

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS
ENDED JUNE 30, 2025
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 AND SIX-MONTH PERIODS ENDED JUNE 30, 2025

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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 June 30, 2025 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended June 30, 2025 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




July 28, 2025

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	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	7	1,014,806	994,364
Right-of-use assets		52,220	52,558
Intangible assets		8,031	8,814
Long-term investments	8	38,209	87,138
Total non-current assets		1,113,266	1,142,874
Current assets			
Inventories	9	540,310	456,242
Prepayments and other receivables		60,314	73,110
Trade receivables	10	334,354	289,223
Short-term investments	11	368,784	222,752
Cash and cash equivalents	12	303,642	467,796
Total current assets excluding assets held for sale		1,607,404	1,509,123
Assets held for sale	13	2,833	-
Total current assets		1,610,237	1,509,123
Total assets		2,723,503	2,651,997
Equity and liabilities			
Equity			
Share capital		325,000	325,000
Treasury shares reserve		(51,559)	(51,559)
Foreign currency translation reserve		(7,624)	(17,149)
Retained earnings		1,506,736	1,550,958
Net equity		1,772,553	1,807,250
Liabilities			
Non-current liabilities			
Employee benefit obligations		166,231	158,487
Lease liabilities		45,141	43,225
Total non-current liabilities		211,372	201,712
Current liabilities			
Trade and other payables		338,695	252,108
Accrued expenses and other liabilities		373,513	351,810
Due to related parties	15	27	18
Current portion of lease liabilities		9,283	10,049
Dividends payable	18	4,344	4,715
Accrued zakat and income tax	14	13,716	24,335
Total current liabilities		739,578	643,035
Total liabilities		950,950	844,747
Total equity and liabilities		2,723,503	2,651,997

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 June 30,		Six-month period ended June 30,	
		2025	2024	2025	2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	785,355	722,177	1,563,937	1,440,057
Cost of revenue		(513,945)	(453,965)	(1,012,663)	(915,352)
Gross profit		271,410	268,212	551,274	524,705
Selling and distribution expenses		(125,724)	(110,533)	(254,992)	(218,307)
General and administrative expenses		(30,945)	(27,444)	(60,809)	(54,055)
Reversal of impairment/ (impairment loss) on financial assets	10	1,989	-	3,989	(526)
Other operating income - net		1,076	1,152	1,619	667
Operating profit		117,806	131,387	241,081	252,484
Finance income		8,656	10,023	18,341	23,568
Finance costs		(2,253)	(2,408)	(2,954)	(4,330)
Finance income - net		6,403	7,615	15,387	19,238
Profit before zakat and income tax		124,209	139,002	256,468	271,722
Zakat and income tax expense	14	(6,545)	(11,215)	(12,692)	(17,724)
Profit for the period		117,664	127,787	243,776	253,998
Profit is attributable to:					
Owners of SADAFCO		117,664	127,787	243,776	254,041
Non-controlling interests		-	-	-	(43)
		117,664	127,787	243,776	253,998
Earnings per share:					
Basic and dilutive earnings per share (Saudi Riyals) attributable to owners of SADAFCO	6	3.68	3.99	7.62	7.94

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 comprehensive income
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	117,664	127,787	243,776	253,998
Other comprehensive income				
<u>Items that may be reclassified to profit or loss</u>				
Exchange difference on translation of foreign operations	5,116	2,562	9,525	518
<u>Items that will not to be reclassified to profit or loss</u>				
Re-measurement gain on employee benefit obligations	-	-	-	-
Other comprehensive income for the period	5,116	2,562	9,525	518
Total comprehensive income for the period	122,780	130,349	253,301	254,516
Total comprehensive income for the period is attributable to:				
Owners of the Company	122,780	130,349	253,301	254,559
Non-controlling interests	-	-	-	(43)
	122,780	130,349	253,301	254,516

