

**Unikai Foods (P.J.S.C.)
and its subsidiary**

Consolidated Financial Statements
For the year ended December 31, 2025

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Consolidated Financial Statements
For the year ended December 31, 2025**

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يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

Report of the Board of Directors

Dear Shareholders,

On behalf of the Board of Directors,

I am pleased to present the Directors' Report of Unikai Foods (P.J.S.C.) and its subsidiary for the financial year ended December 31, 2025.

2025 was a year of continued market evolution across our operating footprint, with inflationary pressures in key input categories, evolving competitive dynamics across distribution channels, and rising expectations for service levels, availability and quality. Against this backdrop, the Board and management remained focused on protecting the fundamentals of the business—brand trust, product quality, disciplined execution and prudent financial management—while continuing to invest selectively in operational capabilities and long-term resilience.

Here are some key highlights of the financial performance of the Group.

Performance metric	2025 AED'000	2024 AED'000	Variance %
Revenue	424,086	403,592	5%
Operating profit	21,104	39,916	(47%)
Net profit after tax	25,868	26,666	(3%)

Revenue increased to AED 424 million, representing growth of 5% compared with the prior year and reflecting continued demand across the Group's core product portfolio and consistent execution across its markets. During the year, the Group operated in a higher cost environment driven by sustained increases in key raw material and packaging inputs, as well as higher logistics, utilities and distribution costs, which resulted in a reduction in operating profit compared with the prior year. The Group continued to implement pricing governance, procurement initiatives and productivity programmes to manage these cost pressures and support operational efficiency. Despite the lower operating profit, net profit for the year was maintained at AED 25.9 million, broadly consistent with the prior year, supported in part by non-operating movements recognised in accordance with IFRS Accounting Standards, including fair value adjustments on investment properties and financial asset at fair value through profit or loss.

As of December 31, 2025, total assets are AED 334.6 million compared with AED 281.2 million in the prior year, while total equity increased to AED 101.7 million from AED 84.2 million in the prior year. The Group maintained a prudent liquidity position with available bank balances and access to banking facilities. Capital expenditure during the current year amounted to AED 15.7 million, primarily directed towards sustaining production capability, improving operational efficiency and enhancing reliability across key assets.

Governance, Risk Management and Compliance

The Board remains committed to maintaining high standards of corporate governance, transparency and accountability and to ensuring that the Group's policies, processes and controls remain appropriate for a listed company. The Board oversees the integrity of financial reporting, compliance with applicable laws and regulations, and the effectiveness of risk management and internal control practices across the Group.

During the year, the Board continued to monitor key risk areas including input-cost volatility, supply continuity, food safety and quality assurance, credit and collection discipline, liquidity and funding management, and the resilience of logistics and distribution capabilities. The Group continued to strengthen its control environment through ongoing policy reviews, operational monitoring and management actions aimed at mitigating identified risks and supporting stable business performance.



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

Outlook and Concluding Remarks

Looking ahead, the Board's priorities remain centred on sustainable and profitable growth, strengthening margin resilience through productivity and procurement initiatives, improving cash conversion, and investing selectively in capabilities that reinforce service levels, product quality and competitiveness. The Board and management will continue to evaluate opportunities to strengthen the product portfolio, refine routes to market and enhance decision-making through digital enablement and disciplined performance management.

The Board remains attentive to the broader regional environment and developments that may affect trade flows and supply chain dynamics. While the UAE continues to offer a stable and supportive business environment, evolving external conditions may influence logistics routes, transportation costs, commodity pricing and market sentiment. The Group continues to maintain appropriate contingency planning and diversified sourcing and logistics arrangements to support continuity of supply and operational resilience.

I would like to express the Board's sincere appreciation to our employees for their commitment and professionalism, to our customers and business partners for their continued collaboration, and to our shareholders for their trust and support. The Board remains focused on delivering long-term value through disciplined execution, prudent risk management and a continued commitment to quality and service.

Warm Regards,

Mana Mohamed Saeed Al Mulla
Chairman of the Board



Independent Auditor's Report To the Shareholders of Unikai Foods (P.J.S.C.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Unikai Foods (P.J.S.C.) (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 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 December 31, 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)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with 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 judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of the 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.

Independent Auditor's Report
To the Shareholders of Unikai Foods (P.J.S.C.) (continued)
Report on the Audit of the Consolidated Financial Statements (continued)
Key Audit Matters (continued)

<i>Key Audit Matters</i>	<i>How our audit addressed the Key Audit Matters</i>
<p>Revenue recognition</p> <p>For the year ended December 31, 2025, the Company recognized revenue amounting to AED 424,086 thousand, as disclosed in the consolidated statement of profit or loss.</p> <p>Revenue is a key determinant of the Group's performance and profitability, on the basis of which the incentives for the Group's management are determined.</p> <p>This gives rise to the inherent risk whereby revenue could be recognised before the control of the underlying goods have been transferred to the customer.</p> <p>Given its magnitude and the underlying inherent risk, we considered revenue recognition to be a key audit matter.</p> <p>Refer Note 4 for the revenue recognition policy and Note 21 for the disclosures on revenue recognised during the year ended December 31, 2025.</p>	<p>Among other procedures, we performed the following key procedures in relation to revenue recognition:</p> <ul style="list-style-type: none"> • Read the Group's revenue recognition accounting policy and assessed whether it is in accordance with the requirements of IFRS 15 <i>Revenue from contracts with customers</i>. • Understood the Group's processes and underlying controls, including IT application controls, to recognise revenue, and tested the design and operating effectiveness of these controls on a sample basis. • Performed analytical procedures, including gross margin analysis, to assess and examine the movements in revenue and gross margins. • Performed substantive test of details on a sample basis by verifying the underlying supporting documents. • On a sample basis, tested whether the underlying calculation for rebates and discounts given to customers are in accordance with the contractual arrangements and are duly approved.

Independent Auditor's Report
To the Shareholders of Unikai Foods (P.J.S.C.) (continued)
Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Board of Directors.

Our opinion on the consolidated financial statements does not cover the other information except for the financial information given in the Report of the Board of Directors, and accordingly, we do not express any form of assurance or 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-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, the Management are 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. Those charged with governance are 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.

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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report

To the Shareholders of Unikai Foods (P.J.S.C.) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

- 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 auditors' 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 auditors' 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 Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, 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.

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 for the year ended December 31, 2025:

- The Company has maintained proper books of account in accordance with established accounting principles;
- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 (as amended);
- The financial information included in the Report of the Board of Directors is consistent with the books of account of the Company;
- There were no investments in shares or stocks made during the year ended December 31, 2025;
- Note 20 reflects material related party transactions and the terms under which they were conducted;



Grant Thornton

Independent Auditor's Report

To the Shareholders of Unikai Foods (P.J.S.C.) (continued)

Report on Other Legal and Regulatory Requirements (continued)

- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2025, any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 (as amended) or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at December 31, 2025; and
- There were no social contributions made during the year ended December 31, 2025.

