

**UNITED FOODS COMPANY (PSC)  
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2025**



# الأغذية المتحدة United Foods

## BOARD OF DIRECTORS' REPORT

The Board of Directors of United Foods Company (PSC) (the "Company") and its subsidiaries (collectively, the "Group") have the pleasure of presenting the 2025 audited consolidated financial statements for the year ended 31 December 2025.

### REVIEW OF THE ACTIVITIES:

During the year ended 31 December 2025, the Group recorded continued growth in its operating activities. Sales volumes increased by 6.3%, while revenues increased by 13.5%, reaching AED 682,804,908 compared to AED 601,700,338 in the previous year.

The Group's financial performance during the year reflects continued revenue growth and management's focus on product quality and portfolio diversification, which supports the Group's strategic direction and its position in the UAE and other markets in which it operates.

Despite the strong revenue growth, the Group's profit before tax declined by 7.2% to AED 31,456,123 (2024: AED 33,886,732), primarily due to higher raw material costs and other business-related factors.

Corporate tax expense for the year amounted to AED 2,783,527 (2024: AED 3,043,272), resulting in a net profit after tax of AED 28,672,596 (2024: AED 30,843,460).

As at 31 December 2025, the Group's total assets amounted to AED 458,678,656, compared to AED 439,394,778 as at 31 December 2024.

The Group's performance during the year remain resilient in the context of ongoing geopolitical and economic challenges affecting global and regional markets.

### EMIRATIZATION

The Group continues to support the UAE's national Emiratization objectives and has initiated efforts to provide employment and development opportunities for Emiratis across the organization.

### GOING CONCERN

The Directors have reviewed the Group's financial position and cash flow forecasts and are satisfied that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.





# الأغذية المتحدة United Foods

## DIVIDEND

The Board of Directors proposed a cash dividend of AED 15,125,000 (AED 0.5 per share) relating to the financial year ended 31 December 2025, reflective of the steady financial performance of the Group and its dedication to providing consistent returns to the valued shareholders, subject to approval by the Shareholders at the Annual General Meeting.

## BOARD OF DIRECTORS

The list of Directors of the Group is as follows:

Mr. Ali Humaid Ali Abdalla Alowais	- Chairman
Mr. Mohamed Salim Rashid Alowais	- Vice Chairman
Mr. Mohamed Abdelaziz Alowais	- Board Director
Mr. Ahmed Abdalla Alowais	- Board Director
Mr. Abdullah Mohammed AlHuraiz	- Board Director
Ms. Alya Hussain Alzarouni	- Board Director
Mr. Hashem Salem Hashem Aldash	- Board Director
Mr. Ahmad Ali Salim Alowais	- Board Director
Mr. Abdulla Sultan Omran Alowais	- Board Director

## For and on behalf of the Board

Ali Humaid Ali Abdalla Alowais

12 February 2026



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC)**

### **Report on the audit of the consolidated financial statements**

#### *Opinion*

We have audited the consolidated financial statements of United Foods Company (PSC) (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (the “IESBA Code”)* as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
UNITED FOODS COMPANY (PSC) (continued)**

**Report on the audit of the consolidated financial statements (continued)**

*Key audit matters (continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Revenue recognition</i></b></p> <p>Revenue is considered as a material and an important determinant of the Group's performance and profitability. This gives rise to the inherent risk that revenue recognised might be overstated in order to present better performance or profitable results for the year. The Group generates revenue from sale of goods when control of the goods is transferred to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods (refer note 2.3 to the consolidated financial statements for the revenue recognition policy). Furthermore, the revenue is adjusted by discounts and rebates given to the customers, which gives rise to the inherent risk of overstatement of revenue. Given the magnitude of the amount and the inherent risk of revenue overstatement, we consider revenue recognition to be a key audit matter.</p>	
	<p>To address this risk, we performed the following procedures among others:</p> <ul style="list-style-type: none"> <li>- Tested the design and operating effectiveness of controls in respect of the Group's revenue and accounts receivable processes, including assessing the effectiveness of the IT General Controls and the relevant IT Application Controls;</li> <li>- Performed substantive testing and analytical procedures to test the reasonableness and completeness of the underlying calculation of the accruals for rebates and discounts;</li> <li>- Performed analytical procedures, including gross profit margin analysis and obtained explanations for significant variances as compared to previous year;</li> <li>- Performed sales cut-off procedures and selected a sample of invoices before and after year-end to test whether sales are recorded in the appropriate period;</li> <li>- Performed three-way correlation analysis between revenue, trade receivables and cash;</li> <li>- Obtained direct confirmations from customers and performed alternative procedures for the unconfirmed balances; and</li> <li>- Performed journal entries testing for accounts related to identified risks of material misstatement and verified them with supporting documents.</li> </ul>



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
UNITED FOODS COMPANY (PSC) (continued)**

**Report on the audit of the financial statements (continued)**

*Other information*

Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2025 Annual Report after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 Board of Directors for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. 32 of 2021, as amended, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Group's financial reporting process.

*Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs will always detect a 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 consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
UNITED FOODS COMPANY (PSC) (continued)**

**Report on the audit of the consolidated financial statements (continued)**

*Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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 Group's internal control.
- Evaluate the appropriateness of material accounting policy information 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors 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.

We also provide Board of Directors 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 applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
UNITED FOODS COMPANY (PSC) (continued)**

**Report on other legal and regulatory requirements**

Further, as required by the UAE Federal Decree Law No. 32 of 2021, as amended, we report that:

- i) the Group has maintained proper books of account;
- ii) we have obtained all the information we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. 32 of 2021, as amended;
- iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;
- v) investments in shares and stocks during the year ended 31 December 2025 are disclosed in note 8 to the consolidated financial statements;
- vi) note 21 reflects material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025, any of the applicable provisions of the UAE Federal Law No. 32 of 2021, as amended, or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2025; and
- viii) the Group made no social contributions during the year.

