

Horizon Food Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2025

Horizon Food Company
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2025

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**INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF HORIZON FOOD COMPANY
(A Saudi Joint Stock Company)**

Opinion

We have audited the financial statements of Horizon Food Company a Saudi joint stock company (the “Company”), which comprise the statement of financial position as at 31 December 2025, statement of profit or loss and other comprehensive income, statement of changes in shareholders’ equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis of 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 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 that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

The key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on this matter. The following describes the key audit matter and how it was addressed:

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition During the year ended 31 December 2025, revenues from contracts with customers amounted to 72,927,482 were recognised.</p> <p>Revenue recognition is a key audit matter because earnings are a key performance indicator and as a result there is an inherent risk related to overstating revenue to increase the profit, therefore, the revenue recognition process has been considered a key audit matter.</p> <p>Please refer to the accounting policy for revenue recognition and the disclosure related to revenue and its nature .</p>	<p>The audit procedures we performed, among others, included the following:</p> <ul style="list-style-type: none"> • The appropriateness of the Company's accounting policies related to revenue recognition and evaluating the extent of compliance of those policies with International Financial Reporting Standard No. (15) “revenue from contracts with customers” that is endorsed in the Kingdom of Saudi Arabia. • Examined revenue transactions on a sample basis, and verify relevant supporting documents to check the measurement and accuracy of revenue recognition.

**INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF HORIZON FOOD COMPANY
(A Saudi Joint Stock Company) (continued)**

Key audit matter (continued)

	<ul style="list-style-type: none"> • Analysing significant sales contract to verify the timing of revenue recognition (over a period of time or at a point of time) according to the requirements of International Financial Reporting Standard No. (15) “revenue from contracts with customers” that is endorsed in the Kingdom of Saudi Arabia • Conducted analytical procedures on monthly revenues. • Conducted a cut-off test on the timing of revenue recognition from contracts with customers to ensure it has been recognized in the correct accounting period. • Evaluated the adequacy of the Company's disclosures regarding revenues from contracts with customers in the financial statements.
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Other information

The management is responsible for the other information. Other information consists of the information included in the Company’s annual report, other than the financial statements and our auditor's report thereon. The Company’s annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF HORIZON FOOD COMPANY (A Saudi Joint Stock Company) (continued)

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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's by-law, and for such internal controls as management determines is necessary to enable the preparation of the 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 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 of Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the 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 of Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 omission, misrepresentations or the override of internal control.
- 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.



**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
 TO THE SHAREHOLDERS OF HORIZON FOOD COMPANY
 (A Saudi Joint Stock Company) (continued)**

Auditor Responsibilities for the Audit of the Financial Statements (continued)

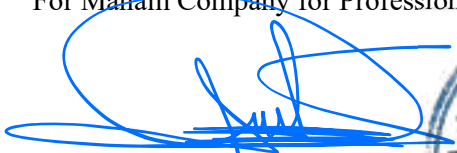
- Conclude on the appropriateness of management use of the going concern basis of accounting and based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 conclusion is based on the audit evidence obtained up to 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 to the financial statements, including the disclosure, 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 the audit.

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

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and, accordingly, they are the key audit matters. We describe these matters in our 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 communicating it reasonably outweigh the public interest in doing so.

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi
 Certified Public Accountant
 License no. (339)
 Date: 10 Shawwal 1447H
 29 March 2026



Horizon Food Company
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
		#	#
ASSETS			
NON CURRENT ASSETS			
Property and equipment	7	82,339,809	53,358,800
Projects in progress	8	3,328,282	34,739,918
Right-of-use assets	9	454,180	506,353
TOTAL NON CURRENT ASSETS		86,122,271	88,605,071
CURRENT ASSETS			
Inventory	10	26,005,663	23,423,574
Prepayments and other debit balances	11	5,805,020	3,874,867
Trade receivables, net	12	3,801,927	4,660,130
Bank balances	13	7,983,269	3,574,854
TOTAL CURRENT ASSETS		43,595,879	35,533,425
TOTAL ASSETS		129,718,150	124,138,496
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14	80,000,000	80,000,000
Reserve	15	2,234,733	2,234,733
Retained earnings		35,116,485	29,925,928
TOTAL SHAREHOLDERS' EQUITY		117,351,218	112,160,661
NON CURRENT LIABILITIES			
Lease liabilities-non current portion	9	448,276	492,373
Employees defined benefits obligations	16	1,463,341	1,079,357
TOTAL NON CURRENT LIABILITIES		1,911,617	1,571,730
CURRENT LIABILITIES			
Accounts payable		5,928,854	6,351,557
Accrued expenses and other current liabilities	17	3,597,177	3,330,322
Lease liabilities-current portion	9	52,422	58,311
Provision for zakat	18	876,862	665,915
TOTAL CURRENT LIABILITIES		10,455,315	10,406,105
TOTAL LIABILITIES		12,366,932	11,977,835
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		129,718,150	124,138,496

Chairman of Board of Directors

Yousif Abdulrah Alrajhi

Chief Executive Officer

Khadim Sarwar

Chief Financial Officer

Hussien Abdul Mohsen Mahmoud

The attached notes 1 to 29 form an integral part of these financial statements.