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



Mussad Abdullah Al Nassar
Member Board of Directors



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Chief Executive Officer



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Chief Financial Officer

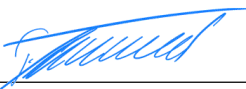
SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Attributable to equity holders of the parent						Non-controlling interests	Net equity
	Share capital	Statutory reserve	Other reserves	Treasury shares	Foreign currency translation reserve	Retained Earnings		
Balance at January 1, 2024 (Audited)	325,000	162,500	366,811	(51,559)	(11,570)	1,110,349	304	1,901,835
Profit/ (loss) for the period	-	-	-	-	-	254,041	(43)	253,998
Other comprehensive income	-	-	-	-	518	-	-	518
Total comprehensive income/ (loss) for the period	-	-	-	-	518	254,041	(43)	254,516
Dividends (Note 18)	-	-	-	-	-	(384,000)	-	(384,000)
Transfer to other reserves	-	-	25,404	-	-	(25,404)	-	-
Balance as at June 30, 2024 (Unaudited)	325,000	162,500	392,215	(51,559)	(11,052)	954,986	261	1,772,351
Balance at January 1, 2025 (Audited)	325,000	-	-	(51,559)	(17,149)	1,550,958	-	1,807,250
Profit for the period	-	-	-	-	-	243,776	-	243,776
Other comprehensive income	-	-	-	-	9,525	-	-	9,525
Total comprehensive income for the period	-	-	-	-	9,525	243,776	-	253,301
Dividends (Note 18)	-	-	-	-	-	(287,998)	-	(287,998)
Balance as at June 30, 2025 (Unaudited)	325,000	-	-	(51,559)	(7,624)	1,506,736	-	1,772,553

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



Mussad Abdullah Al Nassar
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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	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income-tax		256,468	271,722
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	7	49,271	51,641
Depreciation on right-of-use assets		6,366	6,744
Amortisation on intangible assets		793	-
Gain on disposal of property, plant and equipment		-	(595)
(Reversal of impairment)/ impairment loss on financial assets	10	(3,989)	526
Finance income		(18,341)	(23,568)
Finance costs		2,954	4,330
(Reversal of provision)/ provision for inventories	9	(21,685)	2,842
Provision for employee benefit obligations		13,116	12,088
<u>Changes in:</u>			
Inventories		(62,383)	(198,397)
Prepayments and other receivables		16,772	(72,587)
Trade receivables		(41,142)	(36,984)
Trade and other payables		86,587	52,055
Accrued expenses and other liabilities		21,703	31,981
Due to related parties		9	(1,839)
Cash generated from operating activities		306,499	99,959
Employee benefit obligations paid		(5,372)	(7,085)
Zakat and income tax paid	14	(23,311)	(25,017)
Net cash generated from operating activities		277,816	67,857
Cash flows from investing activities			
Interest received on investments		16,798	30,185
Payment for property, plant and equipment	7	(67,680)	(77,922)
Payment for intangible assets		(10)	(722)
Proceeds from disposal of property, plant and equipment		61	2,149
Proceeds from disposal of long-term investments		50,000	-
Long-term investments made		-	(50,000)
Short-term investments made		(384,500)	(318,900)
Proceeds from maturity of short-term investments		241,460	795,200
Net movement in other non-current assets		-	150
Net cash (used in)/ generated from investing activities		(143,871)	380,140
Cash flows from financing activities			
Dividends paid		(288,369)	(383,896)
Finance cost paid		(2,954)	(4,254)
Principal repayments of lease liabilities		(4,081)	(7,764)
Net cash used in financing activities		(295,404)	(395,914)
Net (decrease)/ increase in cash and cash equivalents		(161,459)	52,083
Effects of exchange rate fluctuations on cash and cash equivalents		(2,695)	2,039
Cash and cash equivalents at the beginning of the period		467,796	349,340
Cash and cash equivalents at the end of the period	12	303,642	403,462
Non-cash transaction:			
Transfer to assets held for sale	13	2,833	-

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)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025****(All amounts in Saudi Riyals thousands unless otherwise stated)**

1. General information

Saudia Dairy and Foodstuff Company (SADAFCO) (the “Company”, 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 the following address:

Ibrahim Almalki Street,
Alnakhil District
P.O. Box 5043, Jeddah 21422
Kingdom of Saudi Arabia

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, 2024. 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, investment in sukuks, which is measured at fair value, and assets held for sale, which is recognized at the lower of carrying amount and fair value less costs to sell.