Ernst & Young Middle East (Dubai Branch)



Sanjay Khiara  
Registration No. 5513

13 February 2026

Dubai, United Arab Emirates



United Foods Company (PSC) and its Subsidiaries

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the year ended 31 December 2025

	<i>Notes</i>	<b>2025 AED</b>	<b>2024 AED</b>
Revenue from contacts with customer, gross		<b>682,804,908</b>	601,700,338
Less: Discounts and rebates		<b>(30,931,534)</b>	(26,022,826)
<b>Revenue from contracts with customers, net</b>	3	<b>651,873,374</b>	575,677,512
Cost of sales		<b>(554,812,164)</b>	(477,563,517)
<b>GROSS PROFIT</b>		<b>97,061,210</b>	98,113,995
Selling and distribution expenses		<b>(46,347,808)</b>	(45,324,851)
General and administrative expenses		<b>(25,565,539)</b>	(25,229,100)
Finance costs		<b>(893,013)</b>	(912,796)
Other income, net		<b>7,201,273</b>	7,239,484
<b>PROFIT BEFORE TAX</b>		<b>31,456,123</b>	33,886,732
Income tax expense	22	<b>(2,783,527)</b>	(3,043,272)
<b>PROFIT FOR THE YEAR</b>	4	<b>28,672,596</b>	30,843,460
<b>Profit attributable to:</b>			
Owners of the Group		<b>28,672,596</b>	30,843,460
<b>Earnings per share</b>			
Basic and diluted - in AED	17	<b>0.95</b>	1.02

The attached notes 1 to 27 form part of these consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025 AED</b>	<b>2024 AED</b>
<b>Profit for the year</b>		<b>28,672,596</b>	30,843,460
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in fair value of equity securities measured at FVOCI		<b>309,157</b>	(255,327)
Deferred tax on net (gain)/ loss on equity securities measured at FVOCI	22	<b>(27,824)</b>	22,979
		<b>281,333</b>	(232,348)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value of debt securities measured at FVOCI – Sukuk instruments		<b>221,809</b>	344,354
Deferred tax on net gain on debt securities measured at FVOCI	22	<b>(18,586)</b>	(27,296)
		<b>203,223</b>	317,058
<b>Other comprehensive income</b>		<b>484,556</b>	84,710
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>29,157,152</b>	30,928,170
<b>Total comprehensive income attributable to:</b>			
Owners of the Group		<b>29,157,152</b>	30,928,170

The attached notes 1 to 27 form part of these consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 AED	2024 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	67,843,310	76,446,435
Right-of-use assets	6	16,022,063	18,030,417
Intangible assets	7	641,724	1,143,284
Financial assets at fair value through other comprehensive income	8	20,021,167	31,907,010
		<b>104,528,264</b>	127,527,146
<b>Current assets</b>			
Inventories	9	132,452,123	114,719,966
Trade and other receivables	10	134,501,696	111,186,811
Amounts due from related parties	21	1,397,620	1,082,729
Bank balances and cash	11	85,798,953	84,878,126
		<b>354,150,392</b>	311,867,632
<b>TOTAL ASSETS</b>		<b>458,678,656</b>	439,394,778
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	30,250,000	30,250,000
Statutory reserve	13	15,125,000	15,125,000
Regular reserve	14	15,125,000	15,125,000
General reserve	15	65,314,980	65,314,980
Fair value reserve	16	601,176	116,620
Retained earnings		216,952,439	218,529,843
<b>Total equity</b>		<b>343,368,595</b>	344,461,443
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	18	10,294,110	10,975,919
Lease liabilities	19	12,185,009	13,470,067
Deferred tax liability	22	50,727	4,317
		<b>22,529,846</b>	24,450,303
<b>Current liabilities</b>			
Trade and other payables	20	84,218,236	65,852,273
Bank borrowings		4,701,660	-
Lease liabilities	19	1,121,707	1,587,487
Income tax payable	22	2,738,612	3,043,272
		<b>92,780,215</b>	70,483,032
<b>Total liabilities</b>		<b>115,310,061</b>	94,933,335
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>458,678,656</b>	439,394,778



Ali Bin Humaid Al Owais  
Chairman  
12 February 2026



Mohamed Itani  
Chief Executive Officer  
12 February 2026

The attached notes 1 to 27 form part of these consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Regular reserve AED</i>	<i>General reserve AED</i>	<i>Fair value reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance as at 1 January 2025	30,250,000	15,125,000	15,125,000	65,314,980	116,620	218,529,843	344,461,443
Profit for the year	-	-	-	-	-	28,672,596	28,672,596
Other comprehensive income	-	-	-	-	484,556	-	484,556
Total comprehensive income for the year	-	-	-	-	484,556	28,672,596	29,157,152
Dividends declared and paid (Note 12)	-	-	-	-	-	(30,250,000)	(30,250,000)
<b>Balance as at 31 December 2025</b>	<b>30,250,000</b>	<b>15,125,000</b>	<b>15,125,000</b>	<b>65,314,980</b>	<b>601,176</b>	<b>216,952,439</b>	<b>343,368,595</b>

The attached notes 1 to 27 form part of these consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2025

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Regular reserve AED</i>	<i>General reserve AED</i>	<i>Fair value reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance as at 1 January 2024	30,250,000	15,125,000	15,125,000	65,314,980	31,910	205,836,383	331,683,273
Profit for the year	-	-	-	-	-	30,843,460	30,843,460
Other comprehensive income	-	-	-	-	84,710	-	84,710
Total comprehensive income for the year	-	-	-	-	84,710	30,843,460	30,928,170
Dividends declared and paid (Note 12)	-	-	-	-	-	(18,150,000)	(18,150,000)
Balance as at 31 December 2024	30,250,000	15,125,000	15,125,000	65,314,980	116,620	218,529,843	344,461,443

The attached notes 1 to 27 form part of these consolidated financial statements.

# United Foods Company (PSC) and its Subsidiaries

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025 AED</b>	<b>2024 AED</b>
<b>OPERATING ACTIVITIES</b>			
Profit before tax		<b>31,456,123</b>	33,886,732
Adjustments for:			
Depreciation of property, plant and equipment	5	<b>11,559,167</b>	10,796,088
Depreciation of right-of-use assets	6	<b>1,837,384</b>	1,980,659
Amortisation of intangible assets	7	<b>501,560</b>	595,733
Gain on disposal of property, plant and equipment		<b>(1,083,333)</b>	(118,900)
Finance costs		<b>893,013</b>	912,796
Finance income		<b>(3,264,432)</b>	(4,453,636)
Provision for employees' end of service benefits	18	<b>1,587,367</b>	1,630,566
Reversal of provision for expected credit losses	10	<b>(35,000)</b>	(287,868)
Provision for/ (reversal of) slow moving inventories, net	9	<b>554,456</b>	(497,305)
Gain on redemption of financial assets at FVOCI	8	<b>(164,745)</b>	-
Gain on termination of lease		<b>(16,554)</b>	-
		<b>43,825,006</b>	44,444,865
Working capital changes:			
Inventories		<b>(18,286,613)</b>	(41,765,861)
Trade and other receivables		<b>(23,279,885)</b>	(11,573,068)
Trade and other payables		<b>18,365,962</b>	8,262,868
Amounts due from related parties		<b>(314,891)</b>	(327,043)
Cash generated from operations		<b>20,309,579</b>	(958,239)
Employees' end of service benefits paid	18	<b>(2,269,176)</b>	(635,244)
Income tax paid	22	<b>(3,088,186)</b>	-
Restricted cash		<b>(972,000)</b>	-
<b>Net cash flows generated from/ (used) in operating activities</b>		<b>13,980,217</b>	(1,593,483)
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	5	<b>(2,971,209)</b>	(12,805,213)
Proceeds from disposal of property, plant and equipment		<b>1,098,500</b>	185,494
Finance income received		<b>3,264,432</b>	4,453,636
Purchase of financial assets at FVTOCI	8	<b>-</b>	(2,984,460)
Disposal of financial assets at FVTOCI	8	<b>12,581,554</b>	3,829,145
Net change in bank deposits	11	<b>(15,000,000)</b>	(50,000,000)
<b>Net cash flows used in investing activities</b>		<b>(1,026,723)</b>	(57,321,398)
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	19	<b>(2,287,557)</b>	(2,347,552)
Finance costs paid		<b>(168,770)</b>	(116,407)
Proceeds from bank borrowings		<b>24,701,660</b>	-
Repayment of bank borrowings		<b>(20,000,000)</b>	-
Dividends paid	12	<b>(30,250,000)</b>	(18,150,000)
<b>Net cash flows used in financing activities</b>		<b>(28,004,667)</b>	(20,613,959)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(15,051,173)</b>	(79,528,840)
Cash and cash equivalents at 1 January		<b>34,878,126</b>	114,406,966
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	11	<b>19,826,953</b>	34,878,126