Horizon Food Company
(A Saudi Joint Stock Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 #	2024 #
Revenues	19	72,927,482	67,935,359
Cost of revenues	20	(52,173,436)	(46,167,206)
GROSS PROFIT		20,754,046	21,768,153
EXPENSES			
Selling and marketing	21	(4,416,951)	(4,027,774)
General and administration	22	(10,602,024)	(7,015,496)
PROFIT FROM MAIN OPERATIONS		5,735,071	10,724,883
Other income, net		712,157	162,315
Finance costs		(61,326)	(46,189)
PROFIT BEFORE ZAKAT		6,385,902	10,841,009
Zakat	18	(877,839)	(671,650)
NET PROFIT FOR THE YEAR		5,508,063	10,169,359
Other comprehensive loss			
<i>Other comprehensive loss not to be reclassified to income in subsequent periods:</i>			
Remeasurement loss on employees' defined benefits	16	(317,506)	(362,176)
TOTAL COMPREHENSIVE INCOME		5,190,557	9,807,183
EARNING PER SHARE			
Basic and diluted earning per share from net profit for the year attributable to shareholders of the Company	23	<u>0.69</u>	<u>1.27</u>

Chairman of Board of Directors
Yousif Abdullah Alrajhi

Chief Executive Officer
Khadim Sarwar

Chief Financial Officer
Hussien Abdul Mohsen Mahmoud

The attached notes 1 to 29 form an integral part of these financial statements.

Horizon Food Company
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

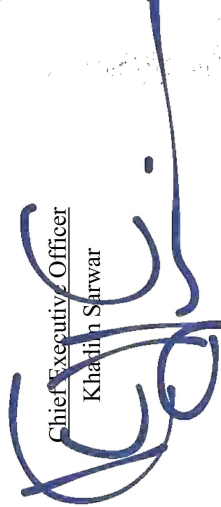
For the year ended 31 December 2025

	Share capital #	Reserve #	Retained earnings #	Total #
As at 1 January 2024	80,000,000	2,234,733	20,118,745	102,353,478
Net profit for the year	-	-	10,169,359	10,169,359
Other comprehensive loss for the year	-	-	(362,176)	(362,176)
Total comprehensive income for the year	-	-	9,807,183	9,807,183
As at 31 December 2024	80,000,000	2,234,733	29,925,928	112,160,661
As at 1 January 2025	80,000,000	2,234,733	29,925,928	112,160,661
Net profit for the year	-	-	5,508,063	5,508,063
Other comprehensive loss for the year	-	-	(317,506)	(317,506)
Total comprehensive income for the year	-	-	5,190,557	5,190,557
As at 31 December 2025	80,000,000	2,234,733	35,116,485	117,351,218

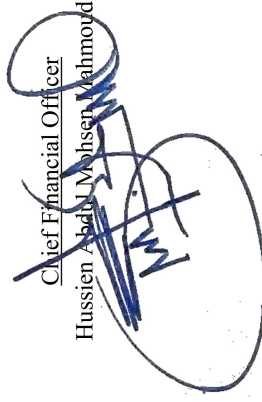
Chairman of Board of Directors
Yousif Abdullah Alrajhi



Chief Executive Officer
Khatim Sarwar



Chief Financial Officer
Hussien Abdul Mohsen Mahmoud



The attached notes 1 to 29 form an integral part of these financial statements.

Horizon Food Company
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 #	2024 #
OPERATING ACTIVITIES			
Profit before zakat		6,385,902	10,841,009
<i>Non-cash adjustments to reconcile income before zakat to net cash flows from operating activities</i>			
Depreciation of property and equipment		4,909,648	3,054,153
Depreciation of right-of-use assets		52,173	43,762
(Profit)/loss on disposal of property and equipment		(204,951)	3,639
Current service cost of employees defined benefits obligations		194,287	218,418
Finance costs		61,326	46,189
		<u>11,398,385</u>	<u>14,207,170</u>
Working Capital Adjustments:			
Inventory		(2,582,089)	(16,216,816)
Prepayments and other debit balances		(1,930,153)	230,667
Trade receivables		858,203	(168,578)
Accrued expenses and other current liabilities		266,855	1,265,183
Accounts payable		(422,703)	2,652,520
Cash from operations		<u>7,588,498</u>	<u>1,970,146</u>
Zakat paid		(666,892)	(433,864)
Employees' defined benefits paid		(182,424)	(366,618)
Net cash flows from operating activities		<u><u>6,739,182</u></u>	<u><u>1,169,664</u></u>
INVESTING ACTIVITIES			
Additions to property and equipment		(1,714,986)	(146,106)
Proceeds from disposal of property and equipment		220,650	4,000
Additions to projects in progress		(779,734)	(4,255,017)
Net cash flows used in investing activities		<u><u>(2,274,070)</u></u>	<u><u>(4,397,123)</u></u>
FINANCING ACTIVITY			
Payment of lease liabilities		(56,697)	(56,697)
Net cash flows used in a financing activity		<u><u>(56,697)</u></u>	<u><u>(56,697)</u></u>
CHANGE IN BANK BALANCES			
		4,408,415	(3,284,156)
Bank Balances at the beginning of the year		<u>3,574,854</u>	<u>6,859,010</u>
BANK BALANCES AT THE END OF THE YEAR		<u><u>7,983,269</u></u>	<u><u>3,574,854</u></u>
NON-CASH TRANSACTIONS			
Transfer from project in progress to property and equipment		<u><u>32,191,370</u></u>	<u><u>30,025,047</u></u>

Chairman of Board of Directors

Yousif Abdullah Alhajiri

Chief Executive Officer

Khadim Sarwar

Chief Financial Officer

Hussien Abdel Mohsen Mahmoud

The attached notes 1 to 29 form an integral part of these financial statements.

