

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
(A Saudi Joint Stock Company)

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2025**

Arabian Company for Agricultural and Industrial Investment  
(A Saudi Joint Stock Company)  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
For the year ended 31 December 2025

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## KPMG Professional Services Company

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the shareholders of Arabian Company for Agricultural and Industrial Investment (a Saudi Joint Stock Company)

## Opinion

We have audited the financial statements of Arabian Company for Agricultural and Industrial Investment ("the Company"), which comprise the statement of financial position as of 31 December 2025, the statements of profit or loss, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

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

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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



## Independent Auditor's Report (continued)

To the shareholders of Arabian Company for Agricultural and Industrial Investment (a Saudi Joint Stock Company)

### Revenue Recognition

Refer to note (3.1) to the financial statements for the accounting policy relating to revenue recognition and note (23) to the financial statements for the related disclosures.

#### The key audit matter

During the year ended 31 December 2025, the Company recognized total revenues of SAR 1.4 billion.

Revenue is recognized at a point in time upon transfer of control of goods to customers. The Company provides customers with a right of return for expired products, and revenue is recorded net of discounts, promotions and rebates.

We identified revenue recognition as a key audit matter due to the significance of revenue to the Company's financial statements and because there is an inherent risk of material misstatement, including the risk of fraud. This risk arises from the potential for the Company to overstate revenue by recognizing sales prematurely, or by underestimating sales returns, expired items, discounts, promotions, and rebates.

The large volume of transactions with key customers increases the complexity of determining whether returns, promotions and rebates have been appropriately recorded in the correct financial period.

Accordingly, this matter required significant auditor attention and was a key area of focus in our audit.

#### How the matter was addressed in our audit

Our audit procedures performed included, among others, the following:

- Obtained an understanding of the revenue process including evaluating the design and implementation, as well as testing the operating effectiveness, of key manual internal controls over revenue.
- Assessed whether the Company's revenue recognition policies comply with IFRS 15 "Revenue from Contracts with Customers".
- Tested a sample of sales transactions throughout and near the year end by agreeing amounts to supporting documents such as customer acceptance evidence or cash collection for cash sales.
- Tested a sample of sales returns and credit notes issued after year end, incorporating unpredictability in sample selection, to determine whether they relate to the year ended 31 December 2025 and to assess whether the related adjustments were appropriately reflected in the financial statements.
- Performed analytical procedures to assess whether revenues were consistent with historical trends, expectations, and market conditions.
- Performed cut-off testing on samples of sales transactions before and after year-end to evaluate whether revenue had been recorded in the correct financial period.
- Obtained direct confirmations from selected customers to corroborate the existence of sales, and to assess whether any unrecorded discounts, promotions or rebates relating to 2025 existed.
- Assessed the adequacy and completeness of revenue-related disclosures in the financial statements for compliance with IFRS 15.



## Independent Auditor's Report (continued)

To the shareholders of Arabian Company for Agricultural and Industrial Investment (a Saudi Joint Stock Company)

### Existence and completeness of inventory adjustments

Refer to note (3.d) to the financial statements for the accounting policy relating to inventories and note (8) to the financial statements for the related disclosures.

#### The key audit matter

As at 31 December 2025, the inventory provision for discrepancies is stated with SAR 59 million (2024: SAR 26.7 million).

As disclosed in Note 8 to the accompanying financial statements, the gross inventories are stated at SAR 193.1 million (2024: SAR 137.1 million), stored across multiple locations including farms, distribution centers, the factory, and main warehouses, reflecting the nature of its operations.

Given the widespread locations and the operational complexities, management carried out an extensive exercise to count all inventory quantities on hand at or near current year-end.

During this process, management identified significant discrepancies between the quantities recorded in the accounting system and the actual quantities on hand. These discrepancies resulted in substantial adjustments being recorded in both the current and prior year.

The existence and completeness of inventory adjustments have been identified as a key audit matter due to the significance of inventory adjustments to the financial statements, and the nature and magnitude of discrepancies identified by management between recorded and actual quantities.

Accordingly, there is a risk that inventory adjustments may not have been completely and accurately recorded.

#### How the matter was addressed in our audit

Our audit procedures performed included, among others, the following:

- Obtained an understanding of the inventory count process and evaluated the design and implementation, as well as tested the operating effectiveness, of key manual internal controls related to the physical count process.
- Attended the physical inventory count performed by the Company at or near the year-end and observed the counting procedures, and performed test counts on a sample basis.
- Traced, on a sample basis, the results of physical counts to and from management's count sheets and compared with the adjustments recorded in the accounting records.
- Evaluated management's adjustments arising from identified discrepancies, including assessing whether these adjustments were supported by the results of the physical count and determining whether any adjustments relate to prior years.
- Assessed the adequacy and completeness of disclosures in the financial statements in accordance with IAS 2 "Inventories".

### Emphasis of Matter

We draw attention to Note 32 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2024 has been restated. Our opinion is not modified in respect of this matter.

### Other matter

The financial statements of the Company as at and for the years ended 31 December 2024 and 31 December 2023 (from, which the statement of financial position as at 1 January 2024 has been derived), excluding the adjustments described in note 32 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on 11 Shawwal 1446H (corresponding to 9 April 2025) and 12 Thul-Qi'dah 1445 H (corresponding to 20 May 2024) respectively.

As part of our audit of the financial statements as at and for the year ended 31 December 2025, we audited the adjustments described in Note 32 that were applied to restate the comparative information presented as at and for the year ended 31 December 2024 and the statement of financial position as at 1 January 2024.



## Independent Auditor's Report (continued)

To the shareholders of Arabian Company for Agricultural and Industrial Investment (a Saudi Joint Stock Company)

### Other matter (continued)

We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2024 or 31 December 2023 (not presented herein) or to the statement of financial position as of 1 January 2024, other than with respect to the adjustments described in note 32 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 32 are appropriate and have been properly applied.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



## Independent Auditor's Report (continued)

To the shareholders of Arabian Company for Agricultural and Industrial Investment (a Saudi Joint Stock Company)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### KPMG Professional Services Company

**Dr. Abdullah Hamad Al Fozan**  
License No.: 348

Riyadh on 23 April 2026

Corresponding to 6 Dhual-Qa'dah 1447



**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
(A SAUDI JOINT STOCK COMPANY)

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025**

(Amounts in Saudi Riyals)

	Notes	31 December 2025	31 December 2024 (Restated note 32)	31 December 2023 (Restated note 32)
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	6	917,430,464	925,448,316	857,479,308
Intangible assets	7	1,564,815	662,419	658,369
Right-of-use assets	11	251,622,560	107,404,407	56,511,522
Biological assets	9	12,033,152	6,510,000	-
Long-term prepayments and other receivables	13	16,940,474	15,512,495	-
<b>Total Non-Current Assets</b>		<b>1,199,591,465</b>	<b>1,055,537,637</b>	<b>914,649,199</b>
<b>Current Assets</b>				
Inventories	8	171,050,866	116,667,058	86,432,064
Biological assets	9	85,508,354	65,996,197	68,864,410
Prepayments and other receivables	13	34,092,628	19,724,822	15,464,322
Government subsidies receivable	14	2,662,828	6,295,816	2,612,833
Trade receivables	12	166,903,575	138,071,599	81,511,434
Cash and cash equivalents	15	20,107,927	33,480,255	23,088,184
<b>Total Current Assets</b>		<b>480,326,178</b>	<b>380,235,747</b>	<b>277,973,247</b>
<b>Total Assets</b>		<b>1,679,917,643</b>	<b>1,435,773,384</b>	<b>1,192,622,446</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' Equity</b>				
Share capital	16	300,000,000	300,000,000	50,000,000
Proposed increase in share capital	16	-	-	250,000,000
Statutory reserve	17	7,504,503	7,504,503	7,504,503
Retained earnings		12,424,281	153,076,140	129,075,828
<b>Total Shareholders' Equity</b>		<b>319,928,784</b>	<b>460,580,643</b>	<b>436,580,331</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Loans and borrowings	22.1	541,262,531	505,082,226	460,414,847
Lease liabilities	11	187,246,438	83,602,523	49,230,118
Employees' defined benefit liabilities	18	33,952,032	29,084,939	24,607,659
Accruals and other liabilities	19	7,830,535	1,190,110	1,186,456
<b>Total Non-Current Liabilities</b>		<b>770,291,536</b>	<b>618,959,798</b>	<b>535,439,080</b>
<b>Current Liabilities</b>				
Trade payables	21	303,296,391	153,997,511	93,793,006
Accruals and other liabilities	19	80,756,858	82,172,405	61,623,379
Short-term loans	22.2	76,893,824	75,040,899	-
Current portion of loans and borrowings	22.1	53,918,231	23,733,348	56,787,938
Current portion of lease liabilities	11	71,296,960	21,288,780	8,398,712
Zakat provision	20	3,535,059	-	-
<b>Total Current Liabilities</b>		<b>589,697,323</b>	<b>356,232,943</b>	<b>220,603,035</b>
<b>Total Liabilities</b>		<b>1,359,988,859</b>	<b>975,192,741</b>	<b>756,042,115</b>
<b>Total Equity and Liabilities</b>		<b>1,679,917,643</b>	<b>1,435,773,384</b>	<b>1,192,622,446</b>

The accompanying notes 1 to 35 form an integral part of these financial statements.

These Financial Statements appearing on pages (1) to (47) were approved by the Board of Directors and were signed by

  
**Albert Y. Hong**  
(Chief Financial Officer)

  
**Raja M. Al Harbi**  
(Chief Executive Officer)

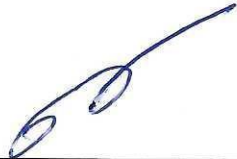
  
**Badr Hamed Al-Aujan**  
(Chairman Board of Directors)

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in Saudi Riyals)

	Notes	31 December 2025	31 December 2024 (Restated note 32)
Revenue	23	1,351,150,828	1,279,703,718
Cost of revenue	24	(1,224,378,307)	(1,092,163,942)
<b>Gross Profit</b>		<b>126,772,521</b>	<b>187,539,776</b>
Selling and distribution expenses	25	(133,803,865)	(83,056,091)
Impairment reversal / (loss) on trade receivables	12	3,351,084	(9,532,157)
General and administration expenses	26	(86,108,483)	(56,123,206)
Other income	28	20,946,123	79,399
<b>Operating (Loss) / Profit</b>		<b>(68,842,620)</b>	<b>38,907,721</b>
Finance costs	27	(50,674,180)	(14,561,663)
Finance income		-	2,749,917
<b>(Loss) / Profit Before Zakat</b>		<b>(119,516,800)</b>	<b>27,095,975</b>
Zakat	20	(3,535,059)	-
<b>(Loss) / Profit for the year</b>		<b>(123,051,859)</b>	<b>27,095,975</b>
<b>(Loss) / Earnings Per Share (EPS)</b>			
Basic and diluted (loss)/earnings per share for the year	29	<b>(4.10)</b>	0.90

The accompanying notes 1 to 35 form are an integral part of these financial statements.


These Financial Statements appearing on pages (1) to (47) were approved by the Board of Directors and were signed by



**Albert Y. Hong**  
(Chief Financial Officer)



**Raja M. Al Harbi**  
(Chief Executive Officer)



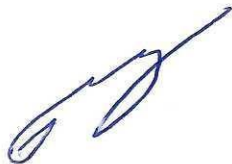
**Badr Hamed Al-Aujan**  
(Chairman Board of Directors)

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in Saudi Riyals)

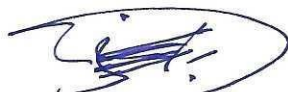
	Notes	<b>31 December 2025</b>	31 December 2024
<b>(Loss) / Profit for the year</b>		<b>(123,051,859)</b>	27,095,975
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent years</b>			
Remeasurement loss on employees' defined benefit liabilities	18	(2,600,000)	(3,095,663)
<b>Other Comprehensive Loss for the year</b>		<b>(2,600,000)</b>	(3,095,663)
<b>Total Comprehensive (Loss) / Income for the year</b>		<b>(125,651,859)</b>	24,000,312

The accompanying notes 1 to 35 form are an integral part of these financial statements.