The attached notes 1 to 27 form part of these consolidated financial statements.



# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 1 ACTIVITIES

United Foods Company (PSC) (the “Company”) is a Public Shareholding Company, incorporated on 1 November 1976 by a Decree issued by His Highness, The Ruler of Dubai. On 27 June 1994, the Company amended its status to a public shareholding company to comply with the provisions of the applicable UAE Federal Law at that time.

The Company’s shares are listed on the Dubai Financial Market (DFM) since July 2006.

The Company is primarily engaged in the manufacturing, processing and marketing of vegetable ghee, cooking oil, margarine, butter products and fat including trading of other food products. The registered address of the Company is P.O. Box 5836, Dubai, UAE.

The Company and its following subsidiaries form the “Group” and are together referred to as the “Group” in these consolidated financial statements. The subsidiaries included in the consolidated financial statements, principal activities and legal and beneficial ownership of the subsidiaries are set out below:

<i>Name of the subsidiaries</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership% 2025</i>	<i>Ownership% 2024</i>
Stratus General Trading LLC	General Trading -Wholesalers	U.A. E	100%	100%
PAL Foodstuff & Beverages Trading LLC	Food and Beverages Trading	U.A. E	100%	100%

These consolidated financial statements were approved and authorized for issue by Board of Directors on 12 February 2026.

### 2 MATERIAL ACCOUNTING POLICY INFORMATION

#### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and in compliance with the applicable provisions of the Company’s Articles of Association and the UAE Federal Law No. 32 of 2021, as amended.

The consolidated financial statements have been prepared on a historical cost basis, except for investment securities at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements are presented in United Arab Emirates Dirham (“AED”), which is also the functional currency of the entities in the Group.

#### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.1 BASIS OF PREPARATION (continued)

#### **Basis of consolidation (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### **New and amended standards and interpretations**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025.

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *Lack of exchangeability – Amendments to IAS 21*

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's consolidated financial statements.

#### **Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### *IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### Standards issued but not yet effective (continued)

##### *IFRS 18 Presentation and Disclosure in Financial Statements (continued)*

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

##### *IFRS 19 Subsidiaries without Public Accountability:*

Disclosures In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

##### *Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7:*

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only.

The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

##### *Annual Improvements to IFRS Accounting Standards - Volume 11*

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### Standards issued but not yet effective (continued)

##### *Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7*

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments must be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures. The Group does not expect that the amendments will have a material impact on its financial statements.

#### Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in 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; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

#### Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

#### **Fair value measurement (continued)**

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

#### **Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 2.4.

#### *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### *Variable consideration*

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

#### *Rights of return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

#### *Volume rebates*

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates which is adjusted against accounts receivables of respective parties.

United Foods Company (PSC) and its Subsidiaries

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Revenue recognition (continued)**

**Contract Balances**

*Trade receivables*

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (I) Financial instruments – initial recognition and subsequent measurement.

*Contract liabilities*

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

**Interest income**

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Dividend income**

Dividend income is accounted when the Group's right to receive dividend is established.

**Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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 Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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 the consolidated statement of profit or loss as incurred. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	20 years
Plant, machinery and equipment	4 to 15 years
Furniture, fixtures and office equipment	4 years
Motor vehicles	4 to 7 years

Land and capital work-in-progress are not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss in the period the asset is derecognised.

Assets in the course of completion are carried at cost as capital work in progress, and transferred to property, plant and equipment when available for use. All costs directly attributable to bringing the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost. No depreciation is charged on such assets until available for use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



United Foods Company (PSC) and its Subsidiaries

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Right-of-use assets*

The Group recognises 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the lease term as follows:

Land	19 years
Labour camps	10 to 25 years
Warehouse	3 years
Printers	5 years
Motor vehicles	4 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section: Impairment of non-financial assets.

*Lease liabilities*

At the commencement date of the lease, the Group recognises 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, if any. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the respective lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office vehicles that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Intangible assets**

Intangible assets include acquired software and exclusive distribution rights.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset. Amortisation is calculated on a straight-line basis over the estimated useful life of 4 years and 10 years, respectively, to their residual values.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

**Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IAS 39. Other contingent consideration not within the scope of IAS 39, it is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Impairment of non-financial assets**

At each reporting date the Group reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition, as follows:

Raw materials – purchase cost on moving average basis;

Packing materials – purchase cost on moving average basis;

Spares and consumables – purchase cost on moving average basis; and

Finished goods and work-in-progress – cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

Net realisable value is based on the estimated selling price less any further costs expected to be incurred on disposal. Damaged and obsolete inventories are written off.

**Financial instruments-initial recognition and subsequent measurement**

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.

**i) Financial assets**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Financial instruments-initial recognition and subsequent measurement (continued)**

**i) Financial assets (continued)**

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost*

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets include bank balances and deposits, trade and other receivables excluding prepayments and advances to suppliers and amounts due from related parties.

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

*Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted sukuk bonds.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Financial instruments-initial recognition and subsequent measurement (continued)**

**i) Financial assets (continued)**

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

*Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**ii) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables excluding advances from customers and VAT payable, bank borrowings, and lease liabilities.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Financial instruments-initial recognition and subsequent measurement (continued)**

**ii) Financial liabilities (continued)**

*Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Group does not have any financial liabilities at fair value through profit or loss.

*Financial liabilities at amortised cost (loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Financial liabilities at amortised cost include trade and other payables excluding advances and VAT payable, lease liabilities and due to related parties.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or 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 recognised in the consolidated statement of profit or loss.

**iii) Offsetting of financial instruments**

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

**Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdraft.



**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

**Employees' end of service benefits**

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

**Contingencies and commitments**

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

**Foreign currencies**

*Transaction and balances*

Transactions in foreign currencies are initially recorded by the Group at its 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 reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI, or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Taxation**

*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the consolidated financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**Taxes (continued)**

*Deferred tax (continued)*

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Value added tax (“VAT”)**

The Group is subject to a value added tax (“VAT”) of 5% on its transactions inside UAE, and on its import of goods and services from abroad. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of sale of goods and services and reimbursable expenses inside UAE (if any) (output VAT) less VAT paid on purchases made with the relevant supporting invoices (input VAT). The Group reports revenue net of value added tax for all the periods presented in the consolidated financial statements.

