



فودكو الوطنية للمواد الغذائية ش.م.خ
FOODCO National Foodstuff PJSC

عضو مجموعة فودكو القابضة ش.م.ع
Member of Foodco Holding PJSC

The Good Taste of life وللحياة طعم ألذ

Detailed analysis of accumulated losses

This form has been prepared in line with the disclosure requirements set out in SCA Board of Directors' Decision No. (32/R.M.) of 2019, which outlines the procedures for companies listed on the market whose accumulated losses have reached 20% or more of their paid-up capital. Listed companies must comply with the provisions of this decision immediately once their accumulated losses reach this 20% threshold.

Date:	31-Mar-26
Name of the Listed Company:	Foodco National Foodstuff PrJSC
Define the period of the financial statements:	For the twelve-month period ended 31 December 2025
Value of the Accumulated losses:	AED'000 : 84,932
Accumulated losses to paid-up capital ratio (%):	30.33%
The main reasons for accumulated losses and the period in which these losses began:	<p>The accumulated losses reflected in the Company's consolidated financial statements primarily relate to historical operating challenges at the Group level and began in prior financial periods. The consolidated income statement presents the combined results of the Group's subsidiaries, mainly the trading arm and the third-party logistics (3PL) arm. Each of these business segments experienced different operational and structural challenges in past periods, largely arising from legacy issues in the Group's historical business model and organizational structure.</p> <p>These challenges included sub-optimal cost structures, legacy contractual arrangements, and inefficiencies in operating scale and asset utilization, which adversely affected profitability over several years. The cumulative impact of these historical conditions resulted in sustained losses at the segment level, which in turn led to the accumulated losses reported at the consolidated level. The losses were therefore not attributable to a single event, but rather reflect the outcome of structural and operational factors over an extended period.</p>
Summary of the steps and initiatives undertaken by the company to address the accumulated losses	<p>In response to the above, the Company, under close oversight of the Board of Directors, has undertaken and continues to implement a series of strategic and operational initiatives aimed at restoring sustainable profitability.</p>



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With respect to the **trading arm**, management has initiated a **gradual transformation of the business model**, including expanding operations regionally to enhance scale and uplift topline performance. In parallel, the Company has entered into **strategic partnerships with reputable distributors**, improving market coverage and enabling access to a wider consumer base across multiple geographies. These initiatives are intended to strengthen revenue generation while improving efficiency and resilience of the trading operations. Regarding the **logistics arm**, commencing from **FY2026**, the Company has added **significant new capacity** to its existing facilities. Once fully operational, this expanded capacity is expected to contribute materially to revenue growth and operating leverage, thereby supporting a transition towards profitability in this segment. Throughout this process, the **Board of Directors has spared no effort** in supporting and overseeing management's actions and continues to work closely with the executive team to ensure disciplined execution, achievement of operational targets, and the long-term financial stability of the Group.

Mohammed Hafez

Managing Director