These Financial Statements appearing on pages (1) to (47) were approved by the Board of Directors and were signed by



**Albert Y. Hong**  
(Chief Financial Officer)



**Raja M. Al Harbi**  
(Chief Executive Officer)



**Badr Hamed Al-Aujan**  
(Chairman Board of Directors)

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
(A SAUDI JOINT STOCK COMPANY)  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in Saudi Riyals)

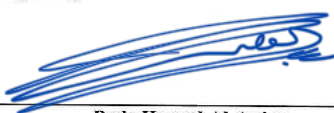
	Notes	Share capital	Proposed increase in share capital	Statutory reserve	Retained earnings	Total
<b>As at 31 December 2023</b>		<b>50,000,000</b>	<b>250,000,000</b>	<b>7,504,503</b>	<b>129,075,828</b>	<b>436,580,331</b>
Profit for the year		-	-	-	27,095,975	27,095,975
Other comprehensive loss	18	-	-	-	(3,095,663)	(3,095,663)
Total comprehensive income for the year		-	-	-	24,000,312	24,000,312
Increase in share capital	16	250,000,000	(250,000,000)	-	-	-
<b>As at 31 December 2024</b>		<b>300,000,000</b>	<b>-</b>	<b>7,504,503</b>	<b>153,076,140</b>	<b>460,580,643</b>
<b>As at 31 December 2024</b>		<b>300,000,000</b>	<b>-</b>	<b>7,504,503</b>	<b>153,076,140</b>	<b>460,580,643</b>
Loss for the year		-	-	-	(123,051,859)	(123,051,859)
Other comprehensive loss	18	-	-	-	(2,600,000)	(2,600,000)
Total comprehensive loss for the year		-	-	-	(125,651,859)	(125,651,859)
Dividends	31	-	-	-	(15,000,000)	(15,000,000)
<b>As at 31 December 2025</b>		<b>300,000,000</b>	<b>-</b>	<b>7,504,503</b>	<b>12,424,281</b>	<b>319,928,784</b>

The accompanying notes 1 to 35 form an integral part of these financial statements.

These Financial Statements appearing on pages (1) to (47) were approved by the Board of Directors and were signed by

  
**Albert Y. Hong**  
(Chief Financial Officer)

  
**Raja M. Al Harbi**  
(Chief Executive Officer)

  
**Badr Hamed Al-Aujan**  
(Chairman Board of Directors)

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
**(A SAUDI JOINT STOCK COMPANY)**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in Saudi Riyals)

	31 December 2025	31 December 2024 (Restated note 32)
<b>OPERATING ACTIVITIES</b>		
(Loss) / Profit before zakat	(119,516,800)	27,095,975
<i>Adjustments to reconcile (Loss) / profit before zakat to net cash flows:</i>		
Depreciation of property, plant, and equipment	65,757,067	54,929,061
Amortization of intangible assets	366,179	-
Depreciation of right-of-use assets	48,690,883	13,979,400
Provision for employees' defined benefit liabilities	5,226,000	3,751,953
Provision for net realizable value	2,597,769	4,323,907
Impairment of prepayments and other receivables	-	383,578
Impairment of property, plant, and equipment	-	3,784,260
Impairment reversal / (loss) on trade receivables	(3,351,084)	9,532,157
Finance costs	50,674,180	14,561,663
Finance income	-	(2,749,917)
(Gain) / loss on fair value remeasurement of biological assets	(12,990,932)	1,167,671
Gain on disposal of property, plant, and equipment	(15,825,457)	(347,438)
Amortization of breeder birds	14,505,188	2,308,891
Gain on cancellation of right-of-use assets and lease liabilities	(198,953)	(556)
	<u>35,934,040</u>	<u>132,720,605</u>
<i>Changes in operating assets and liabilities:</i>		
Inventories	(56,981,577)	(34,558,901)
Biological assets	(6,521,273)	1,700,542
Prepayments and other receivables	(14,367,806)	(4,644,078)
Government subsidies receivable	3,632,988	(3,682,983)
Trade receivables	(25,480,892)	(66,092,322)
Trade payables	149,039,977	59,391,832
Accruals and other liabilities	983,720	9,776,064
<b>Net cash from operations</b>	<u>86,239,177</u>	<u>94,610,759</u>
Employees' defined benefit liabilities paid	(4,385,849)	(2,632,428)
<b>Net cash from operating activities</b>	<u>81,853,328</u>	<u>91,978,331</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant, and equipment	(64,248,146)	(117,124,877)
Purchase of intangible assets	(1,268,575)	-
Proceeds from disposal of property, plant, and equipment	22,334,388	714,558
Additions of long-term prepayments	(1,427,929)	-
Additions of biological assets	(20,028,340)	(8,818,891)
Finance income received	-	2,749,917
<b>Net cash used in investing activities</b>	<u>(64,638,602)</u>	<u>(122,479,293)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term loans	90,000,000	59,453,507
Dividends	(15,000,000)	-
Repayment of long-term loans	(24,975,289)	(47,840,718)
Proceeds from short-term loans	295,091,792	75,040,899
Repayment of short-term loans	(293,238,867)	-
Finance costs paid	(29,015,339)	(23,467,703)
Principal element of lease liabilities	(39,057,988)	(17,584,648)
Interest element of lease liabilities	(14,391,363)	(4,708,304)
<b>Net cash (used in) / from financing activities</b>	<u>(30,587,054)</u>	<u>40,893,033</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(13,372,328)</u>	<u>10,392,071</u>
Cash and cash equivalents at the beginning of the year	<u>33,480,255</u>	<u>23,088,184</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>20,107,927</u>	<u>33,480,255</u>

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
**(A SAUDI JOINT STOCK COMPANY)**

**STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts in Saudi Riyals)

	<u>31 December</u> <u>2025</u>	<u>31 December</u> <u>2024</u>
<b><u>SIGNIFICANT NON-CASH ITEMS</u></b>		
Employees' defined benefit liabilities transferred to the Company	(258,903)	(812,673)
Land transferred to related party at net book value	-	270,000
Addition of right-of-use assets and lease liabilities	<b>195,670,556</b>	64,892,791
Transfer between loans from a related party to long-term loans net of prepaid management fee and transaction costs	-	522,570,131
Transferred from property, plant and equipment to long-term prepayments	-	15,512,495

The accompanying notes 1 to 35 form are an integral part of these financial statements.

These Financial Statements appearing on pages (1) to (47) were approved by the Board of Directors and were signed by



**Albert Y. Hong**  
(Chief Financial Officer)



**Raja M. Al Harbi**  
(Chief Executive Officer)



**Badr Hamed Al-Aujan**  
(Chairman Board of Directors)

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
(A SAUDI JOINT STOCK COMPANY)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in Saudi Riyals)

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## **1. CORPORATE INFORMATION**

Arabian Company for Agricultural and Industrial Investment (“ACAI”, or “the Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under commercial registration numbered 1010318944 dated 24 Thul-Qi’dah 1432H (corresponding to 22 October 2011) and Unified Identification number 7013115642.

The Company is a subsidiary of Arabian Agricultural Services Company (“ARASCO”) or (the “majority shareholder”).

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company ratified resolution for converting the legal status of the entity from a limited liability company to a Saudi Closed Joint Stock Company. Legal formalities in this regard were completed on 19 Jumada Al-Akhirah 1445H (corresponding to 1 January 2024).

On 11 Thul Qi’dah 1445H (corresponding to 19 May 2024), the General Assembly of Shareholders decided to go for an Initial Public Offering (“IPO”) and listing of 30% of its ordinary shares on Saudi Stock Exchange (“Tadawul”), which was approved by Capital Market Authority (“CMA”) on 27 Rabi Al-Awwal 1446H (corresponding to 30 September 2024). The allocation of shares to new shareholders was completed and the Company’s ordinary shares began trading on Saudi Stock Exchange (“Tadawul”) on 17 Ramadan 1446H (corresponding to 17 March 2025).

The Company’s licensed activities include preparation and processing of egg products for wholesale, dairy products for wholesale, eggs and their products for wholesale, wholesale of frozen meat and poultry, cultivation of grains including wheat, barley, yellow and white corn, cultivation of fiber crops including cotton, jute, flax, etc., cultivation of fodder such as clover and others for animal feed, cattle farming, camel and livestock farming, wholesale egg production, broiler chicken production, animal production support activities, production of chilled and frozen meat, preservation and processing of meat and its products through various methods such as drying and canning, egg product manufacturing, and land transport of goods.

The Company’s national address is Building no. 3927, Al Amir Sultan Ibn Abdul Aziz Road, Al Olaya District, Unit no. 97, Riyadh 12311 – 7380, Kingdom of Saudi Arabia.

The Company operates through its Head Office in Riyadh and two branches in Kingdom of Saudi Arabia as below:

<b>City</b>	<b>Date</b>	<b>Commercial Registration Number</b>
Riyadh	20 Jumada Al-Akhirah 1415H (corresponding to 24 November 1994)	1010130873
Riyadh	10 Rajab 1424H (corresponding to 7 September 2003)	1010189677

## **2. BASIS OF PREPARATION**

### **2.1 Statement of Compliance**

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

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in Saudi Riyals)

**2. BASIS OF PREPARATION (CONTINUED)**

**2.2 Basis of measurement**

These Financial Statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

- Biological assets are measured at fair value less costs to sell, except when fair value cannot be measured reliably. In such cases, biological assets are measured at historical cost less accumulated depreciation and accumulated impairment losses.
- The employees' defined benefit liabilities is recognized at the present value of future obligations using the Projected Unit Credit Method.

**2.3 Going concern**

The company's management concluded that there is no material uncertainties related to current events or conditions that may cast significant doubt on its ability to continue as a going concern in spite of the Company's current liabilities exceeded current assets by SR 109.4 million for the year ended 31 December 2025. The main reason for such increase is due to significant amount recognised related to lease contracts. However, the company has positive cashflow from operating activities and retained earning balance which are considered as indicator for the ongoing process of the company and to mitigate the effect of that event, the Company maintain committed credit facilities with different banks to support, having adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period

**2.4 Functional and Presentation Currency**

These Financial Statements are presented in Saudi Riyals which is the Company's functional and Company's presentation currency.

**3. MATERIAL ACCOUNTING POLICIES**

**a) New Standards, Amendment to Standards and Interpretations**

**New currently effective requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied from reporting period beginning on 1 January 2025:

Effective date	New accounting standards or amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21

The Company does not have any transactions in foreign currencies where exchangeability is restricted, hence these amendments do not have any material impact on the financial statements.

**Standards issued but not yet effective:**

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted for certain new standards and amendments. The Company has not early adopted them and is currently evaluating the impact of the adoption of these standards on the Financial Statements.

1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
1 January 2026	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
1 January 2026	Annual Improvements to IFRS Accounting Standards – Volume 11
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements
1 January 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2025  
(Amounts in Saudi Riyals)

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**b) Cash and Cash Equivalents**

Cash and cash equivalents include bank balances, cash in hand and deposits with original maturities of three months or less, if any.

**c) Property, Plant and Equipment**

Property, Plant and Equipment, are measured at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of expenditure that is directly attributable to the acquisition of the asset. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Any gain or loss on disposal of an item of Property, Plant and Equipment is recognised in the Statement of Profit or Loss.

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

The cost less estimated residual value is depreciated on a straight-line basis over the following estimated useful lives of the assets where depreciation is charged based on the expected use:

<i>Category of asset</i>	<i>Years</i>
Buildings	20 to 35 years
Machinery and equipment	1 to 25 years
Motor vehicles and trucks	5 to 15 years
Office furniture and equipment	2 to 15 years
Capital spare parts	10 years

Land and projects in progress are not depreciated.

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

**Projects in progress** at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use. If significant parts of an item of property, plant and equipment have different useful lives then they are accounted for as separate items of property, plant and equipment.

**Capital spares parts**

Spare parts are recognized under Property, Plant and Equipment as capital spares when they meet the following criteria:

- It is expected that the spare part will be used over more than one accounting period.
- The spare part is essential for the continued operation of the facility to ensure uninterrupted functioning of the factory.

Depreciation of capital spare is calculated over the shorter of the spare's useful life and the remaining useful life of the related asset.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### d) Inventories

Inventories are measured at the lower of cost or net realisable value (“NRV”). Cost is determined using the weighted average method. Cost comprises all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Cost of inventories is recognised as an expense and included in cost of sales. Cost is determined using the weighted average cost basis.

Goods in transit are included within inventories and are measured at cost, which includes purchase price, freight and other directly attributable costs incurred in bringing the inventories to their present location and condition subject to the items’ NRV.

#### e) Right-of-Use Assets and Lease Liabilities

The Company recognizes right-of-use assets and lease liabilities at the commencement date of the lease.

Lease liabilities are initially measured at the present value of lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company’s incremental borrowing rate.

Right-of-use assets are initially measured at cost, comprising the initial amount of the lease liability, any lease payments made at or before the commencement date, and any initial direct costs.

Subsequently, the lease liability is measured at amortized cost using the effective interest method, with finance costs recognized in the Statement of Profit or Loss over the lease term.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset’s useful life and the lease term.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.-

Right-of-use assets are depreciated over the useful life or lease period whichever is lower, as below:

Land	13 years
Building and farms	3-10 years
Vehicles	5 years

#### f) Biological Assets

Biological assets are measured at fair value less cost to sell except when fair value cannot be measured reliably. Biological assets include breeder birds, hatchery eggs and broiler birds. Breeder birds are held for the purpose of laying eggs which are ultimately hatched into broiler birds. The fair value measurements for biological assets have been recognised as Level 3. Fair value inputs based on the inputs to the valuation techniques used. Cost to sell includes all cost that would be necessary to sell the biological assets. Changes in fair value of poultry are recognised in statement of profit or loss as part of cost of sales.