**2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant impact on the amounts recognised in the consolidated financial statements.

*Going concern*

Management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on the going concern basis.

*Significant judgement in determining the lease term of contracts with renewal options*

The Group 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 Group has the option, under some of its leases to lease the assets for additional terms of three or more years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group 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 (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of land and building due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Judgements (continued)**

*Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

*Revenue recognition*

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

*Identifying performance obligation*

The Company is in the business of the manufacturing, processing and marketing of vegetable ghee, cooking oil, margarine, butter products and fat including trading of other food products and has concluded that there is only single performance obligation. For the performance obligation of delivery of goods, it is concluded that there is the only single performance obligation of the Group.

*Determining the timing of satisfaction of performance obligation*

The Company has also concluded that the revenue from contracts with customers is to be recognised at point in time since it does not meet the criteria of revenue recognition over the period.

*Determining the transaction price and allocating to performance obligation*

Revenue from the contracts with customers is recognised based on the price specified in the contract with the customers and the entire transaction price is allocated to the performance obligation on the basis of satisfaction of performance obligation.

*Consideration of significant financing component in a contract*

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Group concluded that there is no significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of goods to the customer.

*Principal versus agent consideration*

The Group enters into contracts with customers for the supply of goods. Under these contracts, the Group purchases the products from the suppliers. The Group determined that it has control over the products before they are transferred to customers.

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Estimates and assumptions**

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 discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*Determining method to estimate variable consideration and assessing the constraint*

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

*Impairment of inventories*

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories were AED 133,712,741 (2024: AED 115,426,128) before provisions for slow moving inventories of AED 1,260,618 (2024: AED 706,162). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

*Useful lives and depreciation of property, plant and equipment and intangible assets*

The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, it considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, it determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on its buildings and office properties.

*Leases - Estimating the incremental borrowing rate*

The Group 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 Group 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 IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Estimates and assumptions (continued)**

*Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade 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 insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 Group'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 Group's trade receivables is disclosed in Note 10 to the consolidated financial statements.

*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 of disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the 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.

Based on the assessment performed, no impairment indicators were identified for non-financial assets during the year and, accordingly, no impairment loss has been recognised

*Revenue recognition - Estimating variable consideration for discounts and volume rebates*

The Group estimates variable considerations to be included in the transaction price for the sale of goods with volume rebates and discounts.

The Group recognises volume rebates as variable consideration based on the rebate thresholds contractually agreed with each customer. These arrangements include customer-specific volume thresholds, which vary by customer and determine the applicable rebate once the relevant purchase volumes are achieved.

The expected value of volume rebates is estimated by assessing forecast purchase volumes of individual customers against their respective contractual rebate thresholds, taking into account historical purchasing patterns and current-period sales trends.

The Group updates its assessment of expected volume rebates on a quarterly basis, and refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in customer purchasing behaviour and other circumstances, and the Group's past experience may not be representative of customers' actual rebate entitlements in the future.

As at 31 December 2025, the amount recognised as refund liabilities in respect of discounts and volume rebates was AED 2,995,671 (2024: AED 2,276,356).

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 3 REVENUE FROM CONTRACTS WITH CUSTOMERS, NET

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2025 AED	2024 AED
Revenue from contracts with customer, gross	682,804,908	601,700,338
Less: Discounts and rebates	(30,931,534)	(26,022,826)
<b>Revenue from contracts with customers, net</b>	<b>651,873,374</b>	<b>575,677,512</b>
<i>Timing of revenue recognition</i>		
At a point in time	651,873,374	575,677,512
<i>Geographical market</i>		
United Arab Emirates	477,121,119	431,245,666
GCC other than UAE	94,677,382	79,474,273
Rest of the world	80,074,873	64,957,573
	651,873,374	575,677,512
<i>Customer types</i>		
Third parties	645,083,844	570,181,253
Related parties (Note 21)	6,789,530	5,496,259
	651,873,374	575,677,512
<i>Revenue recognized from</i>		
Amounts included in contract liabilities at the beginning of the year	1,469,114	2,696,174

Advances from customers and other rebates are classified as contract liabilities and included under trade and other payables in Note 20. The amount billed under the contracts are recognised as trade receivables and disclosed in Note 10.

### 4 PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2025 AED	2024 AED
Inventories charged to cost of sales	521,245,005	448,779,661
Employee expenses	47,141,103	44,586,602
Short-term leases* (Note 19)	849,211	375,137
Depreciation of property, plant and equipment (Note 5)	11,559,167	10,796,088
Depreciation of right-of-use assets (Note 6)	1,837,384	1,980,659
Amortization of intangible assets (Note 7)	501,560	595,733
Provision for/ (reversal of) slow moving inventories (Note 9)	554,456	(497,305)
Reversal of expected credit losses (Note 10)	(35,000)	(287,868)

\*Short term lease expense relates to the lease contracts that have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