Horizon Food Company (A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

1 CORPORATE INFORMATION

1.1 Horizon Food Company (the "Company") is a Saudi joint stock company. The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration No. 2051220421 in the city of Khobar dated 06 Jumada II 1439H (corresponding to 22 February 2018). The Company is listed in Saudi secondary market (Numuo).

The Company's main activities include producing types of poultry, rabbits and birds, chilled and frozen. And producing chilled, frozen meats and cutting, processing and packing meats and poultry and producing sausages and burger from meat.

1.2 The Company has the following two branches:

<u>Commercial registration</u>	<u>Date</u>	<u>Location</u>
2050105126	27/06/1436	Dammam
2251067369	11/05/1438	Al-Hofuf

1.3 The Company's head office is located in Dammam, P.O. Box 34857, Dammam 2383, Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

2.2 Basis of measurement

The financial statements have been prepared on a historical cost convention. Except for employees' defined benefits obligations, that has been measured at the present value of the obligation using the projected credit method.

2.3 Presentation and functional currency

The financial statements are presented in Saudi Riyals (SR), which is also the functional currency of the Company.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following are the significant accounting policies applied in the preparation of these financial statements:

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- it expects to realize the asset, or intends to sell or consume it, in the entity's normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting date; or
- the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company shall classify all other assets as non-current. When the Company normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

Horizon Food Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.1 Current versus non-current classification (continued)

The Company shall classify a liability as current when:

- a) it expects to settle the liability in the entity's normal operating cycle;
- b) it holds the liability primarily for the purpose of trading;
- c) the liability is due to be settled within twelve months after the reporting date; or
- d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The Company shall classify all other liabilities as non-current.

3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

The policies and procedures are reviewed primarily for the recurring and non recurring valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.3 Property and equipment

Property and equipment is recognised initially at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of profit or loss during the period in which they are incurred.

Horizon Food Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.3 Property and equipment (continued)

After initial recognition property and equipment are stated at cost less accumulated depreciation and any impairment in value . The cost less estimated residual value is depreciated on straight line basis over the estimated useful life of the assets as follows:

Buildings	10-16.67 Years
Machinery and equipment	20 Years
Good transporters and other vehicles	6.67 Years
Furniture and fixtures	10 Years
Office equipment	10-20 Years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicates the carrying value may not be recoverable . If any such indication exists and when carrying value exceeds the estimated recoverable amount , the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses) – net' in the statement of profit or loss and other comprehensive income.

3.4 Projects in progress

Assets in the course of development are capitalized in the projects in progress account. The asset under development is transferred to the appropriate category once the asset is in a location and/or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of projects under progress comprises its purchase price, construction / development cost and any other cost directly attributable to the construction or acquisition of an item of projects in progress.

3.5 Impairment of non-financial assets

The Company assesses the depreciable assets, at each reporting date, whether there is an indication that an asset may be impaired. 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 group 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company impairment calculation is based on the detailed budget and forecast calculations which are prepared separately for each of the Company CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to projected future cashflows after the budget period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

Horizon Food Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.6 Leases

The Company evaluates at the beginning of the contract whether the contract is a lease or contains a lease. A contract is or contains a lease if it gives the right to control the use of a specific asset for a period of time in exchange for consideration.

The Company as lessee

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the lease contract over the shorter of the lease term and the estimated useful lives of the assets.

The Company applies a single recognition and measurement method for all leases, except for short-term leases and leases for impaired assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets.

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment. Please refer to the accounting policies in the "Impairment of Non-Financial Assets" section. The right to use the assets is depreciated on a straight-line basis over the lease term or the estimated useful lives of the assets. The lease term is estimated at 16 to 20 years.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

When calculating the present value of lease payments, the Company uses its incremental financing rate at the lease commencement date because the interest rate implicit in the lease cannot be determined immediately. After the commencement date of the lease, the amount of the lease liabilities is increased to reflect the level of interest accrual and reduced based on the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes in future lease payments resulting from a change in an index or rate used to determine those lease payments) or a change in the valuation of an option to purchase the underlying asset.

Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., leases that have a term of 12 months or less from the contract commencement date and do not include a purchase option). The recognition exemption for leases with low-value assets also applies to leases that are considered low-value. Lease payments related to short-term leases and leases with low-value assets are recognized as an expense on a straight-line basis over the term of the lease.

Horizon Food Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

The Company as a lessor

Leases under which the Company does not transfer significant benefits and risks associated with asset ownership are classified as operating leases. lease income is for on a straight-line basis over the term of the lease and is recognized as revenue in the statement of profit or loss because of its operational nature. The initial direct costs incurred during the negotiation and arrangement of any operating lease are added to the book value of the leased asset and recognized over the lease term on the same basis as lease income. Term leases are recognized as revenue over the period in which they are earned.

Lease contracts, at inception, are classified as finance leases or operating leases. Lease contracts under which the Company transfers all the benefits and risks associated with ownership are classified as finance leases.