For breeder birds, where fair value cannot be measured reliably biological assets are stated at cost of purchase or cost of rearing or growing to the point of commercial production, less accumulated depreciation and accumulated impairment loss, if any. Breeders are depreciated on a straight-line basis to their estimated residual values over periods of 40 weeks (laying period).

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### g) Intangible Assets

Intangible assets are measured at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over the estimated useful lives of 3- 5 years. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and amount can be measured reliably.

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

#### h) Zakat and Value Added Tax ("VAT")

Zakat is provided for in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations. The Company was a wholly owned subsidiary of Arabian Agricultural Services Company ("ARASCO") in 2024 and that a consolidated zakat return for the ARASCO and its subsidiaries was submitted in accordance with the consolidated special-purpose financial statements (consolidated zakat base). Zakat calculation was based on the basis of the consolidated financial statements of the majority shareholder and its subsidiaries.

From the year ending 31<sup>st</sup> December 2025, the Company is submitting its zakat return and recording zakat and its related provisions at the Company level.

#### *Withholding tax*

The Company withhold taxes on transactions with non-resident parties in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

#### i) Financial Instruments

##### a. Non-derivative Financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss);  
and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are recognized either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at initial recognition to account for the investment at fair value through other comprehensive income (FVOCI).

The Company initially recognizes financial assets on the date they are originated. All other financial assets are initially recognized on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount is presented in the Statement of Financial Position only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### i) Financial Instruments (continued)

##### a. Non-derivative Financial assets (continued)

The Company has the following non-derivative financial assets:

##### **Financial Assets at Amortized Cost**

Financial assets held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), are measured at amortized cost. Gains or losses on debt investments are subsequently measured at amortized cost and recognized in the Statement of Profit or Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method. The Company classifies its trade and other receivables and cash and cash equivalents under this category.

##### **b. Non-derivative Financial Liabilities**

Financial liabilities are initially recognized on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Financial assets and liabilities are offset and presented on a net basis in the Statement of Financial Position only when the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities under other financial liabilities. Such liabilities are initially recognized at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Non-derivative financial liabilities of the Company comprise bank borrowings, lease liabilities, and trade and other payables.

##### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### j) Employees' defined benefit liabilities

Employees' defined benefit liabilities are payable to all employees under the terms and conditions of the Labor Laws applicable to the Company and its subsidiaries upon termination of their employment contracts.

The Company's obligation in respect of employees' defined benefit liabilities is determined by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to its present value.

The Company establishes the assumptions used in determining the key elements of the cost of meeting such obligations. These assumptions are set in consultation with the Company's actuaries and include those used to determine service costs and the financing elements related to the liability. The employee retirement benefit liability is calculated by a qualified actuary using the projected unit credit method.

Remeasurements of the employees' defined benefit liabilities liability, comprising actuarial gains and losses, are recognized immediately in the Statement of Comprehensive Income.

The Company determines the interest expense on the employee retirement benefit liability for the period by applying the discount rate used to measure the liability at the beginning of the annual period, taking into account any changes in the net liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to employees' defined benefit liabilities are recognized in the Statement of Profit or Loss.

**ARABIAN COMPANY FOR AGRICULTURAL AND INDUSTRIAL INVESTMENT**  
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**FOR THE YEAR ENDED 31 DECEMBER 2025**  
(Amounts in Saudi Riyals)

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**3. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**k) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

**l) Revenue Recognition**

The Company generates revenue from a number of product lines, these include:

- Poultry, Table eggs, by-product and Live birds
- Packaging and hatching service

Revenue is recognized when there is a contract with a customer for the transfer of products across various product categories and geographical regions. Revenue is recognized in the Statement of Profit or Loss when a performance obligation is satisfied, at the price allocated to that performance obligation. This occurs at the point in time when control of the products is transferred to the customer, the amount of revenue can be measured reliably, and collection is probable. The transfer of control to customers takes place in accordance with the terms of the trade agreements.

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to customers, excluding amounts collected on behalf of third parties. Revenue is recognized when control of the goods is transferred to the customer, typically at a point in time, net of returns, trade discounts and volume rebates.

Products are sold primarily on a sale return basis. Allowances for expected sales returns are estimated based on expected returns of expired products for the fresh products, given that the shelf life is approximately 9 days. In addition, there is no right of return for frozen products. Revenue is recognized as net of expected returns. A refund liability is recognized for the expected returns, with a corresponding adjustment to revenue.

Goods are often sold with volume discounts based on fixed percentage applied to the aggregate sales over a 12-month period. Revenue from these sales is recognized based on the contract price, net of estimated volume discounts. Actual promotions and rebates given to customers are used to record accrued customer rebates and promotions, and revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur.

*Sales of poultry, table eggs and red meat, by-products and live birds*

The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

*Packaging and hatching service*

Revenue from packaging and hatching services is recognized at a point in time when the services are completed and control is transferred to the customer

Contract balances

*Trade receivable*

Accounts receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

Advance payments from customers represent contract liabilities, as they reflect amounts received before the Company satisfies its performance obligations

Contract liabilities are recognised as revenue when the Company satisfies its performance obligations by transferring control of the goods to the customer.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### m) Impairment of Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

#### n) Government Grants

Government subsidies receivables are recognised where there is reasonable assurance that the subsidy will be received and all relevant conditions will be complied with. When the subsidy relates to an expense item, it is recognised as reduction from related cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### o) Foreign currencies

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the financial statements reporting date for the Company. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss.

#### p) Events after reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

#### q) Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### r) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

### 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### s) Current versus non-current classification

##### **Current versus non-current classification**

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. Assets are classified as current when:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period;
- Cash and cash equivalents unless restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period date.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

#### t) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequently, borrowings are measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit or Loss over the term of the borrowings using the effective interest method. Borrowings are derecognized from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled, or expires. Borrowings are classified as current liabilities if there is no right to defer settlement for at least 12 months from the reporting date.

#### u) Finance Cost

Finance costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of those assets and related cash flows disclosed are reflected in investing activities. All other finance costs are recognised as an expense as incurred. No finance costs are capitalized during idle periods. Investment in the income earned from the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

#### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these Financial Statements, in conformity with IFRS as endorsed in the Saudi Arabia, requires the use of judgements, estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the Statement of Financial Position date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

##### **4.1 Judgement**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

###### *Determining the lease term of contracts with renewal and termination options – Company as lessee*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has included the non-cancellable period as part of the lease term for leases of land, farms, and buildings. Generally, periods covered by termination options have been excluded, as it is not reasonably certain that these options will not be exercised, particularly due to the significant penalties involved.

###### *Determining the fair value of breeder birds - biological assets*

Breeder birds are maintained for the purpose of laying eggs, which are subsequently hatched into broiler birds. For breeder birds, where fair value cannot be measured reliably biological assets are stated at cost of purchase or cost of rearing or growing to the point of commercial production, less accumulated depreciation and accumulated impairment loss, if any. These costs include the purchase cost of day-old chicks, feed, labor, veterinary expenses, and other directly attributable overheads. Costs incurred after the commencement of the breeders' productive cycle are recognized as expenses in the Statement of Profit or Loss.

##### **4.2 Assumptions and estimation uncertainties**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

###### *Employee's defined benefit plans*

The cost of employees' defined benefit liabilities and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

##### **4.2 Assumption and estimation uncertainties (continued)**

###### *Useful lives or property, plant and equipment*

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management assesses the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

###### *Leases - Estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

###### *Provision for expected credit losses for account receivable*

The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The definition of default is 90 days.

###### *Net realizable value*

Management makes an allowance for inventories-based on net realizable value. Estimates of the net realizable value of inventories are made when the expected selling price is lower than cost and are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations in price or cost directly related to events occurring after the reporting date, to the extent that such events confirm conditions existing at the end of the year.

###### *Fair value of biological assets – hatchery eggs & broilers birds*

The Company carries its *hatchery eggs & broilers birds* until the time of slaughtering (recorded in inventories immediately after slaughtering) at fair value less costs to sell. At the end of the reporting period, the fair value of poultry is estimated based on prevailing local market prices, adjusted for the age of the flock. Estimates include the expected yields and mortality and hatchability rates and the expected market price for the live bird. Any gains or losses on remeasuring fair value are presented in the statement of profit or loss as gain on fair value adjustment on biological assets.

###### *Accrued customer rebates and promotion*

Variable considerations include the determination of expected sales returns for fresh products based on actual returns due to short shelf life, and the estimation of refund liabilities accordingly. Management also estimates variable consideration arising from volume discounts, promotions, and rebates based on contractual terms which is based on actual sales at year end.

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**5. SEGMENT INFORMATION**

The Company operates principally in a single business segment of agriculture and food business which includes distribution of fresh and frozen chicken, table eggs and processed poultry and poultry related products. This is in line with the operating segment that is regularly reported to Chief Executive Officer (“CEO”), who is the Chief Operating Decision Maker (“CODM”). This is also the measure reported to the Company’s Board of Directors for the purpose of making decisions about resource allocation and performance assessment. The operations of the Company are mainly in the Kingdom of Saudi Arabia with some export sales in other GCC countries. For management reporting purposes, the Company is organized into a single business unit of poultry and related products which is identified as a reportable segment. All assets and liabilities are tagged to the same reportable segment.

The following is a summary of revenue allocated to geographical segments:

	<b>31 December 2025</b>	31 December 2024
	<u>SR</u>	<u>SR</u>
		(Restated note 32)
<b>Region-wise revenue recognition</b>		
Kingdom of Saudi Arabia	<b>1,320,116,621</b>	1,268,807,083
UAE	<b>21,101,994</b>	7,241,881
Kuwait	<b>4,788,961</b>	1,016,300
Iraq	<b>3,280,394</b>	-
Jordan	<b>689,210</b>	2,638,454
Denmark	<b>629,750</b>	-
Bahrain	<b>114,919</b>	-
Qatar	<b>233,459</b>	-
Pakistan	<b>195,520</b>	-
	<b><u>1,351,150,828</u></b>	<u>1,279,703,718</u>

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**6. PROPERTY, PLANT AND EQUIPMENT**

	<i>Land</i>	<i>Buildings</i>	<i>Machinery and equipment</i>	<i>Motor Vehicles and trucks</i>	<i>Office furniture and equipment</i>	<i>Capital spare parts</i>	<i>Projects in progress (*)</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<b>Cost:</b>								
At 1 January 2025 (restated note 32)	61,902,890	461,810,510	745,363,051	60,144,071	23,599,054	11,843,384	3,217,909	<b>1,367,880,869</b>
Additions during the year	-	32,099,661	30,382,956	-	1,765,529	-	-	<b>64,248,146</b>
Disposals during the year	-	-	(209,265)	(35,805,803)	(601,377)	-	-	<b>(36,616,445)</b>
<b>At 31 December 2025</b>	<b>61,902,890</b>	<b>493,910,171</b>	<b>775,536,742</b>	<b>24,338,268</b>	<b>24,763,206</b>	<b>11,843,384</b>	<b>3,217,909</b>	<b>1,395,512,570</b>
<b>Accumulated depreciation and impairment:</b>								
At 1 January 2025 (restated note 32)	-	97,943,605	274,609,688	45,677,997	18,714,893	2,268,461	3,217,909	<b>442,432,553</b>
Charge for the year	-	20,142,244	39,218,002	981,661	4,285,439	1,129,721	-	<b>65,757,067</b>
Disposals	-	(56,429)	(394,523)	(29,055,388)	(601,174)	-	-	<b>(30,107,514)</b>
<b>At 31 December 2025</b>	<b>-</b>	<b>118,029,420</b>	<b>313,433,167</b>	<b>17,604,270</b>	<b>22,399,158</b>	<b>3,398,182</b>	<b>3,217,909</b>	<b>478,082,106</b>
<b>Net book value:</b>								
<b>At 31 December 2025</b>	<b>61,902,890</b>	<b>375,880,751</b>	<b>462,103,575</b>	<b>6,733,998</b>	<b>2,364,048</b>	<b>8,445,202</b>	<b>-</b>	<b>917,430,464</b>