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 and six-month periods ended June 30, 2025**

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

2.5 Standards and interpretation issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2025 reporting periods and have not been early adopted by the Group. The standards, interpretations and amendments issued that are relevant to the Group, but are not yet effective are disclosed below.

Title	Key requirements	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	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

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025****(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
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, 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: <ul style="list-style-type: none"> - 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
IFRS 19 - Subsidiaries without Public Accountability	This new standard applies to eligible subsidiaries that elect to adopt the standard in their consolidated, separate or individual financial statements. Eligible subsidiaries are those that are not publicly accountable and whose ultimate or intermediate parent prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards.	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.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025****(All amounts in Saudi Riyals thousands unless otherwise stated)**

2. Basis of preparation (continued)**2.6 Critical accounting estimates and judgments (continued)**

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.

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, 2024.

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, 2024.

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 period ended June 30, 2025, the Group reassessed the composition of the CODM, and the measures of segment information that are regularly reviewed by the CODM to monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment.

Accordingly, the Group determined that the CEO serves as the CODM. Previously the Board 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 and six-month periods ended June 30, 2025**

(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 June 30:

	Three-month period ended				Six-month period ended			
	Drinks	Non-Drinks	Un-allocated	Total	Drinks	Non-Drinks	Un-allocated	Total
June 30, 2025 (Unaudited)								
Segment profit or loss:								
Revenue	426,160	384,796	-	810,956	853,812	747,330	-	1,601,142
Revenue from external customers	421,760	363,595	-	785,355	845,357	718,580	-	1,563,937
Profit before zakat and income tax	80,707	32,857	10,645	124,209	164,882	69,256	22,330	256,468
Depreciation and amortisation	18,671	9,714	-	28,385	37,050	19,380	-	56,430
Finance income	-	-	8,656	8,656	-	-	18,341	18,341
Finance costs	865	1,388	-	2,253	1,350	1,604	-	2,954
Impairment reversal on financial assets	-	-	1,989	1,989	-	-	3,989	3,989

	Three-month period ended				Six-month period ended			
	Drinks	Non-Drinks	Un-allocated	Total	Drinks	Non-Drinks	Un-allocated	Total
June 30, 2024 (Unaudited)								
Segment profit or loss								
Revenue	400,951	365,986	-	766,937	834,616	694,227	-	1,528,843
Revenue from external customers	392,874	329,303	-	722,177	812,872	627,185	-	1,440,057
Profit before zakat and income tax	81,857	47,198	9,947	139,002	159,618	89,138	22,966	271,722
Depreciation and amortisation	(20,447)	(8,540)	-	(28,987)	(40,611)	(17,774)	-	(58,385)
Finance income	-	-	10,023	10,023	-	-	23,568	23,568
Finance costs	(595)	(1,737)	(76)	(2,408)	(1,214)	(3,040)	(76)	(4,330)
Impairment loss on financial assets	-	-	-	-	-	-	(526)	(526)

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

The management has categorised its geographical operations as follows:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Geographic information				
Revenue from external customers				
Kingdom of Saudi Arabia	589,070	581,066	1,162,373	1,151,735
Poland	126,874	69,498	249,424	146,144
Other Gulf Cooperation Council (GCC) countries	29,105	11,048	52,159	28,076
Others	40,306	60,565	99,981	114,102
Total	785,355	722,177	1,563,937	1,440,057

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Non-current operating assets:		
Kingdom of Saudi Arabia	1,027,682	1,012,657
Poland	35,888	31,561
Other Gulf Cooperation Council (GCC) countries	4,189	4,333
Others	7,298	7,185
	1,075,057	1,055,736

During the six-month period ended June 30, 2025, the Group achieved revenue growth driven by increases across core sales channels, reflecting its focus on sustaining market share and expanding into new channels i.e. export, out-of-home, and e-commerce. The Group's subsidiary, Mlekoma Sp. z o.o., delivered strong year-on-year sales growth, and gross margin remained at a healthy level.