3.7 Inventories

Inventory are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method. The cost of inventories comprises purchase price, shipping cost, direct labour and other direct costs. At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in statement of profit or loss. The cost of damaged and expired inventory is charged to the cost of revenue.

3.8 Bank balances

Bank Balances includes cash deposited with local banks.

3.9 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.10 Employees defined benefits obligations

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and tickets, bonuses, and non-monetary benefits such as medical care), are recognized in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Employee benefits obligation

The Company's employee benefits obligations are accounted for as an unfunded defined benefits plan. The liability recognized in the statement of financial position in respect of the defined end-of service benefits plan is the present value of the employee benefits obligation at the reporting date and is measured using the projected unit credit method.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVPL), transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets are subsequently measured at FVPL, amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Company bank balances and trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the cash flows in full with substantially all the risks and rewards of the asset, through 'arrangement'; and either:
 - (a) the Company has transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

IFRS 9 requires the Company to record an allowance for ECLs for all account receivables and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For accounts receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company financial liabilities include accounts payable, accrued expenses and lease liabilities.

Subsequent measurement

The financial liabilities are subsequently measured at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of other comprehensive income.

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns and discounts.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, wherever applicable, by transferring and when it transfers control over the promised service to the customer.

A five-step approach to revenue recognition is applied:

1. Identify the contract(s) with the customer
2. Identify the performance obligations in each contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations
5. Recognize revenue as the entity satisfies a performance obligation

Revenue is recognised net of returns and other adjustments.

3.13 Expenses

Expenses related to operations are allocated on a consistent basis to cost of revenue and selling and marketing. All other expenses are classified as general and administrative expenses. Allocations between expenses is made on consistent basis.

3.14 Zakat and value added tax

Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). A provision for zakat for the Company is charged to the statement of comprehensive income. Differences, if any, at the finalization of assessments are accounted for when such amounts are determined in accordance with the requirements of IAS 8 of IFRSs.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14 Zakat and value added tax (continued)

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.15 Earning per share

The Company presents basic and diluted earnings per share, if any, for its ordinary shares. Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the fiscal year.

3.16 Foreign currencies

Transactions in foreign currencies are converted into Saudi Riyals using the prevailing exchange rates when those transactions occur. As for cash assets and liabilities denominated in foreign currencies, they are converted into Saudi Riyals using the conversion rates prevailing exchange rates at the reporting date. As for non-monetary assets and liabilities that are measured according to the fair value in a foreign currency, they are converted into the activity currency using exchange rates when determining the fair value. Non-monetary items that are measured at historical cost in a foreign currency are converted at the exchange rates on the date of the transaction. Gains and losses on changes in exchange rates are recognised in the statement of profit or loss and other comprehensive income.

3.17 Dividends

Dividends are recognized as a liability when duly approved: final dividends upon shareholder approval at the General Assembly, and interim dividends upon Board approval in accordance with the Company's bylaws and applicable regulations.

3.18 Segment reporting

The Company reviews its performance and makes resource allocation decisions at the level of a single operating unit. All of the Company's operations have similar economic characteristics and operate in a single market environment, meaning that they constitute a single operating segment. Accordingly, separate segment information has not been presented in these financial statements, as there are no multiple operating segments that require disclosure.

3.19 Related Parties

The entity is considered related to the Company if the Company has the ability, directly or indirectly, to control the entity or has a significant influence on the entity in making financial operating decisions or vice versa, or where the Company and the entity are subject to joint control or significant influence. Related parties also include the Company's senior management directors and major shareholders.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

As per below, several amendments and interpretations apply for the first time in 2025, but do not have an impact on the financial statements of the Company:

- *Amendments to IAS 27 - Lack of exchangeability*

5 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; however, the Company has not early adopted them in preparing these financial Statements. The Company is currently evaluating the impact of the adoption of these standards on the financial Statement

- *Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (Effective 1 January 2026)*
- *Annual Improvements to IFRS Accounting Standards – Volume 11 (Effective 1 January 2026)*.
- *Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-Dependent Electricity (Effective 1 January 2026)*
- *IFRS 18, 'Presentation and Disclosure in Financial Statements' (Effective 1 January 2027)*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures (Effective 1 January 2027)*
- *Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between investor and its associate or joint venture (No effective date yet decided)*

6 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including future expectations.

6.1 Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

6.1.1 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

6.1.2 Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is remote. They arise from past events and are confirmed by uncertain future events not wholly within the Company's control, or present obligations that are not recognized because an outflow is not probable or cannot be reliably measured.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

6 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

6.1 Key sources of estimation uncertainty (continued)

6.1.3 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

6.1.4 Estimated useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation on a straight-line basis over their estimated economic useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews 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.

6.1.5 Long-term assumptions for employees' benefits

The present value of the employees defined benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) the end of service include the discount rate. Any changes in these assumptions will impact the carrying amount of employees defined benefits.

The company determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the obligations.

6.1.6 Provision for expected credit losses of accounts receivables

The Company uses a provision matrix to calculate ECLs for accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit guarantees).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's accounts receivables is disclosed in accounts receivable note of the financial statements.