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**6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	<i>Land (*)</i>	<i>Buildings</i>	<i>Machinery and equipment</i>	<i>Motor Vehicles and trucks</i>	<i>Office furniture and equipment</i>	<i>Capital spare parts</i>	<i>Projects in progress (*)</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR	SR	SR
<b>Cost:</b>								
At 1 January 2024 as previously presented	62,172,890	366,687,924	471,681,962	56,006,971	17,963,590	1,662,874	271,513,951	<b>1,247,690,162</b>
Reclassification (note 32)	-	-	(5,466,472)	-	-	-	-	<b>(5,466,472)</b>
Restatement (note 32)	-	-	-	-	-	3,165,301	3,217,909	<b>6,383,210</b>
At 1 January 2024 (restated note 32)	62,172,890	366,687,924	466,215,490	56,006,971	17,963,590	4,828,175	274,731,860	<b>1,248,606,900</b>
Additions during the year	-	4,209,708	8,192,585	4,757,600	722,171	-	117,668,721	<b>135,550,785</b>
Transfers from PUC during the year	-	93,875,467	283,878,171	-	4,915,993	-	(382,669,631)	<b>-</b>
Reclassification (note 32)***	-	-	(8,999,454)	-	-	7,015,209	(6,513,041)	<b>(8,497,286)</b>
Disposals during the year	(270,000)	-	-	(620,500)	(2,700)	-	-	<b>(893,200)</b>
Impairment**	-	(2,962,589)	(3,923,741)	-	-	-	-	<b>(6,886,330)</b>
At 31 December 2024 (restated note 32)	61,902,890	461,810,510	745,363,051	60,144,071	23,599,054	11,843,384	3,217,909	<b>1,367,880,869</b>
<b>Accumulated depreciation and impairment:</b>								
At 1 January 2024 as previously presented	-	83,322,567	249,808,317	43,934,117	14,514,050	1,138,735	-	<b>392,717,786</b>
Reclassification (note 32)	-	-	(4,804,053)	-	-	-	-	<b>(4,804,053)</b>
Restatement (note 32)	-	-	-	-	-	-	3,217,909	<b>3,217,909</b>
At 1 January 2024 (restated note 32)	-	83,322,567	245,004,264	43,934,117	14,514,050	1,138,735	3,217,909	<b>391,131,642</b>
Charge for the year	-	15,382,848	31,945,684	2,267,267	4,203,536	1,129,726	-	<b>54,929,061</b>
Disposals during the year	-	-	-	(523,387)	(2,693)	-	-	<b>(526,080)</b>
Impairment**	-	(761,810)	(2,340,260)	-	-	-	-	<b>(3,102,070)</b>
At 31 December 2024 (restated note 32)	-	97,943,605	274,609,688	45,677,997	18,714,893	2,268,461	3,217,909	<b>442,432,553</b>
<b>Net book value:</b>								
At 31 December 2024 (restated note 32)	<b>61,902,890</b>	<b>363,866,905</b>	<b>470,753,363</b>	<b>14,466,074</b>	<b>4,884,161</b>	<b>9,574,923</b>	<b>-</b>	<b>925,448,316</b>

\*Projects in progress as at 31 December 2024 primarily represent costs incurred for extensions in the hatchery, farms, and the expansion of the production line at the factory.

\*\*During 2024, the Company impaired property, plant, and equipment with a net book value of SAR 3,784,260, primarily related to a fire accident in Amal farm.

\*\*\* This amount represent reclassification by SAR 8,999,454 from Machinery and equipment to Projects in progress, in addition to SAR 7,015,209 transferred from inventory to capital spare parts, finally amount of SAR 8,999,454 has been reclassified from Machinery and equipment to Projects in progress and amount of SAR 15,512,495 from Projects in progress to Long-term prepayment.

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**6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

At 31 December 2024, all 38 plots of land amounting to SR 61.9 million have been transferred in name of the Company from ARASCO.

At 31 December 2025, out of the total 38 plots of land, 24 plots of land having a carrying amount of SR 38.6 million are mortgaged against long-term loans.

No borrowing costs were capitalized during the year (2024: SR 25,441,117 has been capitalized during 2024).

Depreciation charge for the year has been allocated as:

	<i>Notes</i>	<b>31 December 2025</b>	31 December 2024
		<b>SR</b>	SR
Cost of revenue	24	<b>61,453,299</b>	49,258,147
Selling and distribution expenses	25	<b>3,946,249</b>	5,379,302
General and administration expenses	26	<b>357,519</b>	291,612
		<b>65,757,067</b>	54,929,061

During the year, the Company has disposed-off machinery and equipment, motor vehicles and office furniture with a total net carrying amount of SR 6,508,931 (2024: SR 367,120) and received a consideration of SR 22,334,388 (2024: SR 714,558). The net gains on these disposals were recognised as part of other income in the statement of profit or loss.

**7. INTANGIBLE ASSETS**

	<b>Software Programs</b>
	SR
<b>Cost:</b>	
At 1 January 2025	5,466,472
Additions during the year	1,268,575
At 31 December 2025	<b>6,735,047</b>
<b>Accumulated amortization:</b>	
At 1 January 2025	4,804,053
Charge for the year*	366,179
At 31 December 2025	5,170,232
<b>Net book value:</b>	
At 31 December 2025	<b>1,564,815</b>
At 31 December 2024	662,419

\*The amortization has been recorded in the general and administration expenses.

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**8. INVENTORIES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
Finished goods (a)	<b>84,245,829</b>	(Restated note 32) 53,797,370
Spare parts (a)	<b>42,170,819</b>	24,997,615
Raw materials	<b>5,597,109</b>	14,648,153
Packing materials (a)	<b>20,422,369</b>	15,640,667
Medicines and vaccination(a)	<b>2,835,113</b>	1,647,119
Goods for trading (a)	<b>1,077,471</b>	-
Fuel and diesel	<b>5,006,018</b>	4,143,438
Goods in transit	<b>20,371,137</b>	12,585,121
Others (a)	<b>11,344,320</b>	9,647,176
	<b>193,070,185</b>	137,106,659
Less: Allowance for net realizable value of inventories	<b>(22,019,319)</b>	(20,439,601)
	<b>171,050,866</b>	116,667,058

The amount charged to the cost of revenue during the year amounted to SR 899 M. (2024: SR 797 M)

Allowance for net realizable value of inventories movements is as below:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
At the beginning of the year	<b>20,439,601</b>	(Restated note 32) 17,133,745
Transfer during the year	<b>(1,018,051)</b>	(1,018,051)
Allowance made during the year	<b>2,597,769</b>	4,323,907
At the end of the year	<b>22,019,319</b>	20,439,601

- (a) These items are presented net of the provision balance for discrepancies identified from the physical counts, amounting to SR 58,792,162 (2024: SR 26,568,229).

**9. BIOLOGICAL ASSETS**

Biological assets consist of breeder birds, hatchery eggs and Broiler birds which is raised in farms located in Kingdom of Saudi Arabia until the date of slaughtering. As at 31 December 2025, the Company had a volume of 12.9 million live broiler birds (31 December 2024: 9.3 million live broiler birds). During the year ended 31 December 2025, the Company produced 122.4 million broiler birds (31 December 2024: 112.9 million broiler birds). Further, the Company had a volume of 188,421 live breeder birds (31 December 2024: 210,443) which are breeding eggs to produce broiler.

The movement of biological assets as of 31 December 2025, is as follows:

	<u>Breeder birds</u>	<u>Hatchery eggs</u>	<u>Broiler birds</u>	<u>Total</u>
At the beginning of the year (Restated note 32)	<b>6,510,000</b>	<b>17,836,197</b>	<b>48,160,000</b>	<b>72,506,197</b>
Additions during the year	<b>20,028,340</b>	<b>274,492,776</b>	<b>573,039,971</b>	<b>867,561,087</b>
Change in fair value during the year	-	<b>956,796</b>	<b>12,034,136</b>	<b>12,990,932</b>
Amortization during the year	<b>(14,505,188)</b>	-	-	<b>(14,505,188)</b>
Transfer to broiler birds during the year	-	<b>(272,568,878)</b>	<b>272,568,878</b>	-
Transferred to inventories	-	-	<b>(841,011,522)</b>	<b>(841,011,522)</b>
At the end of the year	<b>12,033,152</b>	<b>20,716,891</b>	<b>64,791,463</b>	<b>97,541,506</b>

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**9. BIOLOGICAL ASSETS (CONTINUED)**

The movement of biological assets as of December 31, 2024, is as follows:

	<u>Breeder</u>	<u>Hatchery eggs</u>	<u>Broiler birds</u>	<u>Total</u>
At the beginning of the year (Restated note 32)	-	16,250,998	52,613,412	68,864,410
Additions during the year	8,818,891	265,601,105	328,091,322	602,511,318
Change in fair value during the year	-	-	(1,167,671)	(1,167,671)
Amortization during the year	(2,308,891)	-	-	(2,308,891)
Transfer to production during the year	-	(264,015,906)	264,015,906	-
Transferred to inventories	-	-	(595,392,969)	(595,392,969)
At the end of the year (Restated note 32)	<u>6,510,000</u>	<u>17,836,197</u>	<u>48,160,000</u>	<u>72,506,197</u>

**Biological assets classification**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
		(Restated note 32)
Current biological assets (hatchery eggs & broiler birds)	<b>85,508,354</b>	65,996,197
Non-current biological assets (breeder)	<b>12,033,152</b>	6,510,000
	<u><b>97,541,506</b></u>	<u>72,506,197</u>

**Biological assets management:**

(a) Large scale loss of biological assets due to disease/pandemic

Strong bio-security procedures, livestock and poultry flock located on multiple sites to reduce risk, disease control and vaccination program are in place along with screening and quarantine of incoming animals. Professional vet group within the biological assets division ensure large scale losses do not occur

**Valuation of biological assets and sensitivity to the valuation inputs**

Fair value measurements for broiler chickens and hatchery eggs are classified as Level 3, fair values based on the inputs used in the valuation techniques. Valuation techniques and significant unobservable inputs used to value biological assets are as follows:

<b>Biological assets</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Relationship between the key unobservable principal inputs and fair value measurement</b>
Broiler	The valuation model considers market approach based on selling prices adjust for the average weight of the birds, the mortality rate, and the cost to sell.	- Mortality - Average live weight - Fully-grown broiler selling price less cost to sell.	The estimated fair value would increase / (decrease) if: - Mortality decreased / (increased) - Average live birds weight increased / (decreased) - Fully-grown broiler selling price less cost to sell increased / (decreased)
Hatchery eggs	The valuation model considers the fair value of DOC and the hatchability rate	- Hatchability rate - Fair value of Day Old Chicken (DOC) - Cost to sell	The estimated fair value would increase / (decrease) if: - Hatchability decreased / (increased) - Fair value of DOC increased / (decreased)

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**9. BIOLOGICAL ASSETS (CONTINUED)**

Key inputs used in the valuation of biological assets are as follows:

- The mortality rate of broiler chickens was determined based on the historical rate and environmental elements.
- Broiler chickens grow at different rates. There may be a large margin of quality and weight of the chicken that affects the price achieved. An assumption is made for the average weight of broiler chickens that can be slaughtered and whose weight has not yet reached marketability.

***Other disclosures***

Government subsidies were received in relation to the Company's poultry production and diesel usage, which is disclosed in note 14.

**10. RELATED PARTY AND OTHER PARTY TRANSACTIONS AND BALANCES**

The Company enters into transactions with the related parties described below in the ordinary course of business which includes the directors, management, shareholders and entities controlled or influenced by such parties. The ultimate parent company is Arabian Agricultural Services Company (ARASCO). The transactions with related parties are carried out in the normal course of the business. The significant transactions with the related parties are as follows:

**Related parties' transactions for the year ended 31 December 2025 and 31 December 2024:**

Related Parties	Relationship	Nature of transactions	Amount of transactions	
			31 December 2025	31 December 2024
Arabian Agricultural Services Company (ARASCO)	Ultimate parent company	Purchases	388,278,414	590,427,932
		Shared services	15,306,490	15,557,932
		Rent	4,500,000	4,500,000
		Sales	10,162,327	1,411,500
		Costs paid on behalf of the Company	(99,008,969)	-
		Financing loans proceeds	-	60,000,000
		Repayment of loans	-	32,799,819
		Plot of land transferred at cost	-	270,000
IDAC Merieux Nutri Sciences	Under common control by ARASCO	Purchases	4,852,672	3,771,087
AlKhorayef Lubricants Company	Owned by Shareholder of parent company	Purchases	63,895	102,434
AlKhorayef Agriculture Projects Company	Owned by Shareholder of parent company	Purchases	594,320	206,713
		Rent	552,000	1,104,000
AlKhorayef Commercial Company	Owned by Shareholder of parent company	Purchases	376,760	1,567,243
Delicious Food Company	Owned by a member of board of directors	Sales	650,270	677,273

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**10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

Related Parties	Relationship	Nature of transactions	Amount of transactions	
			31 December 2025	31 December 2024
Al Hanaki Trading Establishment	Owned by Shareholder of parent company	Sales	90,850	2,719,940

**Year-end balances resulting from transactions with related parties as below:**

**Balances recorded in the trade receivables (Note 12)**

	31 December 2025	31 December 2024
	SR	SR
Delicious Food Company	78,953	96,289
Al Hanaki Trading Establishment	-	93,262
	<u>78,953</u>	<u>189,551</u>

**Balances recorded in the trade payable (Note 21)**

	31 December 2025	31 December 2024
	SR	SR
Arabian Agricultural Services Company ("ARASCO")	150,264,631	47,112,175
IDAC Merieux Nutri Sciences	232,974	314,696
AlKhorayef Commercial Company	13,399	146,982
AlKhorayef Lubricants Company	63,895	24,685
Middle East Food Solutions Company	235	236
	<u>150,575,134</u>	<u>47,598,774</u>

**Terms and conditions of transactions with related parties**

Terms and policies of related parties' transactions are approved by the Company's management. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash.