**5 PROPERTY, PLANT AND EQUIPMENT**

	<i>Land and buildings AED</i>	<i>Plant, machinery and equipment AED</i>	<i>Furniture, fixtures and office equipment AED</i>	<i>Motor vehicles AED</i>	<i>Capital work-in- progress AED</i>	<i>Total AED</i>
<b>Cost:</b>						
At 1 January 2025	94,062,938	176,976,756	5,999,796	17,283,504	12,224,823	306,547,817
Additions			8,400	131,940	2,830,869	2,971,209
Disposals		(43,300)	(71,519)	(836,560)	-	(951,379)
Transfers	599,257	11,421,129	329,440	663,200	(13,013,026)	-
<b>At 31 December 2025</b>	<b>94,662,195</b>	<b>188,354,585</b>	<b>6,266,117</b>	<b>17,242,084</b>	<b>2,042,666</b>	<b>308,567,647</b>
<b>Accumulated depreciation and impairment:</b>						
At 1 January 2025	58,713,741	151,077,798	5,436,986	14,101,463	771,394	230,101,382
Charge for the year (Note 4)	2,963,155	7,578,709	322,690	694,613	-	11,559,167
Disposals	-	(42,594)	(57,058)	(836,560)	-	(936,212)
<b>At 31 December 2025</b>	<b>61,676,896</b>	<b>158,613,913</b>	<b>5,702,618</b>	<b>13,959,516</b>	<b>771,394</b>	<b>240,724,337</b>
<b>Net carrying value At 31 December 2025</b>	<b>32,985,299</b>	<b>29,740,672</b>	<b>563,499</b>	<b>3,282,568</b>	<b>1,271,272</b>	<b>67,843,310</b>
	<i>Land and buildings AED</i>	<i>Plant, machinery and equipment AED</i>	<i>Furniture, fixtures and office equipment AED</i>	<i>Motor vehicles AED</i>	<i>Capital work-in- progress AED</i>	<i>Total AED</i>
<b>Cost:</b>						
At 1 January 2024	93,629,638	177,465,243	5,950,958	16,150,417	3,811,791	297,008,047
Additions	-	-	6,330	60,000	12,738,883	12,805,213
Disposals	-	(3,031,315)	(183,328)	-	-	(3,214,643)
Allocation to intangible assets (Note 7)	-	-	-	-	(50,800)	(50,800)
Transfers	433,300	2,542,828	225,836	1,073,087	(4,275,051)	-
<b>At 31 December 2024</b>	<b>94,062,938</b>	<b>176,976,756</b>	<b>5,999,796</b>	<b>17,283,504</b>	<b>12,224,823</b>	<b>306,547,817</b>
<b>Accumulated depreciation and impairment:</b>						
At 1 January 2024	55,766,434	147,305,244	5,288,327	13,321,944	771,394	222,453,343
Charge for the year (Note 4)	2,947,307	6,744,680	324,582	779,519	-	10,796,088
Disposals	-	(2,972,126)	(175,923)	-	-	(3,148,049)
<b>At 31 December 2024</b>	<b>58,713,741</b>	<b>151,077,798</b>	<b>5,436,986</b>	<b>14,101,463</b>	<b>771,394</b>	<b>230,101,382</b>
<b>Net carrying value At 31 December 2024</b>	<b>35,349,197</b>	<b>25,898,958</b>	<b>562,810</b>	<b>3,182,041</b>	<b>11,453,429</b>	<b>76,446,435</b>



# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 5 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's building in Al Quoz is constructed on land for which owned rights were acquired from the Government of Dubai in 2010. The land is registered in the name of the Group. The Group's building in Jebel Ali Industrial Area is constructed on land taken on lease from the Government of Dubai.

Capital work-in-progress of AED 1,271,272 (2024: AED 11,453,429) as at 31 December 2025 includes the expansion of factory and warehouse facility in Jebel Ali Industrial Area and plant and machinery and development of Al Quoz land.

The cost of fully depreciated assets still in use as at 31 December 2025 was AED 175.82 million (2024: AED 132.14 million). The depreciation charge for the year has been allocated as follows:

	2025 AED	2024 AED
Cost of sales	8,600,601	7,715,019
Selling and distribution expenses	2,444,312	2,524,943
General and administrative expenses	514,254	556,126
	<u>11,559,167</u>	<u>10,796,088</u>

### 6 RIGHT-OF-USE ASSETS

	Land AED	Buildings AED	Motor vehicles AED	Printers AED	Total AED
As at 1 January 2025	11,801,839	5,406,467	822,111	-	18,030,417
Additions during the year	-	-	-	44,393	44,393
Less: retirements during the year	-	-	(215,363)	-	(215,363)
Less: depreciation for the year	(907,834)	(568,469)	(352,165)	(8,916)	(1,837,384)
<b>At 31 December 2025</b>	<u>10,894,005</u>	<u>4,837,998</u>	<u>254,583</u>	<u>35,477</u>	<u>16,022,063</u>

	Land AED	Buildings AED	Motor vehicles AED	Printers AED	Total AED
As at 1 January 2024	12,709,673	5,382,188	1,232,285	-	19,324,146
Additions during the year	-	576,728	324,831	-	901,559
Less: retirements during the year	-	-	(214,629)	-	(214,629)
Less: depreciation for the year	(907,834)	(552,449)	(520,376)	-	(1,980,659)
<b>At 31 December 2024</b>	<u>11,801,839</u>	<u>5,406,467</u>	<u>822,111</u>	<u>-</u>	<u>18,030,417</u>

The depreciation charge for the year has been recognised as follows:

	2025 AED	2024 AED
Cost of sales	970,122	1,077,728
Selling and distribution expenses	726,849	728,956
General and administrative expenses	140,413	173,975
	<u>1,837,384</u>	<u>1,980,659</u>

The Group has lease contracts for various items of land, buildings, motor vehicles and printers.

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

**7 INTANGIBLE ASSETS**

	<i>Software AED</i>	<i>Exclusive distribution rights AED</i>	<i>Total AED</i>
<b>Cost:</b>			
At 1 January 2025	5,311,784	441,304	5,753,088
<b>At 31 December 2025</b>	<b>5,311,784</b>	<b>441,304</b>	<b>5,753,088</b>
<b>Accumulated amortisation:</b>			
At 1 January 2025	4,462,703	147,101	4,609,804
Charge for the year (Note 4)	457,430	44,130	501,560
<b>At 31 December 2025</b>	<b>4,920,133</b>	<b>191,231</b>	<b>5,111,364</b>
<b>Net carrying amount At 31 December 2025</b>	<b>391,651</b>	<b>250,073</b>	<b>641,724</b>

	<i>Software AED</i>	<i>Exclusive distribution rights AED</i>	<i>Total AED</i>
<b>Cost:</b>			
At 1 January 2024	5,260,984	441,304	5,702,288
Allocation from property, plant and equipment (Note 5)	50,800	-	50,800
<b>At 31 December 2024</b>	<b>5,311,784</b>	<b>441,304</b>	<b>5,753,088</b>
<b>Accumulated amortisation:</b>			
At 1 January 2024	3,911,100	102,971	4,014,071
Charge for the year (Note 4)	551,603	44,130	595,733
<b>At 31 December 2024</b>	<b>4,462,703</b>	<b>147,101</b>	<b>4,609,804</b>
<b>Net carrying amount At 31 December 2024</b>	<b>849,081</b>	<b>294,203</b>	<b>1,143,284</b>

**8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<i>2025 AED</i>	<i>2024 AED</i>
<b>Quoted equity instruments:</b>		
UAE	<b>412,500</b>	375,000
Oman	<b>981,406</b>	709,749
	<b>1,393,906</b>	1,084,749
<b>Quoted debt instruments – Sukuks:</b>		
UAE	<b>11,460,589</b>	22,317,626
KSA	<b>7,166,672</b>	7,829,097
Bahrain	-	675,538
	<b>18,627,261</b>	30,822,261
	<b>20,021,167</b>	31,907,010

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

The movement of investment securities during the year is as follows:

	2025 AED	2024 AED
At 1 January	31,907,010	32,662,668
Additions during the year	-	2,984,460
Disposed off during the year	(12,581,554)	(3,829,145)
Change in fair value (Note 16)	530,966	89,027
Gain on disposal	164,745	-
	<u>20,021,167</u>	<u>31,907,010</u>
At 31 December	<u>20,021,167</u>	<u>31,907,010</u>

The fair value levels of the investment securities at FVOCI are disclosed in Note 26.