6.1.7 Zakat obligations and the zakat and tax position for years not agreed upon with the Zakat, Tax and Customs Authority

The zakat provision included in the statement of financial position represents management's best estimate of the value of the outstanding obligation for the years that have not yet been agreed upon with the Zakat, Tax and Customs Authority.

The zakat base has been calculated based on management's understanding of the zakat and tax laws in effect in the Kingdom of Saudi Arabia. Zakat and tax laws in the Kingdom of Saudi Arabia are subject to varying interpretations. The assessments issued by the Authority may differ from the declarations submitted by the company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

6 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

6.2 Judgements

6.2.1 Determining the lease term of contracts with renewal and termination options

Management of 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 several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

7 PROPERTY AND EQUIPMENT

	Buildings #	Machinery and equipment #	Goods transporters and other vehicles #	Furniture and fixtures #	Office equipment #	Total #
<i>Cost:</i>						
At 1 January 2024	13,843,386	23,247,849	2,701,872	195,079	720,096	40,708,282
Additions	-	117,261	-	3,686	25,159	146,106
Disposals	-	-	-	(14,031)	-	(14,031)
Transfer from projects in progress	30,025,047	-	-	-	-	30,025,047
At 31 December 2024	43,868,433	23,365,110	2,701,872	184,734	745,255	70,865,404
Additions	239,910	263,098	1,097,093	82,055	32,830	1,714,986
Disposals	-	-	(628,602)	-	-	(628,602)
Transfer from projects in progress	4,363,035	24,569,168	320,000	541,590	2,397,577	32,191,370
At 31 December 2025	48,471,378	48,197,376	3,490,363	808,379	3,175,662	104,143,158
<i>Depreciation:</i>						
At 1 January 2024	5,448,985	6,593,520	2,017,508	103,399	295,431	14,458,843
Charge for the year	922,132	1,664,452	386,169	19,276	62,124	3,054,153
Disposals	-	-	-	(6,392)	-	(6,392)
At 31 December 2024	6,371,117	8,257,972	2,403,677	116,283	357,555	17,506,604
Charge for the year	2,437,463	1,934,489	383,490	36,118	118,088	4,909,648
Disposals	-	-	(612,903)	-	-	(612,903)
At 31 December 2025	8,808,580	10,192,461	2,174,264	152,401	475,643	21,803,349
<i>Net book value:</i>						
At 31 December 2025	39,662,798	38,004,915	1,316,099	655,978	2,700,019	82,339,809
At 31 December 2024	37,497,316	15,107,138	298,195	68,451	387,700	53,358,800

-The factory buildings are located on land leased from MODON for a period of 17 years, renewable for further periods upon agreement between the parties. The initial lease term expires on 11 Shawwal 1457H (corresponding to 11 December 2035).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

7 PROPERTY AND EQUIPMENT (continued)

Allocation of depreciation charge in the statement of profit or loss and other comprehensive income is as follows:

	2025 #	2024 #
Cost of revenue	3,715,165	2,706,345
General and administration	1,194,483	347,808
	<u>4,909,648</u>	<u>3,054,153</u>

8 PROJECTS IN PROGRESS

8.1 The following is the movement on the projects in progress:

	2025 #	2024 #
As at 1 January	34,739,918	60,509,948
Additions	779,734	4,255,017
Transfer to property and equipment (8.2)	(32,191,370)	(30,025,047)
As at 31 December	<u>3,328,282</u>	<u>34,739,918</u>

8.2 The Company has established a new factory to expand production capabilities for meat and poultry products, including sausages, hamburgers, and chilled and frozen poultry, rabbits, birds and meat. The project has been completed and became ready for intended use by management during the third quarter of the current year and consequently, the Company has capitalized the project to property and equipment during the year.

8.3 The remaining balance of projects under development as at 31 December 2025 relates to the implementation of a new ERP system for the Company. These costs are expected to be capitalised in the second quarter of 2026, once the system is completed and ready for use.

9 RIGHT OF USE ASSETS AND LEASE LIABILITY

9.1 The Company has entered into lease agreements with the Saudi Authority for Industrial Cities and Technology Zones (MODON) for the lease of two plots of land to be used for the construction of production facilities. The Company is constructing its buildings and facilities on the leased land. The lease terms are for 17 and 20 years. The lease agreements contain options to renew and extend the leases in accordance with terms and conditions agreed upon by the parties.

9.2 *Right-of-use assets*

	2025 #	2024 #
Cost:		
As at 1 January and 31 December	<u>752,580</u>	<u>752,580</u>
Depreciation:		
As at 1 January	246,227	202,465
Charge for the year	52,173	43,762
As at 31 December	<u>298,400</u>	<u>246,227</u>
Net book value as at 31 December	<u>454,180</u>	<u>506,353</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

9 RIGHT OF USE ASSETS AND LEASE LIABILITY (continued)

9.3 *Lease liabilities*

	2025	2024
	ﷲ	ﷲ
As at 1 January	550,684	600,670
Finance cost	6,711	6,711
Payments during the year	<u>(56,697)</u>	<u>(56,697)</u>
As at 31 December	<u><u>500,698</u></u>	<u><u>550,684</u></u>

Lease liabilities are allocated into current and non-current, based on the maturity of the lease agreement, as follows:

	2025	2024
	ﷲ	ﷲ
Non current Portion	448,276	492,373
Current Portion	<u>52,422</u>	<u>58,311</u>
	<u><u>500,698</u></u>	<u><u>550,684</u></u>

9.4 *Lease information:*

Lease agreements are typically entered into for fixed terms. The lease agreements do not impose any conditions. The borrowing rate used by the Company for lease liabilities and right-of-use assets was 4%. The Company has short-term lease contracts that do not meet the standard's requirements. The Company has recorded these contracts using the straight-line method, and the total amounts charged to the statement of profit or loss and other comprehensive income are ﷲ 516,724 (2024: ﷲ 752,958). These contracts relate to worker housing and storage shelves in refrigeration units.

