nadec Announces Q2
2026 Financial Results

- **Q2 2026** revenue increased **5.54%** year-on-year to S**AR 876.44 million**, supported by strong growth in Protein and Agriculture.

- Protein revenue almost doubled year-on-year, reinforcing its strategic importance as NADEC's growth segment.

- Net profit reached **SAR 64.56 million,** impacted by temporary external cost pressures across feed, shipping, regional maritime surcharges and distribution due to the regional geopolitical situation.

- Haradh slaughterhouse commissioning - a major milestone in the fast-growing Protein segment.

- nadec-branded retail-ready packaged red meat products remain on track by year-end 2026

Riyadh, Kingdom of Saudi Arabia, 20 July 2026G - National Agricultural Development Company, (the "Company") or ("nadec"), one of the Kingdom of Saudi Arabia's leading food companies, with a diversified portfolio across essential food categories, Dairy & Beverages, Protein, Agriculture, today announced its interim condensed consolidated financial results for the period ended **30 June 2026** (Six Months).

During the period, nadec continued to advance its broader food platform strategy, with a focus on strengthening the future fundamentals of Dairy & Beverages, scaling Protein, and developing Agriculture as a higher-value, technology-enabled production vertical.

Commenting on the results, Dr. Solaiman bin Abdulaziz Al-Twaijri, CEO of nadec, said:
"nadec delivered top-line growth in **Q2 2026**, supported by the continued evolution of our portfolio and the growing contribution from strategic segments. Dairy & Beverages remains central to NADEC's business, providing scale, brand trust and everyday consumer relevance. At the same time, Protein is becoming an increasingly meaningful contributor to growth as we expand into high-potential food categories and build a broader Saudi food platform. While temporary external cost pressures linked to regional supply chain and logistics disruption weighed on margins and profitability, the underlying fundamentals of our business remain strong.

We are currently in an important investment phase as we build the infrastructure, capabilities and partnerships needed to support NADEC's next stage of growth. In Protein, we are making strong progress toward the launch of packaged red meat products across major retail channels by year-end, supported by the operational readiness of our Haradh slaughterhouse and the Hilton Foods JV. This is a key step in moving from live-animal sales toward a higher-value, retail-ready red meat platform, and we expect the earnings contribution from these investments to become more visible as products reach retail shelves and the business scales. At the same time, we continue to invest in Agriculture as a strategic future platform, including high-tech greenhouses, controlled-environment production, vertical farming, NSPC seed and tissue culture capabilities, and higher-value produce such as premium strawberries and tomatoes.

In the near term, our focus remains on disciplined capital deployment, working capital management and navigating a higher-than-usual cost environment. Looking ahead, we are confident that the cost pressures we are seeing today are temporary in nature, and that nadec is well positioned to convert its current investment phase into sustainable growth, stronger margins and long-term value creation for shareholders."

Financial Overview

Income Statement - (Profit or Loss Statement)

SAR mn (unless stated otherwise)	Q2 2026	Q2 2025	Variance %
Revenue	876.44	830.47	5.54
Gross Profit	249.52	313.16	(20.32)
Gross Margin (%)	28.47	37.71	
Operating Profit	78.64	109.49	(28.18)
Operating Margin (%)	8.97	13.18	-
Profit Before Zakat	74.18	122.79	(39.59)
Profit Before Zakat (%)	8.46	14.79	-
Net Profit	64.56	115.26	(43.99)
Net Margin (%)	7.37	13.88	-

Q2 2026 revenue increased by **5.54% to SAR 876.44 million**, compared with **SAR 830.47 million in Q2 2025**.

Growth was supported by the increasing contribution from NADEC's strategic segments, with Protein and Agriculture revenue increasing by **99.19%** and **40.99%** year-on-year, respectively, offsetting a slight decline in the Dairy segment. This reflects the continued evolution of NADEC's portfolio, with Dairy remaining the Company's core business while Protein and Agriculture become increasingly meaningful contributors to top-line growth.

Gross profit decreased by **20.32%** to **SAR 249.52 million**, compared with **SAR 313.16 million in Q2 2025**. Gross margin was **28.47%**, compared with **37.71%** in the prior-year period. The decline was mainly due to higher cost of sales as a percentage of revenue, driven by increases in feed and feeding material costs, shipping costs and surcharges related to regional maritime disruptions. The financial impact of these cost increases was **SAR 45 million** during the quarter.

Operating profit decreased by **28.18%** to **SAR 78.64 million**, compared with **SAR 109.49 million in Q2 2025**. The decrease was mainly due to higher cost of sales and higher selling and marketing expenses, primarily related to distribution costs, partially offset by revenue growth.

Net profit decreased by **43.99%** to **SAR 64.56 million**. The decrease was mainly due to higher cost of sales, an increase in selling and marketing expenses, higher losses on the sale of biological assets, lower treasury income and the recognition of **SAR 9.12 million** in NADEC's share of losses from its joint venture investment in Al Raie National Livestock Company. Management believes the Al Raie-related loss is pre operating expenses in nature, given that Al Raie has now been fully acquired by the Company, and expects this investment to be value accretive as the business is integrated and scaled.