GRANT THORNTON UAE



Dr. Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates

March 16, 2026

Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements

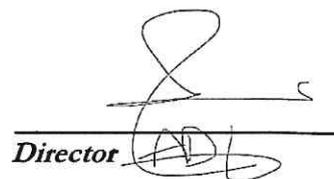
Consolidated statement of financial position
As at December 31, 2025

	Notes	2025 AED'000	2024 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	45,220	41,909
Investment properties	7	64,500	44,100
Right-of-use assets	8	40,395	52,068
Deferred tax asset	19	1,097	1,114
		<u>151,212</u>	<u>139,191</u>
Current assets			
Inventories	9	65,544	49,008
Trade and other receivables	10	81,266	64,691
Financial asset at fair value through profit or loss	11	4,623	13,991
Bank balances and cash	12	31,928	14,367
		<u>183,361</u>	<u>142,057</u>
TOTAL ASSETS		<u>334,573</u>	<u>281,248</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	38,841	38,841
Statutory reserve	14	9,321	7,325
Revaluation surplus	15	8,540	6,646
Retained earnings		45,040	31,386
Total equity		<u>101,742</u>	<u>84,198</u>
Non-current liabilities			
Employees' end of service benefits	16	9,985	9,079
Interest-bearing borrowings	17	2,053	-
Lease liabilities	8	28,107	32,568
		<u>40,145</u>	<u>41,647</u>
Current liabilities			
Interest-bearing borrowings	17	86,692	57,033
Lease liabilities	8	17,210	22,967
Trade and other payables	18	85,898	71,584
Provision for income tax	19	2,886	3,819
		<u>192,686</u>	<u>155,403</u>
Total liabilities		<u>232,831</u>	<u>197,050</u>
TOTAL EQUITY AND LIABILITIES		<u>334,573</u>	<u>281,248</u>

These consolidated financial statements were approved and authorised for issue by the Board of Directors on March 16, 2026, and signed on its behalf by:



 Director



 Director

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Consolidated statement of profit or loss
For the year ended December 31, 2025**

	Notes	2025 AED'000	2024 AED'000
Revenue	21	424,086	403,592
Cost of sales	22	(288,050)	(256,979)
GROSS PROFIT		136,036	146,613
Administrative, selling and distribution expenses	23	(115,265)	(106,602)
Reversal/(allowance) for expected credit losses	10	333	(95)
OPERATING PROFIT		21,104	39,916
Finance costs, net	24	(10,961)	(11,714)
Change in fair value of investment properties, net	7	15,900	-
Change in fair value of financial assets at FVTPL	11	(9,368)	(2,258)
Other non-operating income, net	25	11,674	4,421
PROFIT FOR THE YEAR BEFORE TAX		28,349	30,365
Income tax expense	19	(2,481)	(3,699)
NET PROFIT FOR THE YEAR		25,868	26,666
Earnings per share:			
Basic and diluted earnings per share	27	0.67	0.69

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Consolidated statement of comprehensive income
For the year ended December 31, 2025**

	2025 AED'000	2024 AED'000
NET PROFIT FOR THE YEAR	25,868	26,666
<i>Other comprehensive income</i>		
<i>Item that will not be reclassified to profit or loss in subsequent periods, net of tax:</i>		
Gain on revaluation of right-of-use assets reclassified to investment properties	1,894	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	27,762	26,666

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements

Consolidated statement of changes in equity
For the year ended December 31, 2025

	Share capital AED'000	Statutory reserve AED'000	Revaluation surplus AED'000	Retained earnings AED'000	Total AED'000
As at January 1, 2024	32,368	5,906	6,646	14,012	58,932
Net profit for the year	-	-	-	26,666	26,666
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	26,666	26,666
Issuance of bonus shares (Note 13)	6,473	-	-	(6,473)	-
Directors' remuneration (Note 13)	-	-	-	(1,400)	(1,400)
Transfer to statutory reserve (Note 14)	-	1,419	-	(1,419)	-
As at December 31, 2024	38,841	7,325	6,646	31,386	84,198
Net profit for the year	-	-	-	25,868	25,868
Other comprehensive income	-	-	1,894	-	1,894
Total comprehensive income for the year	-	-	1,894	25,868	27,762
Dividends (Note 13)	-	-	-	(7,768)	(7,768)
Directors' remuneration (Note 13)	-	-	-	(2,450)	(2,450)
Transfer to statutory reserve (Note 14)	-	1,996	-	(1,996)	-
As at December 31, 2025	38,841	9,321	8,540	45,040	101,742

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements

Consolidated statement of cash flows
For the year ended December 31, 2025

	Notes	2025 AED'000	2024 AED'000
OPERATING ACTIVITIES			
Profit for the year before tax		28,349	30,365
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	6,373	6,152
Depreciation of right-of-use assets	8	11,970	10,623
(Reversal)/allowance for expected credit losses on trade and other receivables	10	(333)	95
Gain on derecognition of a lease	25	(360)	-
Change in fair value of investment properties, net	7	(15,900)	-
Change in fair value of financial assets at FVTPL	11	9,368	2,258
Gain on disposal of property, plant and equipment	25	(1,563)	(55)
Finance costs, net	24	10,961	11,714
Provision for employees' end of service benefits	16	1,879	1,628
Inventories written-off		7,116	5,957
Reversal of provision for slow moving inventories	9	(251)	(212)
		<u>57,609</u>	<u>68,525</u>
<i>Changes in working capital</i>			
Inventories		(23,401)	(9,759)
Trade and other receivables		(16,242)	(10,318)
Trade and other payables		14,314	2,242
Cash from operations		<u>32,280</u>	<u>50,690</u>
Employees' end of service benefits paid	16	(973)	(774)
Directors' remuneration paid	13	(2,450)	(1,400)
Income tax paid	19	(3,585)	(1,042)
Net cash flows from operating activities		<u>25,272</u>	<u>47,474</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(15,668)	(10,234)
Fixed deposits (placement)/withdrawal		(1,745)	2,597
Finance income received	24	400	287
Proceeds from disposal of property, plant and equipment		7,547	570
Net cash flows used in investing activities		<u>(9,466)</u>	<u>(6,780)</u>
FINANCING ACTIVITIES			
Proceeds from interest-bearing borrowings		248,443	209,782
Repayment of interest-bearing borrowings		(211,081)	(220,755)
Finance costs paid		(8,278)	(8,761)
Lease liabilities paid	8	(15,656)	(12,519)
Dividend paid		(7,768)	-
Net cash flows from/(used in) financing activities		<u>5,660</u>	<u>(32,253)</u>
Net change in cash and cash equivalents		<u>21,466</u>	<u>8,441</u>
Cash and cash equivalents at the beginning of the year		(609)	(9,050)
Cash and cash equivalents at the end of the year	12	<u>20,857</u>	<u>(609)</u>

The accompanying notes from 1 to 33 form an integral part of these consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary Consolidated Financial Statements

Notes to the consolidated financial statements For the year ended December 31, 2025

1 Legal status and principal activities

Unikai Foods (P.J.S.C.) (the “Company”) is a Public Shareholding Company incorporated on April 11, 1977 by a Decree issued by the late His Highness Sheikh Rashid bin Saeed Al Maktoum, the former Ruler of Dubai, and listed on Dubai Financial Market.