9.5 Depreciation expense on right-of-use assets has been charged to the cost of goods sold. (2024: same)

10 INVENTORY

	2025	2024
	ﷲ	ﷲ
Raw Material	17,123,780	20,467,209
Finished goods	<u>8,881,883</u>	<u>2,956,365</u>
	<u><u>26,005,663</u></u>	<u><u>23,423,574</u></u>

The Company hasn't provided any provision for obsolete and slow-moving inventory for the year ended 31 December 2025 (2024: same), as inventory turnover was high; therefore, the inventory was not exposed to any significant risk of impairment.

11 PREPAYMENTS AND OTHER DEBIT BALANCES

	2025	2024
	ﷲ	ﷲ
Advances to suppliers	1,338,714	1,497,297
Prepaid expenses	2,113,519	1,305,282
Employees receivables	1,410,935	1,072,288
Insurance claim	<u>941,852</u>	<u>-</u>
	<u><u>5,805,020</u></u>	<u><u>3,874,867</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

12 TRADE RECEIVABLES, NET

	2025	2024
	#	#
Trade receivables	4,216,238	4,810,440
Less: allowance for expected credit loss	(414,311)	(150,310)
	<u>3,801,927</u>	<u>4,660,130</u>

12.1 Movement in allowance for expected credit loss is as follows:

	2025	2024
	#	#
At 1 January	150,310	150,310
Allowance of expected credit loss	264,001	-
At 31 December	<u>414,311</u>	<u>150,310</u>

12.2 The analysis of trade receivable aging was as follows:

	Not due	0-90 days	91-150 days	more than 151 days	Total
As at 31 December 2025	1,487,866	150,585	44,937	2,532,850	4,216,238
As at 31 December 2024	2,422,846	986,038	219,967	1,181,589	4,810,440

13 BANK BALANCES

	2025	2024
	#	#
Bank balances	<u>7,983,269</u>	<u>3,574,854</u>

Bank balances represent cash held with local banks and are denominated mainly in Saudi Riyals.

14 SHARE CAPITAL

The Company's capital consists of 8,000,000 ordinary shares with a value of # 10 each (2024: same).

15 RESERVE

During the year 2024, the Company amended its By-Laws to comply with the new Companies Regulations requirements issued by Royal Decree M/132 dated 30 June 2022 and consequently, the Company is no longer required to appropriate statutory reserve and accordingly, the reserve appropriated during the prior years will be subject to shareholders resolution in the future, either to keep it as a general reserve, or transfer it back to retained earnings.

16 EMPLOYEES DEFINED BENEFITS OBLIGATIONS

The management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December 2025 and 31 December 2024 in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The following tables summarises the components of net benefit expense recognized in the statement of comprehensive income and balances reported in the statement of financial position:

	2025	2024
	#	#
Reconciliation of present value of liability		
End of service liability at the beginning of the year	1,079,357	825,903
Current service costs	194,287	218,418
Finance cost	54,615	39,478
End of service benefits paid during the year	(182,424)	(366,618)
Actuarial loss	317,506	362,176
End of service liability at the end of the year	<u>1,463,341</u>	<u>1,079,357</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

16 EMPLOYEES DEFINED BENEFITS OBLIGATIONS (Continued)

The significant assumptions used in determining employees' defined benefits obligations are shown below:

	2025	2024
Discount rate	5.01%	5.06%
Future salary increment rate	3.00%	3.00%

Sensitivity analysis

	31 December 2025		31 December 2024	
	PVDBL - ﷲ	% Change	PVDBL - ﷲ	% Change
+ 1% discount rate	1,392,787	-4.82%	1,048,295	-2.88%
- 1% discount rate	1,541,454	5.34%	1,112,784	3.10%
+ 1% salary increase	1,542,255	5.39%	1,113,138	3.13%
-1% salary decrease	1,390,809	-4.96%	1,047,397	-2.96%

PVDBL: Present Value of Defined Benefits Liability.

