Foodco National Foodstuff P.J.S.C.

Directors' report and consolidated financial statements for the year ended 31 December 2025

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Directors' report and consolidated financial statements for the year ended 31 December 2025

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Foodco National Foodstuff P.J.S.C.

Directors' report for the year ended 31 December 2025

The Directors have pleasure in submitting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Principal activities

The principal activities of the Company and its subsidiaries (together, the "Group") are import and distribution of foodstuff and household items, catering services, shipment, clearance and warehousing activities, facility management services and restaurants management.

Financial results

The results of the Group for the year are set out on page 12 to the consolidated financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2025.

Transactions with related parties

The consolidated financial statements disclose related parties' transactions and balances in note 21. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors of the Company

The consolidated financial statements have been audited by PricewaterhouseCoopers Limited Partnership – Abu Dhabi, who retire and, being eligible, offer themselves for reappointment.

For and on behalf of Board of Directors

Chairman of the Board

Independent auditor's report

To the Shareholders of Foodco National Foodstuff P.J.S.C.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Foodco National Foodstuff P.J.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Independent auditor's report (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters	Restatement of impairment of goodwill

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C.

Our audit approach (continued)

Overview (continued)

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Restatement of impairment of goodwill	
In the year prior years, as a result of a business combination of Abu Dhabi National Foodstuff (the "CGU"), goodwill amounting to AED 85,044,135 was recognised in the Group's consolidated financial statements. During the current year, management identified an error in the assumptions used to prepare the projected cash flows for assessing goodwill impairment in the prior periods. The error resulted in no impairment being recognized previously, leading to an overstatement of goodwill in the Group's consolidated financial statements. Management reassessed the previous projected cash flows and recorded a prior period impairment loss by restating the comparative figures in the consolidated statement of financial position, with the impairment loss recognized in opening accumulated losses as of 1 January 2024. As a result, the carrying amount of goodwill is nil as at the reporting date.	We performed the following audit procedures in relation to the restatement of goodwill impairment: 1. Inquired of management regarding the goodwill impairment assessment historically performed as part of the opening balance review; 2. Obtained and reviewed the goodwill impairment assessment workings prepared in the prior periods, together with management's position paper to assess whether the assumptions used were consistent with the information available at that time; 3. Assessed the reasonableness of the key assumptions such as the revenue growth rate applied in prior-period impairment assessments with reference to underlying information available at the respective goodwill impairment assessment reporting dates and assessed whether the recoverable amount of the CGU was appropriately assessed and whether an impairment should have been recorded in the prior periods;

Independent auditor's report (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Restatement of impairment of goodwill (continued)	
The restatement of goodwill impairment is considered a key audit matter due to the assessment of the reasonableness of assumptions used, and determining whether the correction could be made without the use of hindsight.	4. Evaluated whether the determination of the impairment amount was made during the year is without the use of hindsight; and
Refer to note 2.25 and 33 to the consolidated financial statements respectively for the accounting policy and disclosure which explains the restatement of goodwill.	5. Assessed the adequacy of disclosures in the consolidated financial statements relating to this matter with reference to IFRS Accounting Standards.

Other information

Management is responsible for the other information. The other information comprises the Directors' report (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

Independent auditor’s report (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C.

Other information (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of 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, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Independent auditor's report (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C.

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 judgement and maintain professional scepticism 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 (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C

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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and 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, actions taken to eliminate threats or safeguards applied.

Independent auditor’s report (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C

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

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

Report on other legal and regulatory requirements

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

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) 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;

iii) the Group has maintained proper books of account;

iv) the financial information included in Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 8 to the consolidated financial statements the Group has not purchased or invested in any shares during the year ended 31 December 2025;

vi) note 21 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

Independent auditor's report (Continued)

To the Shareholders of Foodco National Foodstuff P.J.S.C

Report on other legal and regulatory requirements (continued)

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025.