The Company is engaged in the manufacturing of dairy, juice and ice cream products and import of various kinds of food products for distribution throughout the Gulf and other countries. The registered address of the Company is P.O. Box 6424, Dubai, UAE. The Company operates eight branches throughout United Arab Emirates namely in Dubai, Abu Dhabi, Sharjah, Al Ain, Fujairah, and Ras Al-Khaimah.

These consolidated financial statements include the financial performance and position of the Company and its subsidiary as listed below (collectively the “Group”).

<i>Name of subsidiaries</i>	<i>Ownership interest (%)</i>		<i>Country of operation and Incorporation</i>	<i>Principal activities</i>
	<i>2025</i>	<i>2024</i>		
Unikai and Company LLC	100	100	Sultanate of Oman	Trading of various kinds of food products

Unikai International LLC, a wholly owned dormant subsidiary, was closed on April 17, 2025.

The consolidated financial statements have been approved by the Board of Directors on March 16, 2026.

2 Statement of compliance and basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with 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 Decree-Law No. 32 of 2021 (as amended).

2.2 Going concern

Although the Group’s current liabilities exceeded its current assets by AED 9,325 thousand, the consolidated financial statements of the Group have been prepared on a going concern basis. The Group’s management and the Board of Directors have made an assessment of the Group’s ability to continue as a going concern based on the following factors:

- The Group has positive equity of AED 101,742 thousand as at year end which is improving year on year.
- The Group has bank balances and cash of AED 31,928 thousand as at year end which is reasonable to manage day-to-day operations.
- The Group has forecasted positive operating cash flows with expected growth in revenue and profits for the year 2026.
- The management has undertaken a detailed review of costs during 2025 with a view to reducing the cost of sales, operational and administrative costs to improve the financial performance of the Group.
- The Group obtained additional banking facilities in 2025. The Group has sufficient credit facilities available from banks to meet its working capital requirements.

Further, management and the Board of Directors are not aware of any other material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Unikai Foods (P.J.S.C.) and its subsidiary Consolidated Financial Statements

Notes to the consolidated financial statements (continued) For the year ended December 31, 2025

2 Statement of compliance and basis of preparation (continued)

2.3 Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except for investment properties and financial asset at fair value through profit or loss that have been measured at fair value. The consolidated financial statements are presented in Arab Emirates Dirham (“AED”), which is the Company’s functional currency, and all the values are rounded to the nearest thousand (AED’000), except where otherwise indicated.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at December 31, 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; and
- 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; and
- The Group’s voting rights and potential voting rights.

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 profit or loss 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 subsidiary to bring their accounting policies into 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.

Unikai Foods (P.J.S.C.) and its subsidiary Consolidated Financial Statements

Notes to the consolidated financial statements (continued) For the year ended December 31, 2025

3 New or revised standards or interpretations

3.1 New Standards adopted as at January 1, 2025

Some accounting pronouncements that are listed below, have become effective from January 1, 2025 and have therefore been adopted by the Group, but do not have any significant impact on the Group's consolidated financial statements.

- Lack of Exchangeability - Amendments to IAS 21.

3.2 Standards, amendments and Interpretations to existing Standards that are 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.

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

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, are effective for reporting periods beginning on or after January 1, 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 primary consolidated financial statements and notes to the consolidated financial statements.

Other standards issued but not yet effective

Management anticipates that all other relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. These new standards, amendments and Interpretations that are not early adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

4 Material accounting policies

Foreign currencies

Functional and presentation currency

The Group's consolidated financial statements are presented in AED, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Unikai Foods (P.J.S.C.) and its subsidiary Consolidated Financial Statements

Notes to the consolidated financial statements (continued) For the year ended December 31, 2025

4 Material accounting policies (continued)

Foreign currencies (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group's entities, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was 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.

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AED are translated into AED upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities of foreign operations have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into AED at the average rate over the reporting period. Exchange differences on the Group's net investment in a foreign operation are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

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 depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of all property, plant and equipment as follows:

Buildings and improvements	30 years
Plant and equipment	5 - 20 years
Transportation and distribution equipment	3 - 7 years
Furniture, fixtures and office equipment	7 - 10 years

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**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Property, plant and equipment (continued)

Land and capital work in progress are not depreciated.

Capital work-in-progress is stated at cost less impairment losses, if any. When commissioned, capital work in progress is transferred to property, plant and equipment and depreciated in accordance with its estimated useful life.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

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

Investment properties

Investment properties are properties that are held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Buildings and warehouses	3 years
Land	17 - 30 years
Vehicles	3 - 5 years

The Group also assesses the right-of-use asset for impairment when such indicators exist. Refer to the accounting policies - *Impairment of non-financial assets*.

Right-of-use assets that meet the definition of investments property are measured at fair value.

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. 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.

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 its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Leases (continued)

Group as a lessor (continued)

Rental income

The Group earns income acting as a lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in other income in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidation are recognised in the consolidated statement of profit or loss when the right to receive them arises.

Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials, trading goods, consumable stores and spare parts

The cost includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and semi-finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labor plus an appropriate share of production overheads based on normal operating capacity. Semi-finished goods are stated at cost of the materials and directly attributable overheads.

Goods in transit

Goods in transit are recorded at cost when the rights and obligations relating to the goods are transferred to the Group.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as those 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 plus, 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 of revenue.

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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

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.

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); and
- Financial asset at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

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 at amortised cost include trade and other receivables and bank balances and cash.

Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

Financial assets at fair value through OCI

The Group does not hold any financial assets carried at fair value through other comprehensive income.

Derecognition of financial assets

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 asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Financial assets (continued)

Derecognition of financial assets

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).

The Group generally 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 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.

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, lease liabilities and interest-bearing borrowings.

Subsequent measurement

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

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

There are no financial liabilities carried at fair value through profit or loss.

**Unikai Foods (P.J.S.C.) and its subsidiary
Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. 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 consolidated statement of profit or loss.

Derecognition of financial liability

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.

Offsetting of financial instruments

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

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 to 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.

The Group measures financial asset such as financial asset at fair value through profit or loss and non-financial asset such as investment properties, at fair value at each reporting date.

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Consolidated Financial Statements**

**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

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 year.

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

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.

Revenue

Revenue from contracts with customers is recognised when control of the goods 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. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

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. Revenue is based on price agreed with the customers and are recognised net of discounts and taxes.

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. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration.

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**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Revenue (continued)

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 of the goods within a specified period. The Group also provides retrospective volume rebates to certain customers once the quantity of goods purchased during the period exceeds the threshold specified in the contract. 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 variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer, except products expected to be returned upon expiry.

Volume rebates

Rebates are offset against amounts payable by the customer. The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. 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 most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue.

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 *Financial instrument – initial recognition and subsequent measurement*.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the obligation under the contract.

Unikai Foods (P.J.S.C.) and its subsidiary Consolidated Financial Statements

Notes to the consolidated financial statements (continued) For the year ended December 31, 2025

4 Material accounting policies (continued)

Employees' end of service benefits

The Group provides end of service benefits to their employees in accordance with laws and regulations of the respective country in which the Group operates. The entitlement to these benefits is based upon the employees' final 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.