**Key management compensation**

The compensation of the Company's key management personnel includes salaries and other benefits. Amounts disclosed in the table are the amounts recognized as an expense during the reporting year related to key management personnel.

	For the year ended	
	31 December 2025	31 December 2024
Short-term employee benefits	12,680,309	6,958,776
Long-term employee benefits	620,568	329,559
Board of directors' remuneration	3,213,723	1,709,500
	<u>16,514,600</u>	<u>8,997,835</u>

**Other party, as required under Article (71) of the Saudi Companies Law**

Other party' transactions for the year ended 31 December 2025 and 31 December 2024:

Other party	Relationship	Nature of transactions	Amount of transactions	
			31 December 2025	31 December 2024
Abdullah Al-Othaim Markets Company	Chairman of the Board	Sales	59,578,812	25,691,433

**Balance recorded in the trade receivables (Note 12)**

	31 December 2025	31 December 2024
	SR	SR
Abdullah Al-Othaim Markets Company	20,301,511	10,236,584

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**11. RIGHT-OF-USE ASSETS**

The Company is utilizing leased farmland for its farming activities. Duration of the leased farms is from 2 to 13 years. During 2025, it also entered into a 5 years contract with a third party to lease a fleet of vehicles to support its operations. The insurance of the leased assets is done by the lessor itself. The legal ownership of the right-of-use assets is retained with the lessor. Generally, the Company is restricted from assigning and subleasing the leased assets.

***Right-of-use asset***

	<u>Land</u>	<u>Building/farms</u>	<u>Motor vehicles</u>	<u>Total</u>
<b><u>Cost:</u></b>				
At 1 January 2025	10,832,334	119,634,884	-	130,467,218
Additions during the year	-	74,232,354	121,438,202	195,670,556
Cancelled during the year	-	(7,364,053)	-	(7,364,053)
	<u>10,832,334</u>	<u>186,503,185</u>	<u>121,438,202</u>	<u>318,773,721</u>
<b><u>Accumulated</u></b>				
<b><u>Depreciation:</u></b>				
At 1 January 2025	3,398,380	19,664,431	-	23,062,811
Charge for the year	849,595	23,553,649	24,287,639	48,690,883
Cancelled during the year	-	(4,602,533)	-	(4,602,533)
At 31 December 2025	<u>4,247,975</u>	<u>38,615,547</u>	<u>24,287,639</u>	<u>67,151,161</u>
<b><u>Net Book Value:</u></b>				
At 31 December 2025	<u>6,584,359</u>	<u>147,887,638</u>	<u>97,150,563</u>	<u>251,622,560</u>

Amortization of right of use asset is allocated to cost of revenue.

	<u>Farmlands</u>	<u>Building/farms</u>	<u>Motor vehicles</u>	<u>Total</u>
<b><u>Cost:</u></b>				
At 1 January 2024	10,832,334	54,766,701	-	65,599,035
Additions during the year	-	64,892,791	-	64,892,791
Cancelled during the year	-	(24,608)	-	(24,608)
At 31 December 2024	<u>10,832,334</u>	<u>119,634,884</u>	<u>-</u>	<u>130,467,218</u>
<b><u>Accumulated</u></b>				
<b><u>Depreciation:</u></b>				
At 1 January 2024	2,548,785	6,538,728	-	9,087,513
Charge for the year	849,595	13,129,805	-	13,979,400
Cancelled during the year	-	(4,102)	-	(4,102)
At 31 December 2024	<u>3,398,380</u>	<u>19,664,431</u>	<u>-</u>	<u>23,062,811</u>
<b><u>Net Book Value:</u></b>				
At 31 December 2024	<u>7,433,954</u>	<u>99,970,453</u>	<u>-</u>	<u>107,404,407</u>

Depreciation for the year has been allocated as below:

	<i>Notes</i>	<b><u>31 December 2025</u></b>	<b><u>31 December 2024</u></b>
		<b><u>SR</u></b>	<b><u>SR</u></b>
Cost of revenue	24	42,380,781	9,912,088
Selling and distribution expenses	25	2,324,870	82,080
General and administration expenses	26	3,985,232	3,985,232
		<u>48,690,883</u>	<u>13,979,400</u>

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**11. RIGHT-OF-USE ASSETS (CONTINUED)**

*Right-of-use asset(continued)*

*Lease liability*

	<b>31 December 2025</b>	31 December 2024
	<b><i>SR</i></b>	<i>SR</i>
Lease liability at beginning of the year	<b>104,891,303</b>	57,628,830
Additions	<b>195,670,556</b>	64,868,183
Finance cost (note 27)	<b>14,391,363</b>	4,708,304
Payments during the year	<b>(53,449,351)</b>	(22,292,952)
Cancelled during the year	<b>(2,960,473)</b>	(21,062)
<b>At the end of the year</b>	<b><u>258,543,398</u></b>	<u>104,891,303</u>
Current portion of lease liabilities	<b>71,296,960</b>	21,288,780
Non-current portion of lease liabilities	<b>187,246,438</b>	83,602,523
<b>Total</b>	<b><u>258,543,398</u></b>	<u>104,891,303</u>

Following is the aggregate maturities of undiscounted lease liabilities:

	<b>31 December 2025</b>	31 December 2024
	<b><i>SR</i></b>	<i>SR</i>
Within one year	<b>71,296,960</b>	21,288,780
One to five years	<b>168,914,333</b>	67,860,120
More than five years	<b>77,957,559</b>	39,836,340
	<b><u>318,168,852</u></b>	<u>128,985,240</u>

Following is the reconciliation of minimum lease payments to present value of minimum lease payments:

	<b>31 December 2025</b>	31 December 2024
	<b><i>SR</i></b>	<i>SR</i>
Future minimum lease payment	<b>318,168,852</b>	128,985,240
Less: un-amortised finance charges	<b>(59,625,454)</b>	(24,093,937)
Present value of minimum lease payment	<b>258,543,398</b>	104,891,303
Less: current portion of lease payment	<b>(71,296,960)</b>	(21,288,780)
Non-current portion of lease payment	<b><u>187,246,438</u></b>	<u>83,602,523</u>

*Lease liability(continued)*

Following are the amounts recognised in statement of profit or loss:

		<b>31 December</b>	31 December 2024
	<b><i>Note</i></b>	<b>2025</b>	<i>SR</i>
		<b><i>SR</i></b>	<i>SR</i>
Depreciation expense of right-of-use assets	24, 25 & 26	<b>48,690,883</b>	13,979,400
Interest expense on lease liabilities	27	<b>14,391,363</b>	4,708,304
		<b><u>63,082,246</u></b>	<u>18,687,704</u>

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**12. TRADE RECEIVABLES**

	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
		<u>SR</u>	<u>SR</u>
Trade receivable – third parties		217,712,938	192,121,448
Receivable from related parties	10	78,953	189,551
Less: Provision for expected credit losses		<u>(50,888,316)</u>	<u>(54,239,400)</u>
		<u>166,903,575</u>	<u>138,071,599</u>

Movement for provision for expected credit losses were as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
At the beginning of the year	54,239,400	45,049,226
(Reversed) / Provided during the year	(3,351,084)	9,532,157
Written off during the year	-	(341,983)
At the end of the year	<u>50,888,316</u>	<u>54,239,400</u>

Trade receivables disclosed above are classified as financial assets at amortised cost.

Trade receivables comprise of interest free net receivables due from customers with no credit rating.

Aging of trade receivable as below:-

	<u>31 December 2025</u>		
	<u>Gross carrying amount</u>	<u>Weighted average loss</u>	<u>Loss allowance (%)</u>
Current	119,702,454	552,155	0.5%
1-30 Days	15,227,999	443,934	3%
31-60 Days	11,434,689	938,090	8%
61-90 Days	6,471,145	945,302	15%
91 days and above	64,876,651	48,008,835	74%
	<u>217,712,938</u>	<u>50,888,316</u>	
	<u>31 December 2024</u>		
	<u>Gross carrying amount</u>	<u>Weighted average loss</u>	<u>Loss allowance (%)</u>
Current	82,736,679	490,035	1%
1-30 Days	31,864,892	5,359,108	17%
31-60 Days	15,618,916	1,967,121	13%
61-90 Days	5,339,857	1,107,173	21%
91 days and above	56,561,104	45,315,963	80%
	<u>192,121,448</u>	<u>54,239,400</u>	

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**13. PREPAYMENTS AND OTHER RECEIVABLES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>SR</b>	<b>SR</b>
		(Restated note 32)
Advances to suppliers	<b>23,576,548</b>	12,313,781
Insurance receivable (note 28)	<b>6,500,000</b>	2,325,176
Prepaid expenses	<b>5,060,522</b>	4,088,148
Staff advances and loans	<b>905,651</b>	1,640,902
Refundable deposits	<b>502,335</b>	502,335
Fleet Sales Receivable	<b>37,624</b>	-
Other receivables	<b>2,951,077</b>	4,295,609
	<b>39,533,757</b>	25,165,951
Less: provision for impairment	<b>(5,441,129)</b>	(5,441,129)
	<b>34,092,628</b>	19,724,822

**LONG-TERM PREPAYMENTS**

Long-term prepayments, presented within non-current assets, represent advances paid to suppliers in relation to capital expenditure projects. These prepayments will be settled through the receipt of goods or services upon completion of the respective projects. The assets are carried at cost and are reviewed periodically to assess recoverability based on the status of the underlying capital projects.

**14. GOVERNMENT SUBSIDIES RECEIVABLE**

The Company receive subsidies from the Ministry of Environment, Water and Agriculture (“MEWA”), Kingdom of Saudi Arabia, in accordance with the national plan to encourage production of poultry and its income. Movement in the government subsidies receivable during the year were as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>SR</b>	<b>SR</b>
		(Restated note 32)
At the beginning of the year	<b>6,295,816</b>	2,612,833
Government subsidies earned during the year (under cost of revenue – note 24)	<b>19,717,790</b>	15,246,180
Government subsidies collected during the year	<b>(23,350,778)</b>	(11,563,197)
At the end of the year	<b>2,662,828</b>	6,295,816

**15. CASH AND CASH EQUIVALENTS**

	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>SR</b>	<b>SR</b>
Cash at banks	<b>18,621,264</b>	32,065,514
Cash in hand	<b>1,486,663</b>	1,414,741
	<b>20,107,927</b>	33,480,255

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**16. SHARE CAPITAL**

The Company's authorized, issued and paid-up share capital is divided into 30,000,000 shares (2024: 30,000,000 shares) of SR 10 each (2024: SR 10 each), held as follows: which are owned by:

	2025			2024		
	Number of shares	Ownership %	Nominal value (SR)	Number of shares	Ownership %	Nominal value (SR)
Arabian Agricultural Services Company ("ARASCO")	19,530,000	65.1%	195,300,000	28,530,000	95.10%	285,300,000
Ocean Line Marine Services Limited	1,470,000	4.9%	14,700,000	1,470,000	4.90%	14,700,000
New public offerings (note 1)	9,000,000	30%	90,000,000	-	-	-
	<b>30,000,000</b>	<b>100%</b>	<b>300,000,000</b>	<b>30,000,000</b>	<b>100%</b>	<b>300,000,000</b>

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company's General Assembly of shareholders ratified a resolution for converting the legal status of the Company from a limited liability company to a Saudi closed joint stock company and increasing the Company's share capital by SR 250 million. Legal formalities to increase the share capital and conversion of legal status of the Company were completed in 2024.

**17. STATUTORY RESERVE**

On 11 Jumada Al-Ula 1445H (corresponding to 25 November 2023), the Company's General Assembly of shareholders approved amending the Company's bylaws to comply with the Regulations for Companies, issued on 1 Duh Al-Hijjah 1443H (corresponding to 30 June 2022) to remove the article of the bylaws related to Company's statutory reserve. Based on this amendment, the Company is currently studying and reviewing the balance of statutory reserve, and it will be raised to the Company's General Assembly with the recommendations.

**18. EMPLOYEES' DEFINED BENEFIT LIABILITIES**

The Company has defined benefit plan (unfunded) ("EOSB liabilities"), which is a final salary plan in Kingdom of Saudi Arabia and is required to recognise the provision for employees' end-of-service benefits for the amounts payable at the reporting date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit liabilities in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements in the current year. The movements in provision for employees' defined benefit liabilities for the year ended were as follows:

	31 December 2025	31 December 2024
	SR	SR
At the beginning of the year	29,084,939	24,607,659
Current service cost	5,226,000	3,751,953
Interest expense (note 27)	1,685,845	1,074,765
Amount recognised in statement of profit or loss	6,911,845	4,826,718
(Gain) / Loss from change in financial assumptions	(50,000)	942,000
Actuarial loss	2,650,000	2,153,663
Amount recognised in other comprehensive income	2,600,000	3,095,663
Transferred from the Company	(258,903)	(812,673)
Benefits paid during the year	(4,385,849)	(2,632,428)
At the end of the year	<b>33,952,032</b>	<b>29,084,939</b>

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**18. EMPLOYEES' DEFINED BENEFIT LIABILITIES (CONTINUED)**

Balances include amount paid to employee in advance, amounting to SR 685,968 (2024: SR 823,838).