17 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2025	2024
	ﷲ	ﷲ
Accrued expenses	2,741,848	2,164,639
VAT payable	711,110	677,858
Accrued commissions	144,219	424,161
Advances from customers	-	63,664
	<u>3,597,177</u>	<u>3,330,322</u>

18 ZAKAT

18.1 Charge for the year

	2025	2024
	ﷲ	ﷲ
The zakat charge consists of:		
Current year provision	876,862	665,915
Charge related to prior years	977	5,735
Charge for the year	<u>877,839</u>	<u>671,650</u>

18.2 Components of zakat base

	2025	2024
	ﷲ	ﷲ
Total equity and liabilities and its equivalents	120,139,679	114,398,306
Long-term assets and its equivalents	<u>(86,122,271)</u>	<u>(88,635,036)</u>
Gross zakat base	34,017,408	25,763,270
Net zakat base	<u>34,017,408</u>	<u>25,763,270</u>

Zakat is calculated at the rate of 2.578% (2024: 2.5847%) of the net zakat base.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

18 ZAKAT (continued)

<i>18.3 Movement in zakat provision</i>	<i>2025</i>	<i>2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
At the beginning of the year	665,915	428,129
Charge for the year	877,839	671,650
Paid during the year	(666,892)	(433,864)
At the end of the year	<u>876,862</u>	<u>665,915</u>

18.4 Status of assessments

The Company has submitted its zakat returns for all years from inception up to the year ended 31 December 2024 and has obtained the required certificates. The Company's zakat position is agreed with ZATCA up to the year 2019 and for the year 2023. The Company is not aware of any additional zakat liabilities with respect to filed returns of prior years.

19 REVENUES

The Company recognizes revenue upon delivery of goods at a specific point in time, as follows:

	<i>2025</i>	<i>2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Gross revenues	74,524,194	68,704,709
Less: returns	(1,596,712)	(769,350)
Net revenue	<u>72,927,482</u>	<u>67,935,359</u>

Revenue is recognized net of returns and other adjustments. Where returned goods are not expected to be recoverable or resalable, the related costs are recognized within cost of revenue. (2024: same)

The Company recognizes revenue from the sale of several products, detailed as follows:

	<i>2025</i>	<i>2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Service type		
Chicken shawarma sales, net	43,661,793	55,914,159
Chicken tender sales, net	17,270,830	1,027,370
Beef shawarma sales, net	8,550,902	10,033,876
Cooked chicken and meat shawarma sales, net	2,014,910	58,267
Doner kebab sales, net	1,421,585	901,687
Potato sales, net	7,462	-
	<u>72,927,482</u>	<u>67,935,359</u>
	<i>2025</i>	<i>2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Geographical markets		
Local sales, net	68,500,782	62,314,924
Export sales, net	4,426,700	5,620,435
	<u>72,927,482</u>	<u>67,935,359</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

20 COST OF REVENUES

	<i>2025</i>	<i>2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Cost of material consumed	41,431,214	37,770,062
Employee costs	5,957,118	4,640,567
Depreciation of property and equipment	3,715,165	2,706,345
Utility expenses	264,465	329,477
Government fees	128,766	116,243
Others	676,708	604,512
	<u>52,173,436</u>	<u>46,167,206</u>

21 SELLING AND MARKETING EXPENSES

	<i>2025</i>	<i>2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Employee costs	1,510,300	1,457,846
Motor vehicles and transportation expenses	1,133,658	941,601
Cooling rooms rent	439,127	364,932
Commission	233,619	571,228
Travel expenses	217,498	211,349
Others	882,749	480,818
	<u>4,416,951</u>	<u>4,027,774</u>

22 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2025</i>	<i>2024</i>
	<i>ﷲ</i>	<i>ﷲ</i>
Employee costs	3,935,019	4,265,482
Consulting and professional fees	3,444,700	1,170,947
Depreciation of property and equipment	1,194,483	347,808
Board of Directors and Audit Committee attendance fees	828,291	177,209
Government fees	237,626	462,637
Telephone and postage	132,005	126,334
Travel and transfer expenses	43,290	19,497
Others	786,610	445,582
	<u>10,602,024</u>	<u>7,015,496</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

23 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the net profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the profit and ordinary shares outstanding data used in the basic and diluted loss per share calculation of the shareholders of the Company:

	2025	2024
	#	#
Net profit attributable to shareholders of the Company	<u>5,508,063</u>	<u>10,169,359</u>
Weighted average number of ordinary shares outstanding	<u>8,000,000</u>	<u>8,000,000</u>
Basic and diluted earning per share from net profit for the year	<u><u>0.69</u></u>	<u><u>1.27</u></u>

24 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, members of the board of directors, and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

The pricing policies and terms of related party's transactions are approved in accordance with the Company's approved policies and in compliance with its by-laws.

24.1 The significant related parties transactions are as follows:

	2025	2024
	#	#
Salaries and allowances of executives	<u>1,309,200</u>	<u>1,377,000</u>
Remuneration and bonus to board of directors and other board members	<u>178,291</u>	<u>177,209</u>
Total compensation of key management personnel	<u><u>1,487,491</u></u>	<u><u>1,554,209</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

25 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

	2025	2024
	S	S
Financial assets measured at amortized cost		
Trade receivables	4,216,238	4,810,440
Other debit balances	2,352,787	1,072,288
Bank balances	7,983,269	3,574,854
Total financial assets measured at amortized cost	14,552,294	9,457,582
Financial liabilities measured at amortized cost		
Lease liabilities	500,698	550,684
Accounts payable	5,928,854	6,351,557
Accrued expenses and other current liabilities	3,597,177	3,266,658
Total financial liabilities measured at amortized cost	10,026,729	10,168,899

The main financial risks arising from the Company's financial instruments are market risk, liquidity and credit risk. Management reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that changes in market prices, such as commodity risk, interest rates and foreign currency exchange rates may affect the Company's income. The Company was exposed to market risk, in the form of commodity risk, interest rate risk and foreign currency risk as described below, during the year under review. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Commodity risk

The Company is exposed to the impact of market fluctuations of the price of different products to be used in the operations. The Company prepares annual budgets including sensitivity analyses in respect of various prices levels of such materials to manage the risk.