Contribution to social security/insurance and such other contributions are recorded as an expense in the consolidated statement of profit or loss when incurred.

Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

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 jurisdictions where the Group operates.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. 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 assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available to be utilised, except in circumstances where IAS 12 does not permit.

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.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions. As a result of these exemptions, the Group does not recognise deferred tax on temporary differences relating to its investment in subsidiary (only to the extent that the Group controls the timing of the reversal of the taxable temporary difference and that reversal is not likely to occur in the foreseeable future).

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.

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**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

4 Material accounting policies (continued)

Taxes (continued)

Value-added Tax (VAT)

Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

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

Bank balances and cash

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and fixed deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares, by the weight average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

Government grants

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

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts.

Unikai Foods (P.J.S.C.) and its subsidiary Consolidated Financial Statements

Notes to the consolidated financial statements (continued) For the year ended December 31, 2025

4 Material accounting policies (continued)

Contingent liabilities

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.

Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of United Arab Emirates, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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 current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5 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.

Significant judgements

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

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**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

5 Significant accounting judgements, estimates and assumptions (continued)

Significant judgements (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee

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 several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the 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 or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Property lease classification – Group as lessor

The Group has entered into commercial property leases on a portion of its property, classified as investment properties as does meet the criteria for investment property as per IAS 40. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments amounting to substantially all of the fair value of the commercial property, that it does not retain substantially all the risks and rewards incidental to ownership of these properties and accounts for the contract as investment properties.

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 described 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 that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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.

Allowance 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.

**Unikai Foods (P.J.S.C.) and its subsidiary
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**Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025**

5 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses of trade receivables (continued)

For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and real estate sectors, 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 30.

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 applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the consolidated statement of financial position gross inventories were AED 53,071 thousand (2024: AED 38,899 thousand), and the provision for old and obsolete inventories was AED 1,056 thousand (2024: AED 1,307 thousand). 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 of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Leases - Estimating the incremental borrowing rate

The 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).

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate and relevant valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025

5 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

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.

Fair valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the consolidated statement of profit or loss. For investment properties, an appropriate and relevant valuation methodology was used. The Group engaged an independent valuation specialist to assess fair values as at December 31, 2025 and 2024. The key assumptions used to determine the fair value of the properties are provided in Note 7.

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For the year ended December 31, 2025

6 Property, plant and equipment	Land and buildings (2) & (3) AED'000	Plant and equipment AED'000	Transportation and distribution equipment AED'000	Furniture, fixtures and equipment AED'000	Capital work in progress (4) AED'000	Total AED'000
Cost						
As at January 1, 2024	48,060	88,730	25,954	16,573	3,623	182,940
Additions	1,299	3,365	3,034	994	1,542	10,234
Transfers	298	2,555	-	72	(2,925)	-
Disposals	(79)	(736)	(1,271)	(283)	-	(2,369)
As at December 31, 2024	49,578	93,914	27,717	17,356	2,240	190,805
Additions	1,288	8,105	3,122	1,235	1,918	15,668
Transfers	409	1,062	-	16	(1,487)	-
Write offs (5)	-	(29,537)	(6,757)	(9,243)	-	(45,537)
Disposals	(6,284)	(319)	(1,088)	(95)	-	(7,786)
As at December 31, 2025	44,991	73,225	22,994	9,269	2,671	153,150
Accumulated depreciation						
As at January 1, 2024	38,133	71,741	19,548	15,176	-	144,598
Charge for the year (1)	549	2,726	2,432	445	-	6,152
Disposals	-	(411)	(1,218)	(225)	-	(1,854)
As at December 31, 2024	38,682	74,056	20,762	15,396	-	148,896
Charge for the year (1)	492	3,070	2,273	538	-	6,373
Write offs (5)	-	(29,537)	(6,757)	(9,243)	-	(45,537)
Disposals	(378)	(319)	(1,020)	(85)	-	(1,802)
As at December 31, 2025	38,796	47,270	15,258	6,606	-	107,930
Net carrying amount as at December 31, 2025	6,195	25,955	7,736	2,663	2,671	45,220
Net carrying amount as at December 31, 2024	10,896	19,858	6,955	1,960	2,240	41,909

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Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025

6 Property, plant and equipment (continued)

- (1) Depreciation charge for the year has been allocated in the consolidated statement of profit or loss as follows:

	2025 AED'000	2024 AED'000
Administrative, selling and distribution expenses (Note 23)	3,668	3,658
Cost of sales (Note 22)	2,705	2,494
	<u>6,373</u>	<u>6,152</u>

- (2) The Government of Dubai has granted land to the Group to construct manufacturing facilities. This land was recorded at a nominal value.
- (3) Buildings include certain structures constructed on land leased by the Group. The lease is renewable every year and management believes that the lease would be available to the Group on an on-going basis in the foreseeable future.
- (4) Capital work-in-progress represents costs incurred towards a cooling tunnel for the ice cream plant and conversion of another product line (change in specification) (2024: it represented costs incurred towards a cooling system for the plant and conversion of another product line (change in specification)).
- (5) During the year ended December 31, 2025, the Group had written off AED 45,537 thousand from cost and accumulated depreciation related to fully depreciated assets not in use by the Group.
- (6) The Group continues to use fully depreciated property, plant and equipment having cost of AED 63,599 thousand (2024: AED 114,903 thousand).
- (7) A review of the useful lives of property, plant and equipment has been performed considering the climate change and environmental regulations known at the reporting date, which did not result in any significant impact on the carrying amounts of property, plant and equipment.

7 Investment properties

Investment properties comprise labor accommodation and warehouses that are leased to third parties under operating lease arrangements. The movement in investment properties during the year is as follows:

	Warehouses AED'000	Labor accommodation AED'000	Total AED'000
As at December 31, 2024	25,700	18,400	44,100
Transferred from right-of-use assets (Note 8)*	4,500	-	4,500
Change in fair value	14,000	1,900	15,900
As at December 31, 2025	<u>44,200</u>	<u>20,300</u>	<u>64,500</u>

The Group's investment properties are located in the UAE.

* During the year, the Group transferred a portion of right-of-use assets to investment properties resulting from a change in use of the leased land. The portion of right-of-use assets was fair valued, resulting in a fair value gain of AED 1,894 thousand net of tax, recognised in the other comprehensive income.

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Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025

7 Investment properties (continued)

Measurement of fair value

Fair value hierarchy

The fair value of investment properties as at year end was determined by an external accredited independent property valuer, having appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The information about the fair value hierarchy as at year end is disclosed in Note 32.

The property rental income earned by the Group from its investment properties, which are leased under operating leases on an annual basis, and the direct operating expenses incurred are as follows:

	2025 AED'000	2024 AED'000
Rental income derived from investment properties (Note 25)	<u>8,304</u>	<u>3,627</u>
Direct costs of managing and operating investment properties	<u>(507)</u>	<u>(384)</u>

The lease contracts are non-cancellable after the commencement of the lease. Future minimum lease rentals are as follows:

	Minimum lease income due			Total AED'000
	within 1 year AED'000	1 - 5 years AED'000	More than 5 years AED'000	
December 31, 2025	5,128	153	-	5,281
December 31, 2024	3,468	-	-	3,468

Valuation technique and significant unobservable inputs

The income capitalisation method was used to determine the fair value of the labor accommodation and warehouses. This valuation model considers the net rental value which is capitalised using appropriate yields after taking into account the void periods, expected maintenance costs and subletting fee.