***Significant actuarial assumptions***

The Company carried out employees' benefits actuarial valuation, using the projected unit credit method, of its liability as at 31 December 2025 arising from the end of service benefits to qualifying in-service employees. The following were the principal actuarial assumptions:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
<b><i>Financial assumptions</i></b>		
Discount rate	<b>5.08%</b>	4.50%
Salary growth rate	<b>4.80%</b>	5.00%
<b><i>Demographic assumptions</i></b>		
Withdrawal rate (resignation / termination)	8% / 9%	8% / 9%

***Sensitivity analysis***

The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. The same method has been applied for the sensitivity analysis as when calculating the recognised defined benefit liability.

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
<b>Salary growth rate</b>		
1% increase	<b>3,130,000</b>	1,134,061
1% decrease	<b>(2,756,000)</b>	(1,147,939)
<b>Discount rate</b>		
1% increase	<b>(3,576,000)</b>	(1,138,939)
1% decrease	<b>2,302,000</b>	1,147,061

**19. ACCRUALS AND OTHER LIABILITIES**

**A) CURRENT LIABILITIES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
		(Restated note 32)
Accrual for inventories received	<b>23,674,605</b>	35,469,084
Accrued finance cost	<b>17,836,922</b>	13,595,766
Accrued customer rebates and promotion	<b>13,409,353</b>	5,090,583
Accrued salaries and related benefits	<b>9,200,476</b>	10,351,482
General Authority for Competition Penalty (**)	<b>6,074,148</b>	-
Contract liabilities *	<b>3,278,231</b>	3,218,317
Unclaimed deposits	<b>1,137,713</b>	1,526,919
Value added tax ("VAT")	<b>893,312</b>	6,714,403
Accrued professional fees	<b>325,000</b>	728,000
Accrued board and committee's rewards, expenses	-	906,333
Others	<b>4,927,098</b>	4,571,518
	<b><u>80,756,858</u></b>	<b><u>82,172,405</u></b>

\*Contract liabilities represent advance payments from customers represent contract liabilities, as they reflect amounts received before the Company satisfies its performance obligations.

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**19. ACCRUALS AND OTHER LIABILITIES (CONTINUED)**

**B) NON-CURRENT LIABILITIES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
Accrued vacation	1,071,382	1,190,110
General Authority for Competition Penalty (**)	6,759,153	-
	<u>7,830,535</u>	<u>1,190,110</u>

(\*\*) On 30 October 2025, management signed a settlement agreement with the General Authority for Competition, under which the Company committed to pay an amount of SAR 13.9 (present value was SAR 12.8 million) over a period of two years, ending on 19 January 2028. This settlement relates to a dispute concerning the Company's compliance with the requirements of the Competition Law in prior years. Accordingly, the present value of the obligation has been recognized under general and administrative expenses. The Company has commenced settlement payments during the first quarter of 2026.

**20. ZAKAT**

The Company is subject to zakat on its zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia. Up to the year ended 31 December 2024, the Company's shareholder, Arabian Agricultural Services Company ("ARASCO"), filed a consolidated zakat return covering the Company and its affiliates. The zakat expense was recognized based on allocations which were dependent on each entity's individual zakat base. Effective from the year ended 31 December 2025, the Company has begun filing its zakat return on a standalone basis.

During the year, the Company recognized a zakat provision of SAR 3,535,059 (2024: nil). Up to the year ended 31 December 2024, the Company's shareholder, Arabian Agricultural Services Company ("ARASCO"), filed a consolidated zakat return covering the parent and its subsidiaries. Therefore, there was no Zakat expense realized during the year ended 31 December 2024. There was no material impact resulting from the restatement of comparative figures on Zakat.

**Adjusted Net Loss Calculation**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
Net Loss after Zakat	(123,051,859)	-
Provisions	-	-
<b>Adjusted Net Loss</b>	<u>(123,051,859)</u>	<u>-</u>

**Zakat Base**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<u>SR</u>	<u>SR</u>
Shareholders equity, opening balance	460,604,770	-
Total liabilities	931,736,681	-
Property, plant and equipment	(917,430,464)	-
Right-of-use assets	(251,622,560)	-
Biological assets	(12,033,152)	-
Intangible assets	(1,564,815)	-
Advances for asset	(16,940,474)	-
Spare parts	(42,170,819)	-
Raw materials	(13,438,240)	-
<b>Total of zakat base components</b>	<u>137,140,927</u>	<u>-</u>
<b>Zakat base</b>	<u>141,402,368</u>	<u>-</u>

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**20. ZAKAT (CONTINUED)**

Movements in the provision during the year were as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
At the beginning of the year	-	-
Charge for the year	<b>3,535,059</b>	-
Transferred to a related party	-	-
<b>At the end of the year</b>	<b><u>3,535,059</u></b>	<b><u>-</u></b>

**21. TRADE PAYABLE**

	<i>Note</i>	<u>31 December 2025</u>	<u>31 December 2024</u>
		<i>SR</i>	<i>SR</i>
Trade Payable – third parties		<b>152,721,257</b>	106,398,737
Payable to related parties	10	<b><u>150,575,134</u></b>	<u>47,598,774</u>
		<b><u>303,296,391</u></b>	<b><u>153,997,511</u></b>

**22. LOANS AND BORROWINGS**

At the inception of the Company, the majority shareholder had obtained various ADF loans and Tawaruq loans from different local banks which were allocated to the Company through shareholders' agreement which had been transferred in full under name of the Company in 2024. These loans carry interest rates at fixed or floating rates. The long-term loans are payable in instalments which are spread over the period up to 2034. The loans were obtained mainly for the purpose of financing the farms development activities.

**22.1 Long term loans**

The following are the long-term loans for the Company:

<u>Loan source</u>	<u>Loan currency</u>	<u>Maturity date</u>	<u>Principal amount</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Domestic Bank 1	SR	2027	90,000,000	<b>90,000,000</b>	-
Domestic bank 2	SR	2034	189,754,124	<b>189,754,124</b>	214,729,413
Domestic bank 3	SR	2031	320,000,000	<b>320,000,000</b>	320,000,000
				<b><u>599,754,124</u></b>	<u>534,729,413</u>
Less: unamortized portion of prepaid fees				<b><u>(4,573,362)</u></b>	<u>(5,913,839)</u>
				<b><u>595,180,762</u></b>	<b><u>528,815,574</u></b>

Classification of long-term loans into current and non-current portion is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
Non-current portion	<b>541,262,531</b>	505,082,226
Current portion	<b><u>53,918,231</u></b>	<u>23,733,348</u>
	<b><u>595,180,762</u></b>	<b><u>528,815,574</u></b>

Domestic bank 3 is secured through promissory note of SR 492 million obligated by the Company.

Domestic bank 2 is secured through pledge of lands, machinery, equipment as well (note 6).

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**22. LOANS AND BORROWINGS (CONTINUED)**

Movement in long-term loans were as below:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
At the beginning of the year	534,729,413	-
Transferred from the majority shareholder*	-	522,570,131
Proceeds during the year	90,000,000	60,000,000
Payments during the year	(24,975,289)	(47,840,718)
At the end of the year	<u>599,754,124</u>	<u>534,729,413</u>
Less: Prepaid management fee and transaction costs		-
At the beginning of the year	5,913,839	-
Transferred from the majority shareholder	-	5,795,326
Additon during the year	-	546,493
Amortised during the year	(1,340,477)	(427,980)
At the end of the year	<u>4,573,362</u>	<u>5,913,839</u>
Net loans	<u>595,180,762</u>	<u>528,815,574</u>

\* A net amount of SAR 59,453,507 was transferred in cash from the majority shareholder during 2024. This represents the net movement of funds provided by the shareholder during the year.

The loans are subject to certain financial covenants, the breach of which may trigger renegotiation of terms. These covenants are regularly monitored by management, and in the event of a potential breach, appropriate measures are taken to ensure compliance.

The loan contains a covenant stating that the Company shall ensure at specific times that:

- Total liabilities to tangible net worth shall not be more than 1:1.5 - 2.5.
- Current ratio not less than 1:1 – 1.1
- Debt service cover shall not be less than 1.1 - 1.3:1.

On 31 December 2025, the above thresholds were exceeded and were not complied with the covenants, as a result the management obtained the waivers from the relevant banks till 31 December 2026.

Accordingly, the loan is classified as non-current at 31 December 2025.

**22.2 Short term loans**

The following are the short-term bank loans for the Company:

<u>Loan source</u>	<u>Loan currency</u>	<u>Maturity date</u>	<u>Facilities Limit</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
				<i>SR</i>	<i>SR</i>
Domestic bank 2	SR	2025	120,000,000	28,993,824	25,040,899
Domestic bank 3	SR	2025	100,000,000	47,900,000	50,000,000
			<u>220,000,000</u>	<u>76,893,824</u>	<u>75,040,899</u>

Movement in short-term loans were as below:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
At the beginning of the year	75,040,899	-
Addition during the year	295,091,792	75,040,899
Payments during the year	(293,238,867)	-
At the end of the year	<u>76,893,824</u>	<u>75,040,899</u>

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**23. REVENUE**

	<b>31 December 2025</b>	31 December 2024
	<b><i>SR</i></b>	<i>SR</i>
		(Restated note 32)
<b>Domestic sales</b>		
Poultry sales	<b>1,212,710,061</b>	1,182,552,217
Table eggs sales	<b>74,278,002</b>	37,454,918
Packaging services	<b>12,605,643</b>	-
By-Product sales	<b>17,132,570</b>	30,982,320
Live birds sales	<b>1,432,797</b>	11,130,685
Red meat sales	<b>468,138</b>	826,811
Hatching services	<b>1,489,410</b>	5,860,132
	<b><u>1,320,116,621</u></b>	<u>1,268,807,083</u>
Export poultry sales	<b>15,840,969</b>	7,830,075
Export by-product sales	<b>15,193,238</b>	3,066,560
	<b><u>1,351,150,828</u></b>	<u>1,279,703,718</u>
<b>Customer wise revenue recognition</b>		
External customers	<b>1,340,247,381</b>	1,274,895,005
Related party customers	<b>10,903,447</b>	4,808,713
	<b><u>1,351,150,828</u></b>	<u>1,279,703,718</u>
<b>Timing of revenue recognition</b>		
Recognized at a point in time	<b><u>1,351,150,828</u></b>	<u>1,279,703,718</u>

**24. COST OF REVENUE**

	<b>31 December 2025</b>	31 December 2024
	<b><i>SR</i></b>	<i>SR</i>
		(Restated note 32)
Direct materials and overheads*	<b>899,098,422</b>	796,866,724
Salaries, wages and related costs	<b>122,464,941</b>	107,822,025
Depreciation of property, plant and equipment (note 6)	<b>61,453,299</b>	49,258,147
Depreciation of right-of-use assets (note 11)	<b>42,380,781</b>	9,912,088
Repair and maintenance	<b>31,229,339</b>	29,178,654
Packaging materials	<b>30,688,015</b>	30,190,787
Utilities	<b>16,104,315</b>	16,051,739
Shipping and freight	<b>14,674,606</b>	42,393,231
Amortization of breeder birds (note 9)	<b>14,505,188</b>	2,308,891
Provision for employees' defined benefit liabilities (note 18)	<b>4,381,182</b>	2,072,689
Expired finished goods	<b>1,147,267</b>	1,075,394
Provision for inventory (note 8)	<b>2,597,769</b>	4,323,697
Fair value remeasurement of biological assets (note 9)	<b>(12,990,932)</b>	1,167,671
Government subsidies** (note 14)	<b>(19,717,790)</b>	(15,246,180)
Others	<b>16,361,905</b>	14,788,385
	<b><u>1,224,378,307</u></b>	<u>1,092,163,942</u>

\* Overheads include materials scrapped, fuel and diesel, hygiene material, vaccinations, sundry consumables, and other indirect charges

The Direct materials and overheads include inventory write-offs and provisions, net amounting to SAR 32.2 million for the year ended 31 December 2025 (2024: SAR 15.6 million).

\*\* Government subsidy receivables for the production of poultry and compensation for diesel as well, supported by the Government of Saudi Arabia, have been recognized against the cost of materials.