### 9 INVENTORIES

	2025 AED	2024 AED
Raw materials	46,788,675	33,194,052
Finished goods	22,512,210	14,928,922
Work-in-progress	10,552,218	4,125,787
Packing materials	2,806,152	2,648,005
Spares and consumables	2,530,557	2,335,252
	<u>85,189,812</u>	<u>57,232,018</u>
Less: provision for slow moving inventories	(1,260,618)	(706,162)
	<u>83,929,194</u>	<u>56,525,856</u>
Goods-in-transit	48,522,929	58,194,110
	<u>132,452,123</u>	<u>114,719,966</u>

Movement of the provision for slow moving inventories is as follows:

	2025 AED	2024 AED
At 1 January	706,162	1,203,467
Charge/ (reversal) for the year	554,456	(497,305)
	<u>1,260,618</u>	<u>706,162</u>
At 31 December	<u>1,260,618</u>	<u>706,162</u>

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 10 TRADE AND OTHER RECEIVABLES

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Trade receivables	<b>127,491,302</b>	104,391,607
Less: provision for expected credit losses	<b>(1,447,687)</b>	(1,482,687)
	<b>126,043,615</b>	102,908,920
Prepaid expenses	<b>4,303,295</b>	3,382,643
Advances to suppliers	<b>1,836,963</b>	1,156,102
Accrued interest receivable	<b>1,139,450</b>	2,849,404
Staff receivables	<b>254,058</b>	227,952
Other receivables	<b>924,315</b>	661,790
	<b>134,501,696</b>	111,186,811

As at 31 December 2025, trade receivables at nominal value of AED 1,447,687 (2024: AED 1,482,687) were impaired.

Movement of the provision for expected credit losses is as follows:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
At 1 January	<b>1,482,687</b>	6,028,483
Reversal for the year (Note 4)	<b>(35,000)</b>	(287,868)
Write-offs during the year	-	(4,257,928)
At 31 December	<b>1,447,687</b>	1,482,687

The Group's terms of sales require amounts to be paid within the range of 30 to 90 days from the date of sale. As at 31 December, the ageing of unimpaired trade receivables on the basis of due dates is as follows:

		<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>				
	<i>AED</i>	<i>Total AED</i>	<i>&lt;30 days AED</i>	<i>30-60 days AED</i>	<i>61-90 days AED</i>	<i>91-120 days AED</i>	<i>&gt;120 days AED</i>
<b>2025</b>	<b>126,043,615</b>	<b>118,406,118</b>	<b>6,308,094</b>	<b>722,585</b>	<b>35,796</b>	<b>352,331</b>	<b>218,691</b>
2024	102,908,920	95,888,431	5,853,184	519,993	129,424	470,352	47,536

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of cash flows consist of the following amounts in the consolidated statement of financial position:

	2025 AED	2024 AED
Cash on hand	60,088	58,788
Bank balances	20,638,865	4,719,338
Deposits	65,100,000	80,100,000
Bank balances and cash	85,798,953	84,878,126
Less: deposits with an original maturity of more than three months	(65,000,000)	(50,000,000)
Less: restricted cash	(972,000)	-
Cash and cash equivalents	19,826,953	34,878,126

Deposits are placed with local banks and accrue interest at prevailing market rates. During the year, the Group earned interest income on these deposits amounting to AED 3,264,432 (2024: AED 4,453,636) which is included in other income in the consolidated statement of profit or loss.

Restricted cash represents bank balances withheld under a court order and not available for use by the Group. The amounts are expected to be settled with a third party and are therefore excluded from cash and cash equivalents

### 12 SHARE CAPITAL

	2025 AED	2024 AED
Authorised issued and fully paid up:		
30,250,000 ordinary shares of 1 AED each		
(31 December 2024: 30,250,000 ordinary shares of 1 AED each)	30,250,000	30,250,000

#### *Dividend declared*

The Annual General Meeting held on 28 April 2025 approved a dividend of AED 1 per share totaling to AED 30,250,000 relating to 2024, which was paid during the year (relating to 2023: Annual General Meeting held on 17 April 2024 approved 0.60 per share totaling to AED 18,150,000 which was paid during 2024).

During the Board of Directors' meeting held on 12 February 2026, the Directors proposed a cash dividend of AED 15,125,000 (AED 0.5 per share) relating to the financial year ended 31 December 2025 subject to approval by the Shareholders at the Annual General Meeting. Therefore, dividend will be recognised in the period in which it is approved.

### 13 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. 32 of 2021, as amended, a minimum of 10% of the profit of the Group is to be allocated annually to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to half of the share capital. The Group has transferred AED 15,125,000 in previous years which reached the minimum statutory reserve requirement as per the Law and therefore no further transfers to statutory reserve were made during the current and previous year. This reserve is not available for distribution except in the circumstances stipulated by the law.

### 14 REGULAR RESERVE

In accordance with the Articles of Association of the Group, 10% of the net profit for each year should be transferred to a regular reserve and such transfers cease through a resolution of the usual general assembly upon a suggestion of Board of Directors or if it reaches 50% of the paid up capital of the Group. The Group has transferred AED 15,125,000 in previous years which reached the minimum reserve requirement as per the Articles of Association and therefore no further transfers to regular reserve were made during the current year and previous year. This reserve is to be used for purposes as recommended by Board of Directors and approved at general assembly.

## United Foods Company (PSC) and its Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

#### 15 GENERAL RESERVE

In accordance with the Articles of Association of the Company, any undistributed net profit may be transferred to the general reserve according to the decisions of Board of Directors. No transfer has been made to general reserve during the current and previous year.

#### 16 FAIR VALUE RESERVE

The fair value reserve represents the unrealised gains and losses arising from changes in the fair value of investment securities classified as financial assets with “fair value changes in other comprehensive income (FVOCI)”. The fair value reserve is recognised under fair value reserve in equity until the investments are sold, collected or otherwise disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is transferred to retained earnings directly or recycled to the consolidated statement of profit or loss, depending on the nature of the instrument (debt or equity).

Movement of the fair value reserve recognised in the consolidated statement of financial position is as follows:

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
Balance at 1 January	<b>116,620</b>	31,910
Net change in fair value of investment securities carried at fair value through OCI (Note 8)	<b>530,966</b>	89,027
Deferred tax on change in fair value of securities measured at FVOCI (Note 22)	<b>(46,410)</b>	(4,317)
Balance as at 31 December	<b>601,176</b>	116,620

#### 17 EARNINGS PER SHARE

Basic and diluted earnings per share for the year ended 31 December 2025 of AED 0.95 per share (2024: AED 1.02 per share) are calculated by dividing the profit for the year amounting to AED 28,672,596 (2024: AED 30,843,460) by the weighted average number of ordinary shares outstanding during the year ended 31 December 2025 of 30,250,000 shares (2024: 30,250,000 shares).