Significant unobservable inputs used in the model include:

- Permanent void of 10% for the labour accommodation and 5% for the warehouses (2024: 9.75% and 5%, respectively).
- Expected maintenance costs 8% for the labour accommodation and 10% for the warehouses (2024: 8% and 3%, respectively).
- Capitalisation rates of 10%-11% (2024: 8.75%-11%).

In arriving at the fair values, the valuer and management have also analysed the market rental rates and yields of similar properties available for lease in the same location and with similar conditions as the Group's investment properties.

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Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025

8 Leases

The Group has lease contracts for various plots of land, buildings, warehouses and motor vehicles used in its operations.

8.1 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land AED'000	Buildings and warehouses AED'000	Vehicles AED'000	Total AED'000
As at January 1, 2024	17,248	2,594	17,135	36,977
Additions	3,679	1,265	20,770	25,714
Depreciation (Note 23)	(1,712)	(393)	(8,518)	(10,623)
As at December 31, 2024	19,215	3,466	29,387	52,068
Additions	-	-	5,224	5,224
Depreciation (Note 23)	(2,013)	(433)	(9,524)	(11,970)
Derecognition (1)	(2,308)	-	(201)	(2,509)
Transfer to investment properties (Note 7)	(2,418)	-	-	(2,418)
As at December 31, 2025	12,476	3,033	24,886	40,395

During the year, the Group transferred a portion of right-of-use assets to investment properties resulting from changes in use of the leased land.

	2025 AED'000	2024 AED'000
Carrying amount of right-of-use assets at transfer date	2,418	-
Gain on revaluation of right-of-use assets reclassified to investment properties, before tax	2,082	-
Transfer to investment properties during the year (Note 7)	4,500	-

8.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2025 AED'000	2024 AED'000
As at January 1,	55,535	39,100
Additions	5,224	25,714
Accretion of interest (Note 24)	3,083	3,240
Payments	(15,656)	(12,519)
Derecognition (1)	(2,869)	-
As at December 31,	45,317	55,535

Disclosed in the consolidated financial statements at December 31 as follows:

	2025 AED'000	2024 AED'000
Non-current	28,107	32,568
Current	17,210	22,967
	45,317	55,535

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Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025

8 Leases (continued)

The following are the amounts recognised in the consolidated statement of profit or loss with relation to leases:

	2025 AED'000	2024 AED'000
Depreciation of right-of-use assets (Note 23)	11,970	10,623
Interest on lease liabilities (Note 24)	3,083	3,240
Short-term leases (Note 23)	1,565	773
	<u>16,618</u>	<u>14,636</u>

- 1) During the year ended December 31, 2025, the Group disposed of a warehouse under property, plant and equipment that was constructed on leased land. The legal title to both the warehouse and associated leased land were transferred to the buyer upon receiving approval from the Ras Al Khaimah Economic Zone Authority (RAKEZ), in accordance with the terms of the sale and purchase agreement. Accordingly, the associated right-of-use asset and lease liability were derecognised.
- 2) The Group had non-cash additions to right-of-use assets and lease liabilities of AED 5,224 thousand (2024: AED 25,714 thousand), which represents a non-cash transaction in the consolidated statements of cash flows.

9 Inventories

	2025 AED'000	2024 AED'000
Raw materials and packing materials	28,649	17,660
Finished goods – manufactured	9,892	8,556
Trading goods (Note 22)	7,262	5,718
Semi-finished goods	937	531
Consumables and spare parts	6,331	6,434
	<u>53,071</u>	<u>38,899</u>
Less: provision for slow-moving inventories	<u>(1,056)</u>	<u>(1,307)</u>
	<u>52,015</u>	<u>37,592</u>
Goods-in-transit	13,529	11,416
	<u>65,544</u>	<u>49,008</u>

A reconciliation of the movements in the provision for slow moving inventories is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	1,307	1,519
Reversal during the year (included as part of cost of sales)	<u>(251)</u>	<u>(212)</u>
As at December 31,	<u>1,056</u>	<u>1,307</u>

During the year ended December 31, 2025, inventories amounting to AED 7,116 thousand (2024: 5,957 thousand) have been written-off. Such write-off is recognised as an expense and is included within cost of sales.

Inventories recognised as expenses during the year amounted to AED 218,014 thousand (2024: AED 186,094) (Note 22).

Inventories have been pledged as security against interest-bearing borrowings (Note 17).

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10 Trade and other receivables

	2025 AED'000	2024 AED'000
<i>Financial assets</i>		
Trade receivables, gross	70,100	62,490
Less: allowance for expected credit losses	(7,103)	(7,436)
Trade receivables, net	62,997	55,054
Other receivables	2,124	2,653
	<u>65,121</u>	<u>57,707</u>
<i>Non-financial assets</i>		
Prepayments	7,537	5,691
Advances to suppliers	8,608	1,293
	<u>81,266</u>	<u>64,691</u>

Trade receivables have been pledged as security against interest-bearing borrowings (Note 17).

The average credit period for trade receivables is 30-120 days. No interest is charged on past due trade receivables. The expected credit losses of trade receivables are estimated using a provision matrix by reference to past default experience of the customer and adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customers operate and an assessment of both the current as well as the forecast direction of the economic conditions at the reporting date.

The information about the credit risk exposures and related expected credit losses are disclosed in Note 29.

Movements in the allowance for expected credit losses of trade and other receivables for the year were as follows:

	2025 AED'000	2024 AED'000
As at January 1,	7,436	7,341
(Reversal)/charge for the year	(333)	95
As at December 31,	<u>7,103</u>	<u>7,436</u>

11 Financial asset at fair value through profit or loss

	2025 AED'000	2024 AED'000
As at January 1,	13,991	16,249
Change in fair value	(9,368)	(2,258)
As at December 31,	<u>4,623</u>	<u>13,991</u>

At the reporting date, financial assets at FVTPL comprise investment in an unquoted equity instrument of an entity operating in the dairy and poultry industry.

The fair value of this instrument was determined by a third-party specialist using EBITDA multiples derived from the market for similar entities. This valuation methodology is based on market expectations after considering conditions including the economy in general, and the business and industry of the investee in particular, using market observable data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. Refer to Note 30 for disclosures on fair value hierarchy of the instrument.

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12 Bank balances and cash

	2025 AED'000	2024 AED'000
Cash in hand	321	321
Bank balances – current accounts	20,536	4,720
Bank balances – fixed deposits	11,071	9,326
Bank balances and cash	31,928	14,367
Less: bank overdrafts (Note 17)	-	(5,650)
Less: fixed deposits with initial maturity of more than 3 months	(11,071)	(9,326)
Cash and cash equivalents	20,857	(609)

Fixed deposits are pledged against interest-bearing borrowings and carry interest at commercial rates (Note 17).