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**25. SELLING AND DISTRIBUTION EXPENSES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
Salaries, wages and related costs	56,057,778	36,155,092
Marketing expenses*	31,181,882	18,988,310
Rent**	10,076,935	2,864,580
Shipping and freight	8,570,992	13,933,035
Sales commission***	6,040,677	1,748,460
Depreciation of property, plant and equipment (note 6)	3,946,249	5,379,302
Repair and maintenance	3,094,380	598,387
Depreciation of right-of-use assets (note 11)	2,324,870	82,080
Provision for employees' defined benefit liabilities (note 18)	314,992	326,248
Utilities	1,450,731	465,249
Others	10,744,379	2,515,348
	<u>133,803,865</u>	<u>83,056,091</u>

\* Marketing expenses represent costs incurred for promotional activities, advertising campaigns, and brand awareness initiatives during the year.

\*\* Rent expenses mainly represent short term lease for warehouses and storage facilities located at branches and used to support sales operations, in accordance with contractual agreements.

\*\*\* Sales commission represent variable incentives paid to sales staff based on achieved sales at branch level, in accordance with approved commission schemes.

**26. GENERAL AND ADMINISTRATION EXPENSES**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
		(Restated note 32)
Salaries, wages and related costs	42,441,908	27,111,737
Shared services expenses	15,306,490	14,048,590
Fines and penalties (note 19)	12,833,301	-
Depreciation of right-of-use assets (note 11)	3,985,232	3,985,232
Professional fees	3,447,031	2,437,497
Board and committee's rewards, expenses, and allowances	3,213,723	1,709,500
Bank charges	2,269,055	2,762,558
Provision for employees' defined benefit liabilities (note 18)	529,826	1,353,016
Depreciation of property, plant and equipment (note 6)	357,519	291,612
Rent	208,018	180,174
Impairment of advances to suppliers	-	383,578
Others	1,516,380	1,859,712
	<u>86,108,483</u>	<u>56,123,206</u>

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**27. FINANCE COSTS**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
Finance costs on long-term and short-term loans	<b>34,596,972</b>	34,219,711
Less: interest capitalized (note 6)	-	(25,441,117)
	<b>34,596,972</b>	8,778,594
Finance costs on lease liabilities (note 11)	<b>14,391,363</b>	4,708,304
Finance costs on employees' defined benefit liabilities (note 18)	<b>1,685,845</b>	1,074,765
	<b>50,674,180</b>	14,561,663

**28. OTHER INCOME**

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
		(Restated note 32)
Gain on disposal of property, plant and equipment (note 6)	<b>15,825,457</b>	347,438
Exchange rate difference	<b>(1,575)</b>	499,364
Insurance proceeds (note 6 & 13)	<b>4,174,824</b>	2,325,176
Impairment loss of property, plant and equipment (note 6)	-	(3,784,260)
Others	<b>947,417</b>	691,681
	<b>20,946,123</b>	79,399

**29. (LOSS)/EARNINGS PER SHARE**

Basic (loss)/earnings per share ("EPS") is calculated by dividing the (loss)/profit for the year by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and shares data used in the basic and diluted EPS computations:

	<u>31 December 2025</u>	<u>31 December 2024</u>
	<i>SR</i>	<i>SR</i>
(Loss)/Profit for the year	<b>(123,051,859)</b>	27,095,975
Weighted average number of ordinary shares for basic and diluted EPS	<b>30,000,000</b>	30,000,000
(Loss)/Earnings per share – basic and diluted	<b>(4.10)</b>	0.90

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of the Financial Statements.

**30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

***Contingent liabilities***

The contingent liabilities against letters of credit are SR 22.5 million as at 31 December 2025 (31 December 2024: SR 40.39 million) for the benefit of its external suppliers for raw materials purchases.

There are letter of guarantees requested by ARASCO for the benefit of the Company amounting to SR 51.11 million and SR 3 million as at 31 December 2025 (31 December 2024: SR 51.11 million).

***Capital commitments***

The capital commitments related to ongoing project-in-progress projects amounts to SR 26.8 million (31 December 2024: SR 32.98 million).

### **31. DIVIDENDS**

On 19 Dhul-Hijjah 1446H (corresponding to 25 June 2025), the Extraordinary General Assembly approved the Board of Directors' recommendation to distribute cash dividends amounting to SR 15 million to shareholders for the fiscal year 2024, at a rate of SR 0.50 per share, representing 5% of the nominal value of each share. This amount has been paid in July 2025.

### **32. ADJUSTMENTS AND RECLASSIFICATION OF COMPARATIVE FIGURES**

#### **32.1 Adjustments of comparative figures of 2024**

During the year ended 31 December 2025, the management has corrected following errors by restating the figures for each of the affected financial statements' items as at and for year ended 31 December 2024. These adjustments listed below have no impact on previously reported net income, retained earnings or net assets. There was no impact on zakat for the year ended 31 December 2024 as the parent Company submitted one consolidated zakat return including the figures of the Company.

- 32.1.1 Rebates and promotion were not recorded as per the requirements of IFRS 15 by SR 5.09 million.
- 32.1.2 Inventory provision was not recorded for shortages in accordance with IAS 2 by SR 15.6 million.
- 32.1.3 Depreciation expense for property, plant and equipment was not recorded as per the requirements of IAS 16 by SR 1.5 million.
- 32.1.4 Amortization of growers' costs in to cost of revenue was not recorded 4 by SR 1.5 million.
- 32.1.5 Capitalization of shipping cost as part of inventory cost at year end was not recorded by SR 2.2 million.
- 32.1.6 Fair value adjustment of biological assets at fair value less cost to sell at the point of harvest was not recorded by SR 2.5 million.
- 32.1.7 Capitalization of finance costs for qualifying projects in progress were not recorded in accordance with IAS 23 by SR16.4 million.
- 32.1.8 The impairment loss of SR 3.8 million related to fire accident at Amal farm was not recorded. In addition, the related insurance compensation of SR 2.3 million was also not recorded in the same year.
- 32.1.9 Government subsidy for diesel compensation was not recorded in 2024 by SR 4.2 million.

#### **32.2 Reclassifications of comparative figures of 2024**

Certain comparative figures have been reclassified as listed below to conform with the classification used for the year ended 31 December 2025. These reclassifications listed below have no impact on previously reported net income, retained earnings or net assets.

- 32.2.1 Hatchery eggs of SR 14.33 million and chicks of SR 3.5 million, were re-classified from inventories to biological assets in accordance with IAS 41. In addition, SR 6.5 million related to breeders' birds, was also re-classified from current biological assets to non-current biological assets due to lifecycle of more than one year.

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- 32.2.2 Strategic spare parts that are to be used for more than one year of SR 9.16 million (gross cost of SR 10.18 million of a provision of SR 1.02 million) was reclassified from inventories to property, plant and equipment.
- 32.2.3 A non-related party balance of SR 10.15 million and a remaining balance of SR 0.15 million were reclassified from due from related parties to trade receivables in accordance with IAS 1.
- 32.2.4 Certain balances of SR 47.6 million were reclassified from due to related parties to trade payables to reflect their appropriate nature in accordance with IAS 1.
- 32.2.5 Certain balances of SR 15.92 million was reclassified from accruals and other liabilities to trade payables.
- 32.2.6 Long-term prepayment of SR 15.51 million was reclassified from property, plant and equipment to long-term prepayment to reflect their appropriate nature.
- 32.2.7 Sale of by-products of SR 34.01 million and sale of hatching eggs of SR 5.86 million were reclassified from cost of revenue and other income to revenues respectively.
- 32.2.8 Fair value changes of SR 1.17 million related to biological assets were reclassified from separate line item in the statement profit and loss to cost of revenues to reflect their appropriate nature in accordance with IAS 1.
- 32.2.9 Intangible assets of SR 0.66 million were reclassified from property, plant and equipment to intangible assets in accordance with IAS 38.
- 32.2.10 Advances to supplier balances of SR 1.59 million were reclassified from trade payable to prepayments and other receivables in accordance with IAS 32.
- 32.2.11 Bank charges of SR 2.77 million were reclassified from finance cost to general and administrative expenses to reflect their appropriate nature in accordance with IAS 1.
- 32.2.12 Lease liabilities of SR 5.65 million were reclassified from non-current portion to current portion for amounts due in less than one year.

**32.3 Statement of Financial Position as at 1 January 2024**

Certain comparative figures have been reclassified as listed below to conform with the classification used for the year ended 31 December 2025. These reclassifications listed below have no impact on previously reported net income, retained earnings or net assets.

- 32.3.1 Hatchery eggs of SR 16.25 million reclassified from inventories to biological assets in accordance with IAS 41.
- 32.3.2 Certain balances of SR 50.33 million were reclassified from due to related parties to trade payables to reflect their appropriate nature in accordance with IAS 1.
- 32.3.3 Certain balances of SR 0.16 million were reclassified from due from related parties to trade receivable to reflect their appropriate nature in accordance with IAS 1.
- 32.3.4 Intangible assets of SR 0.66 million were reclassified from property, plant and equipment to intangible assets in accordance with IAS 38.
- 32.3.5 Strategic spare parts that are to be used for more than one year of SR 3.2 million was reclassified from inventories to property and equipment.

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32.3.6 Borrowing costs of SR 3.2 million for projects in progress were not capitalized from finance cost to property, plant and equipment in accordance with IAS 23. This was offset against unrecorded impairment of another project in progress amounting to SR 3.2 million, which should have been recognized in accordance with IAS 36.

**Statement of Financial Position as at 31 December 2024**

<b>Item</b>	<b>As previously reported</b>	<b>Adjustments</b>	<b>Note</b>	<b>Reclassification</b>	<b>Note</b>	<b>Amount after adjustments and reclassification</b>
Biological assets non-current	-	-		6,510,000	32.2.1	<b>6,510,000</b>
Property, plant and equipment	921,398,593	11,062,178	32.1.3 / 32.1.7 / 32.1.8	(7,012,455)	32.2.2 / 32.2.6 / 32.2.9	<b>925,448,316</b>
Intangible Assets	-	-		662,419	32.2.9	<b>662,419</b>
Long-term prepayments and other receivables	-	-		15,512,495	32.2.6	<b>15,512,495</b>
Others	107,404,407	-		-		<b>107,404,407</b>
<b>NON-CURRENT ASSETS</b>	<b>1,028,803,000</b>	<b>11,062,178</b>		<b>15,672,459</b>		<b>1,055,537,637</b>
Biological assets– Current	54,670,000	-		11,326,197	32.2.1	<b>65,996,197</b>
Inventories	154,590,537	(10,924,823)	32.1.2 / 32.1.5 / 32.1.6	(26,998,656)	32.2.1 / 32.2.2	<b>116,667,058</b>
Government subsidies receivable	2,120,992	4,174,824	32.1.9	-		<b>6,295,816</b>
Trade receivables	127,723,030	-		10,348,569	32.2.3	<b>138,071,599</b>
Amounts due from related parties	10,348,569	-		(10,348,569)	32.2.3	-
Prepayments and other receivables	17,355,162	778,404	32.1.4 / 32.1.8	1,591,256	32.2.10	<b>19,724,822</b>
Others	33,480,255	-		-		<b>33,480,255</b>
<b>CURRENT ASSETS</b>	<b>400,288,545</b>	<b>(5,971,595)</b>		<b>(14,081,203)</b>		<b>380,235,747</b>
Trade payables	88,891,615	-		65,105,896	32.2.4 / 32.2.5 / 32.2.10	<b>153,997,511</b>
Accruals and other liabilities	92,997,688	5,090,583	32.1.1	(15,915,866)	32.2.5	<b>82,172,405</b>
Amounts due to related parties	47,598,774	-		(47,598,774)	32.2.4	-
Current portion of lease liabilities	15,636,255	-		5,652,525	32.2.12	<b>21,288,780</b>
Others	98,774,247	-		-		<b>98,774,247</b>
<b>CURRENT LIABILITIES</b>	<b>343,898,579</b>	<b>5,090,583</b>		<b>7,243,781</b>		<b>356,232,943</b>
Lease liabilities	89,255,048	-		(5,652,525)	32.2.12	<b>83,602,523</b>
Others	535,357,275	-		-		<b>535,357,275</b>
<b>NON-CURRENT LIABILITIES</b>	<b>624,612,323</b>	<b>-</b>		<b>(5,652,525)</b>		<b>618,959,798</b>
<b>Total liabilities</b>	<b>968,510,902</b>	<b>5,090,583</b>		<b>1,591,256</b>		<b>975,192,741</b>
<b>Retained earnings</b>	<b>153,076,140</b>	<b>-</b>		<b>-</b>		<b>153,076,140</b>
<b>Total Shareholders' Equity</b>	<b>460,580,643</b>	<b>-</b>		<b>-</b>		<b>460,580,643</b>

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**Statement of Profit or Loss for the year ended 31 December 2024**