PricewaterhouseCoopers Limited Partnership - Abu Dhabi
31 March 2026

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

Foodco National Foodstuff P.J.S.C.
Consolidated statement of financial position

	Note	As at 31 December 2025 AED	As at 31 December 2024 AED *(restated*)*	As at 1 January 2024 AED *(restated*)*
ASSETS				
Non-current assets				
Property and equipment	5	97,155,073	92,188,446	64,779,170
Intangible assets	6	61,044	115,456	169,868
Right of use assets	7	6,078,218	6,002,731	6,293,250
Investments held at fair value through other comprehensive income	8	3,377,173	3,301,281	3,377,173
		106,671,508	101,607,914	74,619,461
Current assets				
Inventories	9	22,230,281	8,742,297	6,115,353
Trade receivables	10	5,517,140	10,167,242	6,822,341
Other current assets	11	3,350,684	1,909,253	1,150,124
Due from related parties	21	139,935,647	127,660,614	114,708,737
Cash and cash equivalents	12	9,415,116	9,262,175	1,680,131
		180,448,868	157,741,581	130,476,686
Total assets		287,120,376	259,349,495	205,096,147
EQUITY AND LIABILITIES				
Equity				
Share capital	13	280,000,000	280,000,000	280,000,000
Legal reserve	14	2,802,579	2,802,579	2,802,579
Merger reserve	15	(26,331,785)	(26,331,785)	(26,331,785)
Investment revaluation reserve	16	(190,109)	(266,001)	(190,109)
Accumulated losses		(84,931,712)	(130,385,696)	(122,573,680)
Total equity		171,348,973	125,819,097	133,707,005
LIABILITIES				
Non-current liabilities				
Bank borrowings	20	37,301,909	46,078,876	-
Provision for employees' end of service benefits	17	2,037,991	1,682,296	1,713,030
Lease liabilities	7	5,973,876	5,866,216	6,034,886
		45,313,776	53,627,388	7,747,916
Current liabilities				
Bank borrowings	20	8,776,968	6,642,567	727,072
Trade and other payables	18	7,434,997	13,874,804	5,299,895
Provisions	19	6,559,825	-	-
Due to related parties	21	46,915,760	58,702,138	56,935,554
Lease liabilities	7	770,077	683,501	678,705
		70,457,627	79,903,010	63,641,226
Total liabilities		115,771,403	133,530,398	71,389,142
Total equity and liabilities		287,120,376	259,349,495	205,096,147

*Refer to Note 33 for restatements.

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of the Group as of and for the year ended 31 December 2025.

The consolidated financial statements were duly approved and authorised for issue by the Board of Directors on 31 March 2026 and signed on its behalf by.

Mohamed Ali Al Hosani	**Mohammed Hafez**	**Kannan Purayamkumarath**
Chairman	Managing Director	Finance Manager

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

Foodco National Foodstuff P.J.S.C.

Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 December 2025 AED	2024 AED *(restated*)*
Revenue from contracts with customers	22	39,618,631	59,877,370
Cost of sales	23	(38,656,063)	(52,305,000)
Gross profit		962,568	7,572,370
General and administrative expenses	24	(6,314,865)	(5,217,808)
Selling and marketing expenses	25	(13,251,701)	(9,490,931)
Provision for legal claim	19	(6,559,825)	-
Reversal/ (provision) for expected credit loss on trade receivables	10	3,436,889	(358,524)
Other income		368,133	152,715
Operating loss		(21,358,801)	(7,342,178)
Finance cost	27	(455,814)	(469,838)
Loss before income tax		(21,814,615)	(7,812,016)
Income tax		-	-
Loss for the year		(21,814,615)	(7,812,016)
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Changes in the fair value of investments held at fair value through other comprehensive income	8	75,892	(75,892)
Total comprehensive loss for the year		(21,738,723)	(7,887,908)
Basic and diluted loss per share	28	(0.08)	(0.03)

*Refer to Note 33 for restatements.