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

#### 18 EMPLOYEES' END OF SERVICE BENEFITS

	<i>2025</i> <i>AED</i>	<i>2024</i> <i>AED</i>
At 1 January	<b>10,975,919</b>	9,980,597
Provided during the year	<b>1,587,367</b>	1,630,566
Paid during the year	<b>(2,269,176)</b>	(635,244)
At 31 December	<b>10,294,110</b>	10,975,919

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 19 LEASE LIABILITIES

	2025 AED	2024 AED
At 1 January	15,057,554	15,297,620
Additions during the year	44,393	668,226
Interest expense on lease liabilities	724,243	796,389
Retirements during the year	(231,917)	(214,629)
Payments during the year	(2,287,557)	(2,347,552)
Other adjustments	-	857,500
At 31 December	<u>13,306,716</u>	<u>15,057,554</u>

Presented in the consolidated statement of financial position as follows:

	2025 AED	2024 AED
Current	1,121,707	1,587,487
Non-current	12,185,009	13,470,067
	<u>13,306,716</u>	<u>15,057,554</u>

The following are the amounts recognised in the consolidated statement of profit or loss:

	2025 AED	2024 AED
Interest expense on lease liabilities	724,243	796,389
Expense related to short-term leases (Note 4)	849,211	375,137
Depreciation of right-of-use assets (Note 6)	1,837,384	1,980,659
	<u>3,410,838</u>	<u>3,152,185</u>

The Group had total cash outflows for leases of AED 2,287,557 during the year ended 31 December 2025 (2024: AED 2,347,552). There are no future cash outflows relating to leases that have not yet commenced at the reporting date. The future cash outflows relating to the leases are disclosed in Note 25.

### 20 TRADE AND OTHER PAYABLES

	2025 AED	2024 AED
Trade payables	19,938,909	17,711,810
Accrual for goods in transit	39,917,260	30,328,982
Accrued expenses and other payables	14,185,018	11,418,588
Advances from customers	5,628,470	1,469,114
VAT payable	1,776,579	1,327,379
Directors' remuneration payable (Note 21)	2,772,000	3,596,400
	<u>84,218,236</u>	<u>65,852,273</u>

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 21 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management in line with the approval of the Group's Board of Directors. Transactions with these related parties during the year were conducted in the ordinary course of business and on terms comparable to those with unrelated parties

As on 31 December 2025, the Company has no parent entity or ultimate parent company.

#### a) Significant transactions with related parties:

Significant transactions with related parties are as follows:

	2025 AED	2024 AED
<i>Entities under common directorship:</i>		
<b>Revenue from contract with customers</b>		
Modern Bakery LLC	2,286,515	1,672,795
Unikai and Company LLC (Oman)	3,554,100	3,160,080
Unikai Foods P.J.S.C	948,915	663,384
	<u>6,789,530</u>	<u>5,496,259</u>

#### Compensation of key management personnel

The remuneration of the Directors and other key members of management during the year were as follows:

	2025 AED	2024 AED
Short-term benefits	3,247,304	3,425,312
Directors' remuneration	2,772,000	3,596,400
Employees' end of service benefits	162,628	146,222
Bonus	400,000	651,698
Directors' sitting fees	175,000	160,000
	<u>6,756,932</u>	<u>7,979,632</u>

For the year ended 31 December 2025, Board of Directors determined the remuneration of the Directors amounting to AED 2,772,000 (2024: AED 3,596,400), which is to be ratified by the shareholders in the upcoming annual general meeting to be held in 2025. This amount remained outstanding as at 31 December 2025 and is included in trade and other payables.

#### b) Amounts due from related parties:

	2025 AED	2024 AED
<i>Entities under common directorship</i>		
Modern Bakery LLC	650,753	489,724
Unikai and Company LLC (Oman)	592,517	434,577
Unikai Foods P.J.S.C	154,350	158,428
	<u>1,397,620</u>	<u>1,082,729</u>



# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 21 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### c) Amounts due to related parties:

	2025 AED	2024 AED
Directors' remuneration payable (Note 20)	<u>2,772,000</u>	<u>3,596,400</u>

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

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### 22 INCOME TAX

#### *Amount recognised in the consolidated statement of profit or loss*

The Company and its subsidiaries forms part of a tax group for UAE CT Law purposes. Under the tax grouping provisions of the UAE CT Law, the Company is responsible for the payment and collection of income taxes for the Group.

The Group calculates income tax expense for the year using the tax rate that would be applicable to the expected total annual earnings.

The major components of income tax expense in the consolidated statement of profit or loss are:

	2025 AED	2024 AED
Current income tax	2,738,612	3,043,272
Prior period income tax	44,915	-
	<u>2,783,527</u>	<u>3,043,272</u>

#### *Tax reconciliation:*

	2025 AED	2024 AED
Accounting profit before tax	31,456,123	33,886,732
Tax at United Arab Emirates' statutory income tax rate of 9%	2,831,051	3,049,806
Tax on expense considered non-deductible	3,573	28,004
Non-taxable income	(17,347)	(788)
Exempt income up to AED 375,000	(33,750)	(33,750)
<b>Income tax expense reported in the consolidated statement of profit or loss</b>	<u>2,783,527</u>	<u>3,043,272</u>
Effective tax rate	8.85%	8.98%

## United Foods Company (PSC) and its Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

#### 22 INCOME TAX (continued)

##### *Reconciliation of deferred tax liabilities, net*

	<b>31 December 2025 AED</b>	<b>31 December 2024 AED</b>
At 1 January	(4,317)	-
Deferred tax on net (gain) / loss on equity securities measured at FVOCI	(27,824)	22,979
Deferred tax on net gain on debt securities measured at FVOCI	(18,586)	(27,296)
At 31 December	<b>(50,727)</b>	<b>(4,317)</b>

#### 23 CONTINGENCIES AND COMMITMENTS

##### **Contingent liabilities**

At 31 December 2025, the Group had contingent liabilities in respect of letters of credit and letters of guarantees issued by banks amounting to AED 1,289,000 (31 December 2024: AED 242,000) from which it is anticipated that no material liabilities will arise.

##### **Capital commitments**

At 31 December 2025, the Group had capital commitments in respect of purchase of property, plant and equipment amounting to AED 2,228,398 (31 December 2024: AED 1,110,338).

#### 24 SEGMENTAL REPORTING

The Group operates in a single reporting segment primarily engaged in manufacturing, processing and marketing of vegetable ghee, cooking oil, margarine, butter products and fat including trading of food products. All the relevant information relating to this reporting/operating segment is disclosed in the consolidated statement of financial position, consolidated statement of profit or loss and notes to the consolidated financial statements.

IFRS accounting standards also require an entity to report its segment assets and revenues along with geographical regions. All significant activities of the Group are performed on an integrated basis in the Middle East and the Directors do not consider an analysis by individual country would be meaningful.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

##### *Major customer*

During the year ended 31 December 2025, revenue from top 10 customers account for 25% of the Group's total revenue (31 December 2024: 23%).