5. Group information

The condensed consolidated interim financial statements of the Group include:

Name	Relationship	Principal activities	Country of incorporation	Percentage of equity interest	
				June 30, 2025	December 31, 2024
SADAFCO Bahrain Company LLC	Subsidiary	Foodstuff and dairy products	Bahrain	100%	100%
SADAFCO Jordan Foodstuff Company LLC	Subsidiary	Foodstuff and dairy products	Jordan	100%	100%
SADAFCO Kuwait Foodstuff Co. W.L.L (*)	Subsidiary	Foodstuff and dairy products	Kuwait	49%	49%
Mlekoma Sp. z o.o.	Subsidiary	Dairy products	Poland	100%	100%

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. Group information (continued)

(*) The Group considers the SADAFCO Kuwait Foodstuff Co. W.L.L (“investee company”) as 100% subsidiary and held 51% beneficial interest in the investee company through parties nominated by the Group.

At June 30, 2025, the Group’s parent entity is Kuwait Projects Company Holding (“KIPCO”) and Group’s ultimate parent entity is Al Futtooh Holding Company K.S.C. (Closed).

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 June 30,		Six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of SADAFCO	117,664	127,787	243,776	254,041
Weighted average number of ordinary shares outstanding (in thousands)	32,000	32,000	32,000	32,000
Basic and diluted earnings per share (Saudi Riyals)	3.68	3.99	7.62	7.94

6.1 Weighted average number of ordinary shares

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

	Six-month period ended June 30, 2025	Six-month period ended June 30, 2024
	(Unaudited)	(Unaudited)
Issued ordinary shares at beginning of the period	32,500	32,500
Effect of treasury share held	(500)	(500)
Weighted average number of ordinary shares outstanding at end of the period	32,000	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.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. Property, plant and equipment

Reconciliation of carrying amounts:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Carrying amount at beginning of the period/ year	994,364	895,764
Additions during the period/ year	67,680	204,505
Disposals during the period/ year	(61)	(2,102)
Transfer during the period to assets held for sale (Note 13)	(2,833)	-
Depreciation charge for the period/ year	(49,271)	(102,536)
Exchange differences for the period/ year	4,927	(1,267)
Carrying amount at the end of the period/ year	1,014,806	994,364

Depreciation charge for the period is allocated as under:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenue	16,780	16,761	33,051	33,365
Selling and distribution expenses	7,169	8,372	14,841	16,780
General and administrative expenses	680	784	1,379	1,496
	24,629	25,917	49,271	51,641

8. Long-term investments

Long term investments comprise of the following:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Long-term investments	38,209	87,138

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 June 30, 2025, was Saudi Riyals 1,005.5 (December 31, 2024: Saudi Riyals 1,001) per certificate.

8.2 During the period ended June 30, 2025, the Group has divested its investment in sukuks, 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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Inventories comprise of the following:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Raw materials	326,902	308,896
Packing materials	32,534	27,710
Finished goods	160,771	147,295
Spare parts, supplies and others	15,673	14,360
Goods-in-transit	53,408	28,644
	589,288	526,905
Less: Provision for inventories (Note 9.1)	(48,978)	(70,663)
Carrying amount at the end of the period/ year	540,310	456,242

9.1 Movement in the provision for inventories is as follows:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Carrying amount at beginning of the period/ year	70,663	41,137
(Reversal)/provision for the period/ year	(21,685)	29,526
Carrying amount at the end of the period/ year	48,978	70,663

(Reversal of provision)/ provision for inventories recognised during the three-month and six-month periods ended June 30 is as follows:

	Three-month period ended June 30, 2025	2024	Six-month period ended June 30, 2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Reversal of provision)/ provision during the period	(11,498)	-	(21,685)	2,842

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 and six-month periods ended June 30, 2025, the Group has recognised a reversal of provision for inventories due to better aging profile of the inventories as at the reporting date.