13 Equity

Share capital

The Company's share capital consists of 38,841 thousand ordinary shares of AED 1 each (2024: 38,841 thousand ordinary shares of AED 1 each).

Dividends

In the general assembly meeting dated April 23, 2025, the shareholders resolved the distribution of 20% of paid-up share capital as cash dividends equivalent to AED 7,768 thousand, representing AED 20 fils per share, which was paid to the shareholders during the year (2024: 20% of paid-up share capital as bonus shares equivalent to AED 6,473 thousand).

Directors' remuneration

At the Annual General Meeting held on April 23, 2025, directors' remuneration amounting to AED 2,450 thousand was approved for the year ended December 31, 2024 (2024: AED 1,400 thousand was approved for the year ended December 31, 2023).

14 Statutory reserve

As required by Article 241 of the UAE Federal Decree-Law No. 32 of 2021 (as amended), 10% of the profit for the year is required to be transferred to the statutory reserve. Such transfers may be ceased when statutory reserve equals 50% of the nominal value of the paid-up share capital. For the year ended December 31, 2025, an amount of AED 1,996 thousand (2024: AED 1,419 thousand) has been transferred to the statutory reserve. The statutory reserve is not available for distribution.

15 Revaluation surplus

The revaluation surplus included in equity is in respect of a labor accommodation building that was revalued at the time of its transfer from property, plant and equipment to investment properties in an earlier year. The amount of surplus is non-distributable and will be transferred to retained earnings upon disposal or otherwise derecognition of the asset. For the year ended December 31, 2025, an amount of AED 1,894 thousand (2024: Nil) has been transferred to the revaluation surplus.

16 Employees' end of service benefits

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2025 AED'000	2024 AED'000
As at January 1,	9,079	8,225
Provision made during the year	1,879	1,628
Paid during the year	(973)	(774)
As at December 31,	9,985	9,079

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17 Interest-bearing borrowings

	2025 AED'000	2024 AED'000
Trust receipts	85,971	50,074
Bank overdrafts (Note 12)	-	5,650
Term loans	2,774	1,309
	<u>88,745</u>	<u>57,033</u>
Less: non-current portion of term loan	(2,053)	-
Current portion	<u>86,692</u>	<u>57,033</u>

Trust receipts and bank overdrafts were obtained to finance the working capital requirements of the Group, are short-term in nature and carry interest at commercial rates.

During the year, the Group obtained a term loan facility from a commercial bank to part finance the capital expenditures of the production facility and has availed AED 2,774 thousand of the total available limit of AED 5,000 thousand.

During 2022, the Group obtained a term loan facility from a commercial bank to part finance the construction cost of a warehouse in Ras Al Khaimah and other capital expenditures. The facility was fully repaid by the Group during the current year.

Securities

The above-mentioned facilities are secured against the following:

- Assignment of all risk insurance policy (over the warehouse property).
- Pledge of moveable assets to be registered with Emirates Integrated Registries Company LLC (EIRC) via UAE Law Movables Security Agreement.
- Assignment of all risk insurance policy (over the purchased equipment/machineries).
- Charge over all existing and future movable assets/stocks/inventories.
- Assignment of insurance over stocks/inventories and movable assets.
- Assignment of trade receivables.
- Pledge over machineries financed by the bank.
- Pledge of fixed deposits.

Covenants

The Group is required to comply with financial covenant with relation to its term loan including the maintenance of certain financial ratios as specified by the bank.

As at December 31, 2025, the Group is in compliance with the financial covenants (2024: not in compliance with certain financial covenants), and therefore, the term loan was classified as current liability in the consolidated statement of financial position being repayable on demand.

18 Trade and other payables

	2025 AED'000	2024 AED'000
<i>Financial liabilities</i>		
Trade payables	66,443	52,659
Accruals and other payables	12,548	14,511
	<u>78,991</u>	<u>67,170</u>
<i>Non-financial liabilities</i>		
Rentals received in advance	6,164	3,732
Advances from customers	132	236
VAT payable, net	611	446
	<u>85,898</u>	<u>71,584</u>

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18 Trade and other payables (continued)

The average credit period for purchase of goods and services is 30-120 days. The Group has financial risk management policies in place as disclosed in Note 30 to ensure that all payables are paid within the credit period.

19 Income tax

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax (“CT”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after June 1, 2023. Accordingly, the Company and its UAE subsidiary, which was closed in the current year (Note 1), became taxable effective January 1, 2024 at the rate of 9% applicable to taxable income exceeding AED 375,000.

In addition to the UAE CT, the Group’s subsidiary in Sultanate of Oman is subject to taxation at the rate of 15% on taxable income. Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the Group operates and any adjustment to tax in respect of previous periods.

The major components of income tax expense for the years ended December 31, 2025 and 2024 are as follows:

	2025 AED’000	2024 AED’000
<i>Current income tax</i>		
Current income tax charge	2,464	3,803
<i>Deferred income tax</i>		
Deferred tax	17	(104)
Tax expense reported in the statement of profit or loss	<u>2,481</u>	<u>3,699</u>

Reconciliation of tax expense and the accounting profit multiplied by UAE’s domestic tax rate for 2025 and 2024 is as follows:

	2025 AED’000	2024 AED’000
Accounting profit for the year	28,349	30,365
Less: income taxable at the rate of 0%	<u>(375)</u>	<u>(375)</u>
Taxable accounting profit before income tax	27,974	29,990
At the UAE’s statutory tax rate of 9% (2024: 9%)	2,518	2,699
Non-taxable gains	(28)	(5)
Non-deductible expenses	16	74
Deductible expenses charged through equity	(221)	-
Effect of higher tax rate in Oman	413	931
At the effective tax rate of 9.52% (2024: 12.18%)	<u>2,698</u>	<u>3,699</u>

The deferred tax relates to the following:

	2025 AED’000	2024 AED’000
Depreciation	432	430
Provisions	589	656
Leases	76	28
Deferred tax asset	<u>1,097</u>	<u>1,114</u>

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19 Income tax (continued)

The reconciliation of deferred tax asset is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	1,114	1,010
Tax expense/(credit) during the year	(17)	104
As at December 31,	1,097	1,114

The deferred taxes relate to the Group's subsidiary in Oman only as there are no temporary differences at the level of the Company and its UAE subsidiary at the reporting date.

The following is the movement in the tax provision during the year:

	2025 AED'000	2024 AED'000
At January 1,	3,819	1,058
Charge for the year in profit or loss	2,698	3,803
Charge for the year in other comprehensive income	188	-
Adjustments in respect of current income tax of previous year	(234)	-
Payments during the year	(3,585)	(1,042)
At December 31,	2,886	3,819

The tax assessments of the subsidiary Oman have been completed by the tax authorities up to the year 2021. Management believes that additional taxes, if any, that may become payable on the finalisation of the assessments for open tax years would not be material.

20 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 Board of Directors.