Item	As previously reported	Adjustments	Note	Reclassification	Note	Amount after adjustments and reclassification
Revenue	1,244,885,289	(5,090,583)	32.1.1	39,909,012	32.2.7	<b>1,279,703,718</b>
Cost of revenue	(1,047,138,077)	(9,809,314)	32.1.2 / 32.1.3 / 32.1.4 / 32.1.5 /32.1.6/ 32.1.9	(35,216,551)	32.2.8 / 32.2.7	<b>(1,092,163,942)</b>
Gross profit	197,747,212	(14,899,897)		4,692,461		<b>187,539,776</b>
<b>Expenses</b>						
Selling and distribution expenses	(83,056,091)	-		-		<b>(83,056,091)</b>
Impairment loss on trade receivables	(9,532,157)	-		-		<b>(9,532,157)</b>
General and Administrative expenses	(53,360,648)	-		(2,762,558)	32.2.11	<b>(56,123,206)</b>
Other income	7,398,615	(1,459,084)	32.1.8	(5,860,132)	32.2.7	<b>79,399</b>
Operating profit	59,196,931	<b>(16,358,981)</b>		<b>(3,930,229)</b>		<b>38,907,721</b>
Fair value adjustment on biological assets	(1,167,671)	-		1,167,671	32.2.8	-
Finance costs	(33,683,202)	16,358,981	32.1.7	2,762,558	32.2.11	<b>(14,561,663)</b>
Finance income	2,749,917	-		-		<b>2,749,917</b>
Profit before zakat	27,095,975	-		-		<b>27,095,975</b>
Provision For Zakat	-	-		-		-
Income for the year	27,095,975	-		-		<b>27,095,975</b>

**Statement of cash flow for the year ended 31 December 2024**

	As previously reported	Adjustments and reclassification	Amount after Adjustments and reclassification
<b>Profit before zakat</b>	<b>27,095,975</b>	-	<b>27,095,975</b>
Net cash generated from operating activities	74,414,481	17,563,850	91,978,331
Net cash generated from investing activities	(116,250,413)	(6,228,880)	(122,479,293)
Net cash generated from financing activities	52,228,003	(11,334,970)	40,893,033
<b>Increase in cash and cash equivalents</b>	<b>10,392,071</b>	-	<b>10,392,071</b>

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**32. ADJUSTMENTS AND RECLASSIFICATION OF COMPARATIVE FIGURES**  
**(CONTINUED)**

**Statement of financial position as at 1 January 2024**

	<b>As previously reported</b>	<b>Reclassification</b>	<b>Note</b>	<b>Amount after reclassification</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	854,972,376	2,506,932	32.3.4/ 32.3.5/ 32.3.6	<b>857,479,308</b>
Intangible assets	-	658,369	32.3.4	<b>658,369</b>
Others	56,511,522	-		<b>56,511,522</b>
<b>Non-Current Assets</b>	<b>911,483,898</b>	<b>3,165,301</b>		<b>914,649,199</b>
Inventories	105,848,363	(19,416,299)	32.3.1/ 32.3.5	<b>86,432,064</b>
Biological assets	52,613,412	16,250,998	32.3.1	<b>68,864,410</b>
Due form related parties	157,712	(157,712)	32.3.3	-
Trade receivables	81,353,722	157,712	32.3.3	<b>81,511,434</b>
Others	41,165,339	-		<b>41,165,339</b>
<b>Current Assets</b>	<b>281,138,548</b>	<b>(3,165,301)</b>		<b>277,973,247</b>
<b>Current Liabilities</b>				
Trade payables	43,463,161	50,329,845	32.3.2	<b>93,793,006</b>
Amounts due to related parties	50,329,845	(50,329,845)	32.3.2	-
Others	126,810,029	-		<b>126,810,029</b>
<b>Current Liabilities</b>	<b>220,603,035</b>	<b>-</b>		<b>220,603,035</b>
<b>Non-Current Liabilities</b>	<b>535,439,080</b>	<b>-</b>		<b>535,439,080</b>
<b>Total Liabilities</b>	<b>756,042,115</b>	<b>-</b>		<b>756,042,115</b>
Retained earnings	129,075,828	-		<b>129,075,828</b>
<b>Total Shareholders' Equity</b>	<b>436,580,331</b>	<b>-</b>		<b>436,580,331</b>

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**33. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**

**33.1 Fair value measurement of financial instruments**

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. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the identical asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts which are considered the fair values as well for financial assets and financial liabilities as below:

<b>At 31 December 2025</b>	<b>Carrying amount</b>		
	<b>Amortized cost</b>	<b>Fair value</b>	<b>Total</b>
<b>Financial assets</b>			
Trade receivables	166,903,575	-	166,903,575
Government subsidies receivable	2,662,828	-	2,662,828
Other receivable	5,455,558	-	5,455,558
Cash and cash equivalents	20,107,927	-	20,107,927
	<b>195,129,888</b>	<b>-</b>	<b>195,129,888</b>
<b>Financial liabilities</b>			
Loans and borrowings	672,074,586	-	672,074,586
Lease liabilities	258,543,398	-	258,543,398
Trade payable	303,296,391	-	303,296,391
Accruals and other liabilities	74,284,728	-	74,284,728
	<b>1,308,199,103</b>	<b>-</b>	<b>1,308,199,103</b>
<b>At 31 December 2024</b>			
<b>Financial assets</b>			
Trade receivables	138,071,599	-	138,071,599
Government subsidies receivable	6,295,816	-	6,295,816
Other receivable	3,322,893	-	3,322,893
Cash and cash equivalents	33,480,255	-	33,480,255
	<b>181,170,563</b>	<b>-</b>	<b>181,170,563</b>
<b>Financial liabilities</b>			
Loans and borrowings	603,856,473	-	603,856,473
Lease liabilities	104,891,303	-	104,891,303
Trade payable	153,997,511	-	153,997,511
Accruals and other liabilities	71,557,529	-	71,557,529
	<b>934,302,816</b>	<b>-</b>	<b>934,302,816</b>

### **33. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

#### **33.2 Risk Management of Financial Instruments**

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

##### *Financial risk factors*

The Company's financial assets include cash and cash equivalents, accounts receivables, government subsidies receivable and amounts due from related parties. The Company's financial liabilities comprise of amounts due to related parties, accounts payables, long-term loans, accruals and other payables and lease liabilities.

The Company is exposed to market risk (currency risk, interest rate risk), credit risk, and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

##### *Risk management framework*

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are updated regularly to reflect changes in market conditions and the Company's activities.

##### *Risk management structure*

A cohesive organisational structure is established within the Company in order to identify, assess, monitor and control risks.

##### *Board of Directors*

Board of Directors provides direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

##### *Senior management*

Senior management is responsible for the day-to-day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

##### *Risk mitigation*

The risks faced by the Company and the way these risks are mitigated by management are summarised below:

##### *(i) Foreign currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign Currency	% Change	Fx Rate 2025	Fx Rate 2024	Upward 2025	Downward 2025	Upward 2024	Downward 2024
Price for €1	1%	4.41	3.89	144,395	(144,395)	305,515	305,515

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**33. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**  
**(CONTINUED)**

**33.2 Risk Management of Financial Instruments (continued)**

*(i) Foreign currency risk (continued)*

The Company mainly trades in Saudi Riyal (SAR) and US Dollars. The exchange rate fluctuations are closely monitored by management. Based on its experience, management does not believe it is necessary to hedge against foreign currency risk, as most transactions are denominated in Saudi Riyal (SAR) and US Dollars. The Saudi Riyal is pegged to the US Dollar, and there are no other significant foreign currency exposures; accordingly, foreign currency risk is considered limited.

*(ii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk primarily relates to its borrowings used to finance working capital requirements and capital expenditures. These borrowings are subject to periodic repricing, exposing the Company to cash flow interest rate risk.

The Company manages its interest rate exposure by optimizing cash flows and reducing borrowings where possible. When borrowings are required, loan tenors are aligned with expected repayment schedules. Bank interest rates are regularly reviewed to ensure that exposure to interest rate risk is appropriately managed.

The following table illustrates the impact on the Company's finance costs resulting from changes in interest rates:

	<i>Change</i>	<i>Interest rate upward movement SR</i>	<i>Interest rate downward movement SR</i>
<i>31 December 2025</i>	-100	6,097,703	(6,097,703)
<i>31 December 2024</i>	+100	6,766,480	(6,766,480)

*(iii) Credit risks*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation, causing the other party to incur a financial loss. The Company is exposed to credit risk on its bank balances, trade receivables, receivables from related parties, and government subsidies receivable, as follows:

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Trade receivable	166,903,575	138,071,599
Cash at banks	18,621,264	32,065,514
Government subsidies receivable	2,662,828	6,295,816
Other receivable	5,455,558	3,322,893
	<b>193,643,225</b>	<b>179,755,822</b>

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivables and bank balances is limited as follows:

Cash balances are held with banks that have sound credit ratings of BBB- and above.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. Historical loss rates are adjusted to reflect GDP as a forward-looking information on macroeconomic factors affecting customers' ability to settle receivables.

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**33. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**33.2 Risk Management of Financial Instruments (continued)**

*(iii) Credit risk (continued)*

These adjusted loss rates are consistent with the effective loss rates observed in the prior year. The Company has identified GDP in the Saudi Arabia and accordingly adjusts historical loss rates based on expected changes in these factors.

The Company manages credit risk relating to customer receivables by monitoring exposures in accordance with established policies and procedures. Credit risk is mitigated by setting individual credit limits for customers and by ongoing monitoring of outstanding receivable balances.

No significant concentrations of credit risk were identified by the management as at the reporting date.

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring that sufficient funds are available from the majority stakeholders and related parties at all times to meet any future commitments, and financing facilities are available. Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments:

<i>31 December 2025</i>	<i>Carrying amount</i>	<i>On demand or less than 1 year</i>	<i>1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Trade payable	303,296,391	303,296,391	-	-	303,296,391
Loans and borrowings	672,074,586	131,868,975	363,541,197	181,237,776	676,647,948
Lease liabilities	258,543,398	71,296,960	168,914,333	77,957,559	318,168,852
Accruals and other liabilities	88,587,393	80,756,858	8,580,786	-	88,587,393
<b>Total financial liabilities</b>	<b>1,322,501,768</b>	<b>587,219,184</b>	<b>541,036,316</b>	<b>259,195,335</b>	<b>1,386,700,584</b>

<i>31 December 2024</i>	<i>Carrying amount</i>	<i>On demand or less than 1 year</i>	<i>1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Trade payable	153,997,511	153,997,511	-	-	153,997,511
Loans and borrowings	603,856,473	98,774,247	386,544,450	124,441,615	609,760,312
Lease liabilities	104,891,303	21,288,780	67,860,120	39,836,340	128,985,240
Accruals and other liabilities	83,362,515	80,982,295	1,190,110	-	83,362,515
<b>Total financial liabilities</b>	<b>946,107,802</b>	<b>355,042,833</b>	<b>455,594,680</b>	<b>164,277,955</b>	<b>976,105,578</b>

The Company is experiencing a shortage in working capital, resulting in pressure on its short-term liquidity position. Management is mitigating this by extending existing financing facilities to ensure continued access to funding. In addition, payment terms have been extended to manage cash flows and support ongoing operations.

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**33. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**  
**(CONTINUED)**

**33.3 Capital management**

The Company's policy is to maintain a strong capital base in order to sustain investor, creditor, and market confidence, and to support the future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain an appropriate balance between the higher returns that may be achieved with increased levels of borrowing and the advantages and security provided by a sound capital position.

The Company monitors capital using a ratio of net debt to adjusted equity. Net debt is calculated as total liabilities (as presented in the statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity excluding amounts accumulated reserves if any.

The Company's policy is to maintain its net debt to adjusted equity ratio at or below 2.25. As at 31 December, the Company's net debt to adjusted equity ratio was as follows:

	<u>2025</u>	<u>2024</u>
	<u>SAR</u>	<u>SAR</u>
		(Restated note 32)
Total liabilities	<b>1,359,988,859</b>	975,192,741
Less : cash and cash equivalents	<b>20,107,927</b>	33,480,255
Net debt	<b>1,339,880,932</b>	941,712,486
Adjusted Equity	<b>319,928,784</b>	460,580,643
<b>Net debt to adjusted equity ratio</b>	<b>4.19</b>	2.04

**34 SUBSEQUENT EVENTS**

Geopolitical and security developments: The Middle East region has witnessed rapid geopolitical and security developments, leading to increased instability in certain regional markets.

Management has assessed these developments in accordance with the requirements of International Accounting Standard (IAS) 10, Events after the Reporting Period, and concluded that these events are non-adjusting subsequent events, as they arose from conditions that were not present at the reporting date. Accordingly, they do not result in any adjustments to the balances or disclosures reported in the financial statements for the year ended 31 December 2025.

Further, based on the information available up to the date of the financial statements approval, management has not identified any material indicators that could adversely affect the Company's ability to continue as a going concern. Management will continue to monitor relevant developments and take appropriate actions when necessary.

Apart from above, management believes that no significant subsequent event would have a material impact on the financial position.

**35 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements of the Company for the year ended 31 December 2025 were authorised for issuance by the Board of Directors on 28 Shawwal 1447H (corresponding to 16 April 2026).