These pressures were partially offset by revenue growth, a non-recurring gain of **SAR 32.84 million** from the reversal of impairment losses related to old receivable balances collected during the quarter, and a **SAR 9.16 million** increase in other income, mainly from higher dividend income and scrap sales.

Cash Flow

SAR mn (unless stated otherwise)	Q2 2026	Q2 2025	Variance %
Cashflow (used in) from Operating Activities (A)	(21.76)	439.26	(104.95)
CAPEX (B)	225.36	212.10	6.25
Free Cash Flow (A-B)	(247.12)	227.16	-

nadec recorded operating cash used in of SAR **(21.76) million** for the period ended **30 June 2026**, compared with operating cash flow of **SAR 439.26 million** a year earlier, mainly reflecting lower profitability, working capital movements and external cost pressures.

Capital expenditure increased **6.25%** to **SAR 225.36 million,** reflecting continued investment in strategic priorities, including Protein scale-up, Agriculture development, operational efficiency and route-to-market capabilities.

Financial Position

SAR mn (unless stated otherwise)	30 Jun 2026	30 Jun 2025	Variance %	31 Dec 2025	vs Dec-25 %
Cash and Cash Equivalents	1,259.12	1,867.84	(32.59)	1,730.35	(27.23)
Working Capital	1,741.52	1,675.64	3.93	1,680.51	3.63
Debt	95.20	276.99	(65.63)	282.48	(66.30)
Inventory	634.40	594.36	6.74	638.18	(0.59)
Receivable	537.33	410.68	30.84	318.15	68.89
Trade Payable	337.02	399.27	(15.59)	400.40	(15.83)
Cash Conversion Cycle (days)	135	106	(21.48)	112	(17.04)
Total Assets	**6,169.07**	**6,268.88**	**(1.59)**	**6,333.80**	**(2.60)**
Total Equity	**4,816.21**	**4,456.52**	**8.07**	**4,608.16**	**4.51**
Total Liabilities	**1,352.86**	**1,812.36**	**(25.35)**	**1,725.64**	**(21.60)**

As of **30 June 2026**, nadec maintained a robust balance sheet position underpinning strategy execution, disciplined capital allocation and operational flexibility. Working capital increased to **SAR 1,741.52 million**, while total equity rose **8.07%** to **SAR 4,816.21 million**.

Working capital is calculated as current assets less current liabilities.

Operational Highlights

- Dairy & Beverages remained an important scale base for nadec, supported by strong brand equity, distribution density and consumer reach. The Company continued to strengthen the segment's future fundamentals through innovation, product availability, route-to-market discipline and portfolio relevance. During the period, nadec launched kefir and cake mix.

- Protein was the clearest growth bright spot during the quarter, with revenue almost doubling year-on-year, driven by higher primal cut sales.

- NADEC's Haradh slaughterhouse was commissioned during the period and is now operational, marking a key milestone in the development of the Company's integrated Protein platform. The facility supports NADEC's preparation for the launch of nadec-branded packaged red meat products, which remain on track to reach retail shelves by year-end 2026.

- During the period, nadec acquired full ownership of Alraie National Livestock Company, expanding the business's red meat platform into the goat and sheep species and strengthening upstream control and creating a broader base for scale.

- Agriculture during the period, nadec made significant progress on its technology-enabled Agri Park in Hail, as part of its strategy to develop high-tech greenhouses, controlled environments, water-efficient production, NSPC seed and tissue culture capabilities, improved genetics and higher-value produce.

Outlook

nadec expects the temporary cost pressures experienced during the reporting period to moderate as the regional operating environment normalizes. The Company remains focused on managing these external cost pressures while executing its long-term growth strategy.

Near-term priorities include strengthening the future fundamentals of Dairy & Beverages through innovation, product availability, new SKUs and disciplined route-to-market execution, advancing Protein toward retail availability, integrating Al Raie within the red meat platform, and progressing on the Agriculture business as an advanced strategic vertical.

NADEC's broader food platform strategy remains central to its long-term growth agenda and its role in supporting Saudi Arabia's food security priorities through commercially disciplined growth.

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About nadec

Established in 1981, National Agricultural Development Company (nadec) was founded with a mission to support Saudi Arabia's food security and has evolved into a diversified food company serving millions of consumers across the Kingdom every day.

NADEC's integrated value chain spans farming, livestock operations, advanced greenhouses, manufacturing, processing, distribution and delivery. The operating model supports trusted Saudi-made quality, operational excellence and broad market reach, to meet the evolving needs of the modern customer and consumer.

The Company's strategy is focused on strengthening its Dairy & Beverages leadership, scaling Protein and Agriculture, expanding across channels and markets, improving supply-chain and digital capabilities to support Saudi Arabia's food security priorities through commercially disciplined growth.