weighted average number of ordinary shares in issue is calculated as follows:

	Three-month period ended March 31,	
	2026	2025
Issued ordinary shares at beginning of the period	32,500	32,500
Effect of treasury share held	(540)	(500)
Weighted average number of ordinary shares outstanding at end of the period	31,960	32,000

Diluted earnings per share has been computed by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential ordinary shares. However, in the absence of any convertible shares, the diluted earnings per share do not differ from the basic earnings per share.

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(All amounts in Saudi Riyals thousands unless otherwise stated)

7. Property, plant and equipment

Reconciliation of carrying amounts:

	March 31, 2026	December 31, 2025
Carrying amount at beginning of the period / year	1,032,056	994,364
Additions during the period / year	29,683	164,561
Disposals during the period / year	-	(716)
Write-off during the period / year	-	(65)
Transfer to assets held for sale	-	(10,260)
Depreciation charge for the period / year	(26,762)	(103,731)
Impairment charge for the period / year	-	(16,359)
Exchange differences for the period / year	(1,022)	4,262
Carrying amount at the end of the period / year	1,033,955	1,032,056

Depreciation charge for the period is allocated as under:

	Three-month period ended March 31,	
	2026	2025
Cost of revenue	18,195	16,271
Selling and distribution expenses	7,876	7,330
General and administrative expenses	691	661
	26,762	24,262
Discontinued operations	-	380
	26,762	24,642

Impairment charge for the three-month periods ended March 31, 2026 and March 31, 2025 were nil.

8. Financial assets at fair value through profit or loss

Financial assets at FVTPL comprise of the following:

	March 31, 2026	December 31, 2025
Investment in sukuk	38,534	38,904

8.1 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. 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 currently actively traded in the market. The fair value of the Sukuks as at March 31, 2026, was Saudi Riyals 1,014.1 (December 31, 2025: Saudi Riyals 1,023.8) per certificate.

8.2 During the period ended March 31, 2025, the Group has divested its investment in sukuk, issued by Emkan Finance Company, amounting to Saudi Riyals 50 million and having a face value of Saudi Riyals 1,000 each. The Sukuk was carrying 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).

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9. Inventories

Inventories comprise of the following:

	March 31, 2026	December 31, 2025
Raw materials	241,247	297,209
Packing materials	43,027	45,624
Finished goods	130,338	154,810
Spare parts, supplies and others	13,884	14,138
Goods-in-transit	32,416	40,667
	460,912	552,448
Less: Provision for inventories (Note 9.1)	(44,073)	(50,483)
	416,839	501,965

9.1 Movement in the provision for inventories is as follows:

	March 31, 2026	December 31, 2025
Balance at beginning of the period/ year	50,483	70,663
Reversal of provision for the period/ year	(6,410)	(20,180)
Balance at the end of the period/ year	44,073	50,483

Reversal of provision recognised during the three-month period ended March 31 is as follows:

	Three-month period ended March 31,	
	2026	2025
Reversal of provision during the period	6,410	10,187

9.2 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. During the three-month period ended March 31, 2026 and 2025, the Group has recognised a reversal of provision for inventories due to better aging profile of the inventories as at the reporting date.

10. Trade receivables

Trade receivables comprise of the following:

	March 31, 2026	December 31, 2025
Trade receivables	428,369	336,195
Less: Allowance for impairment of trade receivables	(17,994)	(17,325)
	410,375	318,870

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10. Trade receivables (continued)

Trade receivables are non-interest bearing and are classified as financial assets measured at amortised cost.

The movement in the allowance for impairment of trade receivables is as follows:

	March 31, 2026	December 31, 2025
Balance at beginning of the period/ year	17,325	25,978
Provision/ (reversal) for the period/ year	669	(3,656)
Transfers to assets classified as held for sale	-	(4,246)
Exchange differences	-	(751)
Balance at the end of the period/ year	17,994	17,325

Impairment loss for the period ended March 31, 2026, amounts to Saudi Riyals 0.67 million (reversal of impairment for the period ended March 31, 2025: Saudi Riyals 2 million).

The Group does not obtain collaterals over receivables, and the majority of receivables are, therefore, unsecured. Nevertheless, the Group anticipates that unimpaired receivables will be recoverable based on its historical experience.

Trade receivables include Saudi Riyals 0.35 million (December 31, 2025: Saudi Riyals 0.23 million) due from related parties (Note 16).