Compensation to key management personnel

In addition to the Directors' remuneration disclosed in the consolidated statement of changes in equity, the remuneration of other key members of management recognised in profit or loss during the year was as follows:

	2025 AED'000	2024 AED'000
Short-term benefits	2,255	2,502
End of service benefits	111	89
	2,366	2,591

Short term benefits include bonus of AED 317 thousand for the year ended December 31, 2025 (2024: AED 599 thousand).

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20 Related party transactions and balances (continued)

Transactions with related parties

The transactions with related parties during the year are as follows:

	2025 AED'000	2024 AED'000
<i>Entities with common key management personnel</i>		
Purchases	4,524	4,011
Expenses	334	505
	<u>4,858</u>	<u>4,516</u>

Balances with related parties included in the consolidated statement of financial position are as follows:

	2025 AED'000	2024 AED'000
Other receivables (a)		
Due from shareholders	<u>720</u>	<u>720</u>
Other payables (b)		
Key management personnel	1,265	963
Entity with common key management personnel	<u>747</u>	<u>1,225</u>

(a) Other receivables from shareholders are included within other receivables under 'Trade and other receivables' (Note 10). As per the regulations, the Group's management obtained approvals by way of a special resolution for such transaction in the Annual General meeting held on April 25, 2024.

(b) Other payables to related parties are included within accruals and other payables under 'Trade and other payables' (Note 18).

For the year ended December 31, 2025, the Group has not recorded any impairment of amounts owed by the related parties (2024: Nil). This assessment is undertaken at each financial year-end.

21 Revenue

Revenue information

Set out below is the disaggregation of the Group's revenue:

	2025 AED'000	2024 AED'000
<i>Type of revenue</i>		
Sale of goods - gross	507,235	477,395
Less: rebates and discounts	(83,149)	(73,803)
Sale of goods - net	<u>424,086</u>	<u>403,592</u>

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21 Revenue (continued)

Revenue information (continued)

	2025 AED'000	2024 AED'000
<i>Geographical market</i>		
United Arab Emirates	260,535	224,729
Oman	122,956	162,008
Others	40,595	16,855
	<u>424,086</u>	<u>403,592</u>
	2025 AED'000	2024 AED'000
<i>Timing of revenue recognition</i>		
At a point in time	<u>424,086</u>	<u>403,592</u>
<i>Contract balances</i>		
Trade receivables, net (Note 10)	<u>62,997</u>	55,054
Advances from customers (Note 18)	<u>132</u>	236

Performance obligations

The performance obligation from sales of goods is satisfied upon delivery of goods and payment is generally due within 30 to 120 days from delivery.

There are no transaction prices allocated to unsatisfied performance obligations as of the reporting date except for advances received from customers.

Revenue recognised during the year includes amounts included in contract liabilities at the beginning of the year amounting to AED 236 thousand (2024: AED 123 thousand).

22 Cost of sales

	2025 AED'000	2024 AED'000
Manufacturing:		
Raw material, packing materials and stores and spares (Note 9)	218,564	186,094
Staff salaries and benefits and hired labor costs	10,544	9,853
Utilities	8,982	7,509
Depreciation of property, plant and equipment (Note 6)	2,705	2,494
Other direct costs	7,646	8,532
	<u>247,891</u>	214,482
Changes in inventories of semi-finished and finished goods	<u>1,833</u>	1,380
Total for manufacturing	<u>250,274</u>	215,862
Trading:		
Inventories, beginning of the year	5,718	4,752
Purchases (including direct expenses)	39,320	42,083
Inventories, end of the year (Note 9)	(7,262)	(5,718)
Total for trading	<u>37,776</u>	41,117
Total cost of sales	<u>288,050</u>	256,979

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23 Administrative, selling and distribution expenses

	2025 AED'000	2024 AED'000
Staff salaries and benefits	50,490	50,870
Commercial vehicles	13,545	12,704
Shelf space and display costs	12,725	8,043
Depreciation of right-of-use assets (Note 8)	11,970	10,623
Utilities	6,777	5,858
Depreciation of property, plant and equipment (Note 6)	3,668	3,658
Hired labor	2,319	2,147
Legal and professional fees	2,049	1,873
Advertisement and other related expenses	2,036	1,541
Short-term leases (Note 8)	1,565	773
Repairs and maintenance	1,195	1,317
Insurance	686	1,035
Others	6,240	6,160
	<u>115,265</u>	<u>106,602</u>

24 Finance costs, net

	2025 AED'000	2024 AED'000
Interest expense on trust receipts	6,142	6,326
Interest expense on lease liabilities (Note 8)	3,083	3,240
Bank charges	1,889	1,522
Interest expense on term loan	136	198
Interest expense on bank overdrafts	111	715
Interest income on fixed deposits	(400)	(287)
	<u>10,961</u>	<u>11,714</u>

25 Other non-operating income, net

	2025 AED'000	2024 AED'000
Rental income from investment properties (Note 7)	8,304	3,627
Gain on disposal of property, plant and equipment	1,563	55
Sale of scrap	1,128	693
Gain on derecognition of lease	360	-
Translation gain on foreign currency balances and transactions	319	46
	<u>11,674</u>	<u>4,421</u>

26 Contingencies and commitments

Guarantees and purchase commitments

	2025 AED'000	2024 AED'000
Letters of guarantee	<u>4,197</u>	<u>1,583</u>
Letters of credit	<u>-</u>	<u>262</u>

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26 Contingencies and commitments (continued)

Capital commitments

The capital commitments outstanding represent the costs to be incurred towards a cooling tunnel for the ice cream plant and conversion of another product line.

	2025 AED'000	2024 AED'000
Capital commitments	<u>11,179</u>	<u>1,404</u>

Legal cases

As at December 31, 2025, the Group has outstanding legal cases. All these cases are pending before the Court for the hearings and final decisions. The Group has reviewed all outstanding legal matters and determined that there are no contingent liabilities requiring disclosure as management assessed that no legal proceedings are likely to result in a probable outflow of economic resources.

27 Earnings per share

	2025 AED'000	2024 AED'000
Profit for the year	<u>25,868</u>	<u>26,666</u>
Weighted average number of shares outstanding	<u>38,841</u>	<u>38,841</u>
Basic and diluted earnings per share	<u>0.67</u>	<u>0.69</u>

28 Segment reporting

The Group operates in the single reporting segment of dairy, juice, ice cream, and other 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, consolidated statement of comprehensive income and notes to the consolidated financial statements.

IFRS Accounting Standards also require an entity to report its segment assets and revenue along geographical regions. All significant activities of the Group are performed on an integrated basis in the Gulf region and the Directors consider an analysis by individual country would not be meaningful (as the Oman operations are an extension of the sales and marketing activities of the Company).

Additional information required by IFRS 8, "Segment reporting", is disclosed below:

Major customers

During the year ended December 31, 2025 there were no customers of the Group with the revenue greater than 10% of the total revenue of the Group (2024: None).