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

10. Trade receivables

Trade receivables comprise of the following:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Trade receivables	356,343	315,201
Less: Allowance for impairment of trade receivables	(21,989)	(25,978)
	334,354	289,223

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:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Carrying amount at beginning of the period/ year	25,978	29,017
Reversal for the period/ year	(3,989)	(3,039)
Carrying amount at the end of the period/ year	21,989	25,978

Impairment loss reversal for the period ended June 30, 2025 amounts to Saudi Riyals 3.99 million (impairment loss for the period ended June 30, 2024: Saudi Riyals 0.53 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 0.19 million (December 31, 2024: Saudi Riyals 0.32 million) due from related parties (Note 15).

11. Short-term investments

Short term investments comprise of the following:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Short-term murabaha deposits	368,784	222,752

Short-term murabaha deposits represent deposits with local banks with sound credit ratings of A3 to B1 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 the rates ranging from 5.23% to 5.5% per annum as at June 30, 2025 (December 31, 2024: 5.15% to 5.55%).

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025****(All amounts in Saudi Riyals thousands unless otherwise stated)****12. Cash and cash equivalents**

Cash and cash equivalents comprise of the following:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash in hand	5,678	12,535
Balances with banks – current accounts	50,735	53,942
Short-term murabaha deposits with original maturity of less than three months	247,229	401,319
	303,642	467,796

Short-term murabaha deposits represent deposits with local banks with sound credit ratings of A3 to B1 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 4.25% to 5.5% per annum as at June 30, 2025 (December 31, 2024: 4.8% to 5.8%). 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 is impaired at the reporting date.

13. Assets held for sale

The assets classified as held-for-sale, as presented in the condensed consolidated interim statement of financial position, comprises of a property based in Riyadh, Kingdom of Saudi Arabia. During the six-month period ended June 30, 2025, the directors of the Company decided to sell this property which was originally used for warehousing operations, and later vacated. The Group is assessing third party interests, and the sale is expected to be completed in the foreseeable future. The fair value of this property amounts to Saudi Riyals 75.2 million, and is based on a valuation performed by an independent valuer registered with the Saudi Authority for Accredited Valuers (Saudi Arabia). In determining the fair value, the valuer referred to current market conditions and recent sales transactions of similar properties. The Group is carrying the property at lower of carrying value and fair value less costs to sell in accordance with the requirements of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") and is currently unallocated to either drinks or non-drinks segments.

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.

a) Charge for the period

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Zakat charge during the period	6,600	11,323	12,600	17,777
Income tax charge (reversal of charge) during the period	(55)	(108)	92	(53)
	6,545	11,215	12,692	17,724

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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, 2024.

b) Accrued zakat and income tax

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

	Zakat	Income tax	Total
At January 1, 2024 (Audited)	27,827	-	27,827
Charge during the year	22,801	1,098	23,899
Payments during the year	(26,293)	(1,098)	(27,391)
At December 31, 2024 (Audited)	24,335	-	24,335
Charge during the period	12,600	92	12,692
Payments during the period	(23,219)	(92)	(23,311)
At June 30, 2025 (Unaudited)	13,716	-	13,716

c) 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.

Foreign subsidiaries filed their income tax returns for all years up to 2024 and settled their tax liabilities accordingly. While all the returns have been filed, final assessments are pending.

15. Related party transactions and balances**15.1 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.

Significant related party transactions and balances for the period/ year ended and balances arising there-from are described as under:

SAUDIA DAIRY AND FOODSTUFF COMPANY (SADAFCO)**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial statements for the three-month and six-month periods ended June 30, 2025****(All amounts in Saudi Riyals thousands unless otherwise stated)****15. Related party transactions and balances (continued)****15.1 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 June 30,		Six-month period ended June 30,		June 30, 2025	December 31, 2024
		2025	2024	2025	2024		
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PKC Advisory (associate of parent company)	Consultancy services	493	473	973	859	27	-
Alternative Energy Projects Co. (associate of parent company)	Purchase of solar energy systems	-	17	-	34	-	18
						27	18