Interest rate risk

Interest rate risk represents the risk that the fair value of future cash flow of financial instruments will fluctuate due to the change in of the market interest rates. The Company does not have any assets or liabilities that are subject to interest rate risk .The Company manages its exposure to interest rate risks by continually monitoring movement in interest rates.

Currency risk

Currency risk is the risk of changes in the value of financial instruments due to changes in foreign exchange rates. Most of the Company's transactions are in Saudi Riyals, the management monitors changes in currency exchange rates and management believes that the currency risk is not material to the Company.

Consequently, no foreign currency sensitivity analysis has been presented. The Company does not have any significant amounts in foreign currencies as of 31 December 2025 (2024: same).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

25 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter the necessary liquidity to meet its obligations associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring periodically that sufficient liquidity is available to meet any obligations as they arise.

Contractual maturity analysis for financial liabilities

The following table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables represent undiscounted cash flows:

31 December 2025	Less than 1 year #	More than 1 year but less than 5 years #	More than 5 years #	Total #
Lease liabilities	56,697	226,788	403,176	686,661
Accounts payables	5,928,854	-	-	5,928,854
Accrued expenses and other current liabilities	3,597,177	-	-	3,597,177
Employees defined benefits obligations	180,683	681,660	1,095,228	1,957,571
	<u>9,763,411</u>	<u>908,448</u>	<u>1,498,404</u>	<u>12,170,263</u>

31 December 2024	Less than 1 year #	More than 1 year but less than 5 years #	More than 5 years #	Total #
Lease liabilities	56,697	226,788	459,873	743,358
Accounts payables	6,351,557	-	-	6,351,557
Accrued expenses and other current liabilities	3,266,658	-	-	3,266,658
Employees defined benefits obligations	260,816	601,298	416,805	1,278,919
	<u>9,935,728</u>	<u>828,086</u>	<u>876,678</u>	<u>11,640,492</u>

Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its bank balances, other receivables and trade receivable.

The maximum exposure to credit risk at the reporting date was as follows:

Description	2025 #	2024 #
Bank balances	7,983,269	3,574,854
Other debit balances	2,352,787	1,072,288
Trade receivable	3,801,927	4,660,130

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

25 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The following table represents information that provide information on the exposure of the Company to the credit risk and ECL for trade receivable for customers:

	Gross carrying amount	Weighted average loss	Loss allowance (%)
31 December 2025			
Not due	1,487,866	-	0%
0-90 days	150,585	9,959	1%
91-150 days	44,937	10,123	22.53%
More than 150 days	2,532,850	394,229	15.56%
	<u>4,216,238</u>	<u>414,311</u>	

	Gross carrying amount	Weighted average loss	Loss allowance (%)
31 December 2024			
Not due	2,359,175	-	0%
0-90 days	1,049,709	9,959	1%
91-150 days	219,967	10,123	4.60%
More than 150 days	1,181,589	130,228	11.02%
	<u>4,810,440</u>	<u>150,310</u>	

Invoices issued to customers are due after a period ranging from 60 to 90 days. The payment terms vary from customer to customer (2024: same). The Company has promissory notes from some of its customers against their receivable balance.

Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to the shareholders through the optimization of the equity balance. The Company's overall strategy remains unchanged from the previous year. The capital structure of the Company consists of equity comprising capital, reserve and retained earnings. The Company is not subject to any externally imposed capital requirements.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The five largest customers account approximately for 29% of outstanding trade receivable at 31 December 2025 (31 December 2024: 36%).

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction and the same conditions of dealing with other parties. As the accompanying financial statements are prepared under the historical cost method difference may arise between the book values and the fair value estimates.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

26 SEGMENT INFORMATION

The Company conducts its operations within a single segment and the Company does not have any operating segments that are reported to the CEO, who is a key operational decision maker in the Company.

27 CONTINGENCIES AND COMMITMENTS

Contingencies:

The Company is a party to a number of lawsuits that are being litigated. Although the final outcome of these lawsuits cannot be determined based on the advice of legal counsel, the Company does not expect these lawsuits to have any material adverse effect on the Company's statement of financial position or the results of its operations.

Capital commitments:

The Company has approved capital commitments to complete the factory expansion works estimated at SR 5,000,000 (2024: SR 3,000,000).

28 SUBSEQUENT EVENTS

Subsequent to 31 December 2025, the region has experienced certain geopolitical developments that may have implications for the economic environment.

Management is monitoring these developments and assessing their potential impact on the Company's operations, including its manufacturing and distribution activities in Saudi Arabia and its export sales to the region.

In addition, in February 2026, the Company entered into a cooperation agreement with Bidfood relating to the distribution of its products, which is expected to support the Company's future growth and market expansion.

These events have not resulted in any adjustments to the accompanying financial statements, and it is not currently practicable to reliably estimate the financial impact of the geopolitical developments.

Except for the above events, in the opinion of management, there have been no other significant subsequent events since the year ended 31 December 2025 that would have a material impact on the financial position of the Company as reflected in these financial statements.

29 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorized for issuance by the board of directors on 10 Shawwal 1447H (corresponding to 29 March 2026).