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29 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	2025 AED'000	2024 AED'000
<i>Financial assets at amortised cost:</i>		
Trade and other receivables (Note 10)	65,121	57,707
Bank balances	31,607	14,046
	<u>96,728</u>	<u>71,753</u>
<i>Financial asset at fair value through profit or loss:</i>		
Unquoted equity instruments (Note 11)	4,623	13,991
<i>Financial liabilities at amortised cost:</i>		
Interest-bearing borrowings (Note 17)	88,745	57,033
Trade and other payables (Note 18)	78,991	67,170
Lease liabilities	45,317	55,525
	<u>213,053</u>	<u>179,728</u>

Note 4 provides a description of the accounting policies for each category of financial assets and financial liabilities. A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 31.

30 Financial risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 29. The main types of risks are credit risk, liquidity risk and market risk (including interest rate risk, foreign exchange risk and other market price risk).

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The most significant financial risks to which the Group is exposed are described below:

30.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, which result from both its operating and investing activities.

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 rate. The Group is exposed to interest risk on its variable interest-bearing liabilities (interest-bearing borrowings).

The following table illustrates the sensitivity of net profit for the year and equity to a reasonably possible change in interest rates of 1% (2024: 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

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30 Financial risk management objectives and policies (continued)

30.1 Market risk analysis (continued)

Interest rate risk (continued)

	Profit for the year		Equity	
	+1%	-1%	+1%	-1%
	AED'000	AED'000	AED'000	AED'000
December 31, 2025	(808)	808	(808)	808
December 31, 2024	(519)	519	(519)	519

Equity price risk

The Group's non-listed equity investment is susceptible to market price risk arising from uncertainties about future values of the investment. 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 Board of Directors review and approve all equity investment decisions.

Foreign currency risk management

The Group does not have any significant exposure to currency risk as most of its monetary assets and liabilities are denominated in USD, OMR and AED, with the AED and OMR currently pegged to the USD.

30.2 Credit risk analysis

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is mainly exposed to credit risk on trade and other receivables and bank balances.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at December 31, 2025 and 2024 is the carrying amounts of the financial assets as follows:

	2025	2024
	AED'000	AED'000
Trade and other receivables (excluding prepayments and advances) (Note 10)	65,121	57,707
Bank balances	31,607	14,046
	96,728	71,753

Trade receivables

The Group seeks to limit its credit risk with respect to trade receivables by continuously monitoring the terms of the payments for the outstanding amounts. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group has determined that climate-related risks have no significant impact on credit risk exposure and credit risk management practices because of the short-term nature of credit exposure and given the absence of recent major climate-related events in the main areas where debtors operate.

The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of expected credit loss.

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30 Financial risk management objectives and policies (continued)

30.2 Credit risk analysis (continued)

Trade receivables (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Total AED'000	Current AED'000	Past due days		
			<30 days AED'000	31 to 120 days AED'000	>120 days AED'000
December 31, 2025					
Expected credit loss rate	-	-	0.1%	2%	58%
Estimated total gross carrying amount at default	70,100	32,220	13,801	12,402	11,677
Expected credit loss	7,103	-	17	280	6,806

	Total AED'000	Current AED'000	Past due days		
			<30 days AED'000	31 to 120 days AED'000	>120 days AED'000
December 31, 2024					
Expected credit loss rate	-	-	1%	2%	75%
Estimated total gross carrying amount at default	62,490	28,546	12,347	12,049	9,548
Expected credit loss	7,436	-	68	194	7,174

Bank balances

The Group seeks to limit its credit risk with respect to bank balances and fixed deposits by only dealing with reputable banks.

30.3 Liquidity risk

The Group limits its liquidity risk by retaining sufficient funds generated from its operations. Trade payables are settled on normal credit terms agreed with suppliers.

The table below summarises the maturities of the Group's undiscounted financial liabilities at the reporting date, based on contractual payment dates:

	Less than 3 months AED'000	3 to12 months AED'000	1 - 5 years AED'000	More than 5 years AED'000	Total AED'000
December 31, 2025					
Interest-bearing borrowings	34,954	54,049	2,389	-	91,392
Trade and other payables	7,985	71,006	-	-	78,991
Lease liabilities	3,792	10,407	26,488	25,144	65,831
	46,731	135,462	28,877	25,144	236,214
December 31, 2024					
Interest-bearing borrowings	45,623	11,479	-	-	57,102
Trade and other payables	7,144	60,026	-	-	67,170
Lease liabilities	2,952	9,277	34,558	32,976	79,763
	55,719	80,782	34,558	32,976	204,035

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30 Financial risk management objectives and policies (continued)

Changes in liabilities arising from financing activities

	January 1, 2025 AED'000	Cash flows AED'000	Others** AED'000	December 31, 2025 AED'000
Current:				
Interest-bearing borrowings*	57,033	29,659	-	86,692
Lease liabilities	22,967	(15,656)	9,899	17,210
Non-current:				
Interest-bearing borrowings	-	2,053	-	2,053
Lease liabilities	32,568	-	(4,461)	28,107
Total liabilities from financing activities	112,568	16,056	5,438	134,062
	January 1, 2024 AED'000	Cash flows AED'000	Others** AED'000	December 31, 2024 AED'000
Current:				
Interest-bearing borrowings*	73,333	(16,300)	-	57,033
Lease liabilities	13,924	(12,519)	21,562	22,967
Non-current:				
Lease liabilities	25,176	-	7,392	32,568
Total liabilities from financing activities	112,433	(28,819)	28,954	112,568

* Includes cashflows pertaining to trust receipts and term loan.

** Mainly includes the effect of interest accruals and reclassification of non-current portion of lease liabilities to current due to the passage of time.

31 Capital management policies and procedures

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended December 31, 2025 and December 31, 2024. Capital comprises share capital, statutory reserve, revaluation surplus and retained earnings and is measured at AED 101,742 thousand as at December 31, 2025 (2024: AED 84,198 thousand).

32 Fair value measurement

Management assessed that the fair values of bank balances and cash, trade and other receivables, and trade and other payables as at December 31, 2025 and 2024 approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying amounts of interest-bearing borrowings as at December 31, 2025 and 2024 approximate their fair values due to the fact that they bear variable interest rates that reflect current market interest rates for similar borrowings. As a result, the values of the future discounted cash flows on those borrowings are not significantly different from their current book values.

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32 Fair value measurement (continued)

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels as disclosed in the Group's accounting policies (Refer Note 4).

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments and non-financial assets 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.

The following table shows the levels within the hierarchy of assets measured at fair value on a recurring basis:

	December 31, 2025 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Financial assets at fair value through profit or loss	<u>4,623</u>	-	-	<u>4,623</u>
Investment properties	<u>64,500</u>	-	-	<u>64,500</u>
	December 31, 2024 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Financial assets at fair value through profit or loss	<u>13,991</u>	-	-	<u>13,991</u>
Investment properties	<u>44,100</u>	-	-	<u>44,100</u>

There were no transfers between Level 1, 2 and 3 during the current and prior years.

33 Subsequent events

Subsequent to the reporting date, geopolitical tensions in the Middle East have continued to evolve, including ongoing regional conflicts and heightened political uncertainty. These developments have increased volatility in global and regional financial markets and may, over time, affect economic conditions in the region. As at the date of approval of these consolidated financial statements, the Group continues to monitor developments in the region and will assess the potential impact, if any.