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 June 30,		Six-month period ended June 30,		June 30, 2025	December 31, 2024
		2025	2024	2025	2024		
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Board of Directors and other committees	Remuneration	1,283	900	2,599	1,800	2,668	5,043

c) Due from related parties under trade receivables:

Transactions with	Nature of transaction	Amount of transactions				Due from related parties	
		Three-month period ended June 30,		Six-month period ended June 30,		June 30, 2025	December 31, 2024
		2025	2024	2025	2024		
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Specialised Food Services (associate of parent company)	Sales of goods	357	309	820	817	193	320

d) Compensation of key management personnel of the Group

	June 30, 2025	Jun 30, 2024
	(Unaudited)	(Unaudited)
Short-term employee benefits	6,659	8,201
Termination benefits	197	265
	6,856	8,466

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16. Financial instruments**16.1 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.

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(All amounts in Saudi Riyals thousands unless otherwise stated)

16. Financial instruments (continued)

The fair values of financial instruments are not materially different from their carrying values.

	Level 1	Level 2	Level 3	Total
June 30, 2025 (Unaudited)				
Long term investments	38,209	-	-	38,209
December 31, 2024 (Audited)				
Long term investments - quoted	38,038	-	-	38,038
Long term investments - unquoted	-	49,100	-	49,100

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, it does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

June 30, 2025 (Unaudited)

Description	Carrying amount			Total
	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
Financial assets measured at fair value				
Long-term investments	-	38,209	-	38,209
Financial assets not measured at fair value				
Short-term investments	368,784	-	-	368,784
Other receivables	27,093	-	-	27,093
Trade receivables	334,354	-	-	334,354
Cash and cash equivalents	303,642	-	-	303,642
Financial liabilities not measured at fair value				
Trade and other payables	338,695	-	-	338,695
Accrued expenses and other liabilities	350,572	-	-	350,572
Lease liabilities	54,424	-	-	54,424
Dividends payable	4,344	-	-	4,344
Due to related parties	27	-	-	27

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(All amounts in Saudi Riyals thousands unless otherwise stated)

16. Financial instruments (continued)**December 31, 2024 (Audited)**

Description	Carrying amount			Total
	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
Financial assets measured at fair value				
Long-term investments	-	87,138	-	87,138
Financial assets not measured at fair value				
Short term investments	222,752	-	-	222,752
Other receivables	34,524	-	-	34,524
Trade receivables	289,223	-	-	289,223
Cash and cash equivalents	467,796	-	-	467,796
Financial liabilities not measured at fair value				
Trade and other payables	252,108	-	-	252,108
Accrued expenses and other liabilities	339,146	-	-	339,146
Lease liabilities	53,274	-	-	53,274
Dividend payables	4,715	-	-	4,715
Due to related parties	18	-	-	18

17. Commitments and contingencies

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

- As at June 30, 2025, the Group has outstanding commitments for future capital expenditures amounting to Saudi Riyals 99.5 million (December 31, 2024: Saudi Riyals 61.0 million).
- As at June 30, 2025, the Group has contingent liabilities of Saudi Riyals 1.6 million (December 31, 2024: Saudi Riyals 1.8 million) in respect of guarantees issued for various business needs.

18. Dividends

The Board of directors of the Group in their meeting held on March 17, 2025, approved the distribution of dividend at Saudi Riyals 9 per share (for the year ended December 31, 2024: Saudi Riyals 18 per share), amounting to Saudi Riyals 288 million (for the year ended December 31, 2024: Saudi Riyals 576 million).

The Board of directors of the Group in their meeting held on February 27, 2024, approved the distribution of dividend at Saudi Riyals 6 per share (December 31, 2023: Saudi Riyals 3 per share), amounting to Saudi Riyals 192 million (December 31, 2023: Saudi Riyals 96 million).

In the Annual General Assembly Meeting of the Company held on May 13, 2024, the shareholders approved final dividend of Saudi Riyals 6 per share (December 31, 2023: Saudi Riyals 3 per share) amounting to Saudi Riyals 192 million (December 31, 2023: Saudi Riyals 96 million).

19. 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 July 24, 2025, corresponding to 29 Muharram 1447H.