The following table provides information about the exposure to credit risk and ECLs for trade receivables from external customers:

	Gross carrying amount	Expected loss rate	Allowance for impairment of trade receivables
March 31, 2026			
Current (not past due)	379,494	0.19%	708
1–90 days past due	31,419	2.56%	803
90–180 days past due	1,194	31.83%	380
180–270 days past due	704	77.98%	549
270+ days past due	615	99.35%	611
	413,426		3,051
Individually assessed	14,943	100.00%	14,943
	428,369		17,994
December 31, 2025			
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

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11. Short-term investments

Short-term investments comprise of the following:

	March 31, 2026	December 31, 2025
Short-term murabaha deposits	162,180	140,623

Short-term murabaha deposits represent deposits with local banks with sound credit ratings of Aa3 based on Moody's credit rating and having original maturity of more than three months and less than twelve months from the investment date. Such deposits earn profits at rates ranging from 4.75% to 5.05% per annum as at March 31, 2026 (December 31, 2025: 4.80% to 5.78%).

12. Cash and cash equivalents

Cash and cash equivalents comprise of the following:

	March 31, 2026	December 31, 2025
Cash in hand	1,761	1,100
Cash at banks	41,598	46,610
Short-term murabaha deposits with original maturity of less than three months	165,050	416,521
	208,409	464,231

Short-term murabaha deposits represent deposits with local banks with sound credit ratings of Aa3 based on Moody's credit rating and having original maturity up to three months from the investment date. Such deposits earn profits at the rates ranging from 3.95% to 4.90% per annum as at March 31, 2026 (December 31, 2025: 4.20% to 5.60%). 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.

13. Treasury shares

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:

	Number of treasury shares	Year of buy- back	Average price (Saudi Riyals)	March 31, 2026	December 31, 2025
Balance at beginning of the period	500,250	2019	103.12	61,668	51,559
Purchases during the period	40,123	2025	251.95	-	10,109
Balance at the end of the period	540,373			61,668	61,668

On March 8, 2026, the Board of Directors recommended, for approval by shareholders at the upcoming general assembly, the buy-back of 2,709,627 shares of the Company to be held as treasury shares.

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14. Zakat and income tax

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.

14.1 Charge for the period

Zakat and income tax charge for the period comprise the following:

	Three-month period ended March 31,	
	2026	2025
Zakat charge during the period	5,100	6,000
Income tax charge during the period	54	147
	<u>5,154</u>	<u>6,147</u>

Zakat is payable at 2.578% of the zakat base for the period in accordance with amended computation mechanism under new Zakat By-Laws effective from January 1, 2025.

14.2 Accrued zakat and income tax

The movement in accrued zakat and income tax during the period/year is analysed as follows:

	Zakat	Income tax	Total
At January 1, 2025	24,335	-	24,335
Charge/ (reversal of charge) for the year	26,300	(886)	25,414
(Payments)/ refund during the year	(25,108)	886	(24,222)
At December 31, 2025	<u>25,527</u>	<u>-</u>	<u>25,527</u>
Charge for the period	<u>5,100</u>	<u>54</u>	<u>5,154</u>
At March 31, 2026	<u>30,627</u>	<u>54</u>	<u>30,681</u>

14.3 Status of assessments

Zakat assessments up to year ended December 31, 2023 have been finalised with the Zakat, Tax and Customs Authority ("ZATCA").

The Company has filed its zakat return for the year December 31, 2024, and received relevant certificate valid until April 30, 2026. ZATCA is yet to issue its final assessment for the year ended December 31, 2024.

Mlekoma Sp. z o.o. filed its income tax returns for all years up to 2025 and settled its tax liabilities accordingly. Income tax assessments for the years up to year ended December 31, 2020, have been finalised with the tax authorities. Sadafco Jordan has filed its income tax returns for all years up to 2024 with the tax authorities.

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14. Zakat and income tax (continued)**14.3 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 digitalisation 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.

15. 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 condensed consolidated interim financial statements which are related to both drinks and non-drinks segments.

15.1 Financial performance and cash flow information

Following table presents the financial performance of discontinued operation for the following periods:

For the three-month period ended March 31,	2026	2025
Revenue	5,982	20,949
Cost of revenue	(6,013)	(17,737)
Gross (loss)/ profit	(31)	3,212
Selling and distribution expenses	(1,646)	(4,037)
General and administrative expenses	(88)	(165)
Other operating income	-	38
Operating loss	(1,765)	(952)
Finance costs	(3)	(25)
Loss before zakat and income tax	(1,768)	(977)
Income tax expense	-	-
Loss from discontinued operations	(1,768)	(977)

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15. Discontinued operations (continued)**15.1 Financial performance and cash flow information** (continued)

Loss before zakat and income tax from discontinued operations, as presented in the consolidated statement of cash flows, amounted to Saudi Riyals 1.77 million (March 31, 2025: Saudi Riyals 0.98 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 three-month period ended March 31,	2026	2025
Net cash used in operating activities	(373)	(5,411)
Net cash generated from investing activities	2,235	-
Net cash used in financing activities	(575)	(586)
Net increase/ (decrease) in cash and cash equivalents	1,287	(5,997)

15.2 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:

	March 31, 2026	December 31, 2025
Assets classified as held for sale		
Property, plant and equipment	4,994	7,427
Right-of-use assets	69	715
Inventories	19	4,181
Prepayments and other receivables	3,903	4,896
Trade receivables	12,506	8,635
Cash and cash equivalents	1,729	4,488
Total assets	23,220	30,342
Liabilities relating to assets classified as held for sale		
Employee benefit obligations	1,024	1,966
Trade and other payables	4,850	2,156
Accrued expenses and other liabilities	209	1,884
Current portion of lease liabilities	9	584
Total liabilities	6,092	6,590
Net assets	17,128	23,752

16. Related party transactions and balances**16.1 Transactions and balances with related parties**

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 condensed consolidated interim financial statements, related parties are identified as affiliates of the Group include entities which are subsidiaries including 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 period/ year ended and balances arising therefrom are described as under:

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16. Related party transactions and balances (continued)

16.1 Transactions and balances with related parties (continued)

a) Due to related parties:

Transactions with	Nature of transaction	Amount of transactions		Due to related parties	
		Three-month period ended		March 31, 2026	December 31, 2025
		March 31, 2026	2025		
PKC Advisory (associate of parent company)	Consultancy services	302	35	12	12
Alternative Energy Projects Co. (associate of parent company)	Purchase of solar energy systems	-	-	-	18
				12	30

b) Due to related parties under accrued expenses and other liabilities:

Transactions with	Nature of transaction	Amount of transactions		Due to related parties	
		Three-month period ended		March 31, 2026	December 31, 2025
		March 31, 2026	2025		
Board of Directors and other committees	Remuneration	1,287	1,316	6,502	5,215

c) Due from related parties under trade receivables:

Transactions with	Nature of transaction	Amount of transactions		Due from related parties	
		Three-month period ended		March 31, 2026	December 31, 2025
		March 31, 2026	2025		
Specialised Food Services (associate of parent company)	Sales of goods	504	463	348	229

d) Compensation of key management personnel of the Group:

	Three-month period ended March 31,	
	2026	2025
Short-term employee benefits	2,444	1,944
Termination benefits	289	127
	2,733	2,071

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17. Financial instruments**17.1 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.

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.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorised within the fair value hierarchy, 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

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 categorised 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 recognises 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
March 31, 2026				
Financial assets at FVTPL - Quoted	38,534	-	-	38,534
December 31, 2025				
Financial assets at FVTPL – Quoted	38,904	-	-	38,904

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.

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17. Financial instruments (continued)**17.1 Fair value measurement (continued)**

Description	March 31, 2026		Total
	Amortised cost	Fair value through profit or loss	
Carrying amount			
Financial assets measured at fair value			
Financial assets at FVTPL	-	38,534	38,534
Financial assets not measured at fair value			
Trade receivables	410,375	-	410,375
Short-term investments	162,180	-	162,180
Cash and cash equivalents	208,409	-	208,409
Prepayment and other receivables	20,594	-	20,594
Financial liabilities not measured at fair value			
Trade and other payables	241,407	-	241,407
Accrued expenses and other liabilities	339,011	-	339,011
Lease liabilities	69,563	-	69,563
Dividend payables	4,350	-	4,350
Due to related parties	12	-	12
December 31, 2025			
Carrying amount			
Fair value through profit or loss			
Description	Amortised cost	Fair value through profit or loss	Total
Financial assets measured at fair value			
Financial assets at FVTPL	-	38,904	38,904
Financial assets not measured at fair value			
Trade receivables	318,870	-	318,870
Short-term investments	140,623	-	140,623
Cash and cash equivalents	464,231	-	464,231
Prepayment and other receivables	22,944	-	22,944
Financial liabilities not measured at fair value			
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

For the purpose of the financial instruments' disclosure, non-financial assets and non-financial liabilities amounting to Saudi Riyals 29.12 million and Saudi Riyals 14.66 million, respectively, (December 31, 2025: Saudi Riyals 31.78 million and Saudi Riyals 13.41 million, respectively) have been excluded from prepayment and other receivables and accrued expenses and other liabilities, respectively.

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18. Commitments and contingencies

In addition to contingencies disclosed in Note 14, below are the commitments and contingencies of the Group:

- a) As at March 31, 2026, the Group has outstanding commitments for future capital expenditures amounting to Saudi Riyals 143.58 million (December 31, 2025: Saudi Riyals 163.78 million).
- b) As at March 31, 2026, the Group has contingent liabilities of Saudi Riyals 1.62 million (December 31, 2025: Saudi Riyals 1.62 million) in respect of guarantees issued for various business needs.

19. Dividends

Dividends were announced during the period ended March 31, 2026 amounting to Saudi Riyals 255.7 million (2025: Saudi Riyals 288 million) at Saudi Riyal 8 per share (2025: Saudi Riyal 9 per share) as approved by the Group's board of directors.

20. Authorisation of condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors of Group on April 26, 2026, corresponding to 9 Dhul Qidah 1447H.