## United Foods Company (PSC) and its Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

#### 25 RISK MANAGEMENT

The Group's principal financial liabilities comprise trade and other payables excluding advances from customers and VAT payable, bank borrowings, and lease liabilities. The Group has various financial assets such as trade and other receivables excluding prepayments and advance to suppliers, amounts due from related parties, financial assets at fair value through other comprehensive income and bank balances. Both financial assets and liabilities arise directly from its operations.

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group does not hold or issue derivative financial instruments for speculative purpose. The Group is mainly exposed to interest rate risk, credit risk, liquidity risk, equity price risk and foreign currency risk. No changes were made in the risk management objectives and policies during the years ended 31 December 2025 and 2024. The senior management of the Group reviews and agrees policies for managing each of these risks.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to the risk of significant changes in market interest rates as it does not have any floating interest-bearing financial instruments.

##### Credit risk

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Certain categories of customers are covered through credit insurance and most of the export sales customers are covered either through letter of credit or bank guarantees.

The Group limits its credit risk with regard to bank balances and deposits by only dealing with reputable banks. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

The Group invests in quoted debt with low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment categories.

With respect to credit risk arising from other financial assets of the Group, including cash and cash equivalents and trade and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2025 AED	2024 AED
Trade receivables	126,043,615	102,908,920
Bank balances and deposits	85,738,863	84,819,338
Debt instruments at FVTOCI	18,627,261	30,822,261
Amounts due from related parties	1,397,620	1,082,729
Accrued interest receivable	1,139,450	2,849,404
Staff receivables	254,058	227,952
Other receivables	924,315	661,790
	<u>234,125,182</u>	<u>223,372,394</u>

##### Liquidity risk

The Group limits its liquidity risk by ensuring that adequate internally generated funds, bank facilities and funds from the shareholders are available. Trade payables are normally settled within 30 to 90 days from the date of purchase.

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 25 RISK MANAGEMENT (continued)

#### Liquidity risk (continued)

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2025

	<i>Less than 1 year AED</i>	<i>1 to 5 years AED</i>	<i>&gt;5 years AED</i>	<i>Total AED</i>
Trade payables	19,938,909	-	-	19,938,909
Accrual for goods in transit	39,917,260	-	-	39,917,260
Accrued expenses and other payables	14,185,018	-	-	14,185,018
Directors' remuneration payable	2,772,000	-	-	2,772,000
Bank borrowings	4,701,660	-	-	4,701,660
Lease liabilities	1,754,591	6,176,682	9,556,921	17,488,194
Total	83,269,438	6,176,682	9,556,921	99,003,041

At 31 December 2024

	<i>Less than 1 year AED</i>	<i>1 to 5 years AED</i>	<i>&gt;5 years AED</i>	<i>Total AED</i>
Trade payables	17,711,810	-	-	17,711,810
Accrual for goods in transit	30,328,982	-	-	30,328,982
Accrued expenses and other payables	11,418,588	-	-	11,418,588
Directors' remuneration payable	3,596,400	-	-	3,596,400
Lease liabilities	2,281,418	8,251,064	9,600,237	20,132,719
Total	65,337,198	8,251,064	9,600,237	83,188,499

#### Equity price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group classified as investments carried at fair value with changes in fair value through OCI in the consolidated statement of financial position. The Group's investments in equity securities are publicly traded and are listed in stock exchanges in the UAE and Oman.

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was AED 1,393,906 (2024: AED 1,084,749). A decrease of 10% in the market index could have an impact of approximately AED 139,391 (2024: AED 108,475) on the other comprehensive income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

#### Other price risk

The Group is exposed to debt securities price risk in respect of quoted debt securities held by the Group classified as investments carried at fair value through OCI in the consolidated statement of financial position. At the reporting date, the exposure to quoted debt securities at fair value was AED 18,627,261 (2024: AED 30,822,261). A decrease of 10% in the market index could have an impact of approximately AED 1,862,726 (2024: AED 3,082,226) on the other comprehensive income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the quoted debt securities would only impact equity but would not have an effect on profit or loss.

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 25 RISK MANAGEMENT (continued)

#### Foreign currency risk

The Group is not exposed to any significant foreign currency risk as transactions are mainly in the US Dollar and the United Arab Emirates Dirham, which is pegged to the US Dollar.

#### Capital management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

During the years ended 31 December 2025 and 2024, there were no major changes in the objectives, policies or processes. Capital comprises share capital, reserves and retained earnings and is measured at AED 343,368,595 as at 31 December 2025 (2024: AED 344,461,443).

### 26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and deposits, trade and other receivables, amounts due from related parties and investment securities at fair value through other comprehensive income. Financial liabilities consist of trade and other payables and lease liabilities.

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

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2025, the Group held the following financial instruments measured at fair value:

#### Assets measured at fair value

	<i>31 December 2025 AED</i>	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
<b>Quoted equity securities</b>				
Consumer Staples Sector	<b>981,406</b>	<b>981,406</b>	-	-
Investments and Financial Services Sector	<b>412,500</b>	<b>412,500</b>	-	-
	<b>1,393,906</b>	<b>1,393,906</b>	-	-
<b>Quoted debt securities</b>				
Sukuk instruments	<b>18,627,261</b>	<b>18,627,261</b>	-	-
<b>Total</b>	<b>20,021,167</b>	<b>20,021,167</b>	-	-

# United Foods Company (PSC) and its Subsidiaries

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

### 26 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

As at 31 December 2024, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	<i>31 December 2024 AED</i>	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
Quoted equity securities				
Consumer Staples Sector	709,749	709,749	-	-
Investments and Financial Services Sector	375,000	375,000	-	-
	<u>1,084,749</u>	<u>1,084,749</u>	<u>-</u>	<u>-</u>
Quoted debt securities				
Sukuk instruments	30,822,261	30,822,261	-	-
	<u>31,907,010</u>	<u>31,907,010</u>	<u>-</u>	<u>-</u>
Total	<u>31,907,010</u>	<u>31,907,010</u>	<u>-</u>	<u>-</u>

During the years ended 31 December 2025 and 2024, there were no transfers between the various levels of fair value measurements. As at 31 December 2025, the fair values of equity securities and debt securities were assessed which resulted in a fair value gain of AED 309,157 (31 December 2024 fair value loss of AED 255,327) and a fair value gain of AED 221,809 (31 December 2024: AED 344,354) on these instruments, respectively.

### 27 COMPARATIVE INFORMATION

Certain amounts in the consolidated statement of financial position as at 31 December 2024 have been reclassified in order to conform to the presentation for the current period. These changes have been made to improve the quality of information presented. Such reclassification does not affect previously reported consolidated profit or total comprehensive income or equity.

The table below summarises the reclassification for the line items affected.

<b>Consolidated statement of financial position</b>	<i>As previously reported AED</i>	<i>Reclassifications AED</i>	<i>As reported now AED</i>
Trade and other receivables	111,779,815	(593,004)	111,186,811
Amounts due from related parties	489,725	593,004	1,082,729