Foodco National Foodstuff P.J.S.C.
Consolidated statement of changes in equity

	Share capital AED	Legal reserve AED	Merger reserve AED	Investment revaluation reserve AED	Accumulated losses AED	Total equity AED
At 1 January 2024 (as previously stated)	280,000,000	2,802,579	(26,331,785)	(190,109)	(37,529,545)	218,751,140
Prior period restatement*	-	-	-	-	(85,044,135)	(85,044,135)
At 1 January 2024 (as restated*)	280,000,000	2,802,579	(26,331,785)	(190,109)	(122,573,680)	133,707,005
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(7,812,016)	(7,812,016)
Other comprehensive loss for the year	-	-	-	(75,892)	-	(75,892)
Total comprehensive loss for the year	-	-	-	(75,892)	(7,812,016)	(7,887,908)
At 31 December 2024 (as restated*)	280,000,000	2,802,579	(26,331,785)	(266,001)	(130,385,696)	125,819,097
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(21,814,615)	(21,814,615)
Other comprehensive loss for the year	-	-	-	75,892	-	75,892
Total comprehensive loss for the year	-	-	-	75,892	(21,814,615)	(21,738,723)
Waiver of liability from related parties (Note 21)	-	-	-	-	67,268,599	67,268,599
At 31 December 2025	280,000,000	2,802,579	(26,331,785)	(190,109)	(84,931,712)	171,348,973

*Refer to Note 33 for restatements.

Foodco National Foodstuff P.J.S.C.

Consolidated statement of cash flows

	Note	Year ended 31 December 2025 AED	2024 AED *(restated*)*
Cash flow from operating activities			
Loss before income tax		(21,814,615)	(7,812,016)
Adjustments for:			
Depreciation of property and equipment	5	2,477,406	2,381,923
Depreciation of right of use assets	7	453,797	421,825
Amortisation of intangible assets	6	54,412	54,412
Gain on disposal of property and equipment		(112,750)	(95,238)
Gain on derecognition of right of use assets		-	(10,991)
Provision for legal claim		6,559,825	-
(Reversal)/ provision for expected credit loss on trade receivables	10	(3,436,889)	358,524
Provision for employees' end of service benefits	17	474,572	334,926
Interest on lease liability	7	407,656	406,135
Provision for slow moving inventories	9	668,931	210,000
Dividend income		(189,729)	(189,729)
Finance costs	27	48,158	63,703
Net cash flows used in from operating activities before payment of employees' end of service benefits and changes in working capital		(14,409,226)	(3,876,526)
Payment of employees' end of service benefits		(118,877)	(365,660)
Changes in working capital:			
Inventories		(14,156,916)	(2,836,943)
Trade receivables and other receivables		1,688,316	(3,703,428)
Other current assets		(1,441,431)	(759,129)
Due from related parties		38,745,436	(12,951,877)
Trade and other payables		2,584,669	3,323,311
Amounts due to related parties		4,461,752	1,766,584
Net cash flows generated from/(used in) operating activities		17,353,723	(19,403,668)
Cash flow from investing activities			
Payment for purchases of property and equipment		(10,073,114)	(24,539,599)
Dividend received		189,729	-
Proceeds from disposal of property and equipment		116,031	95,238
Net cash used in investing activities		(9,767,354)	(24,444,361)
Cash flows from financing activities			
Proceeds from bank borrowings		-	86,697,384
Repayment of bank borrowings		(6,582,726)	(34,035,781)
Payment of lease liabilities		(742,704)	(690,324)
Dividend received		-	189,729
Finance cost paid		(48,158)	(63,703)
Net cash (used in)/generated from financing activities		(7,373,588)	52,097,305
Net increase in cash and cash equivalents		212,781	8,249,276
Cash and cash equivalents at the beginning of the year		9,202,335	953,059
Cash and cash equivalents at the end of the year	12	9,415,116	9,202,335

*Refer to Note 33 for restatements.

Refer note 21 for non-cash transaction.

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

1 General information

Foodco National Foodstuff PJSC (the "Company") is a private joint stock company incorporated in Abu Dhabi, United Arab Emirates. The registered address of the Company is at P O Box 2378, Port Zayed, Mina, Abu Dhabi, UAE.

The Company and its subsidiaries (collectively referred to as the "Group") are primarily engaged in the import and distribution of foodstuff and household items, catering services, facility management services, restaurants management, freight forwarding and warehousing in the United Arab Emirates.

The Company is regulated and listed on the Abu Dhabi Securities Exchange and is a subsidiary of Hily Holding PJSC (the "Parent") which is also listed on the Abu Dhabi Securities Exchange.

The consolidated financial statements include the financial position and the financial performance of the following subsidiaries:

Name of subsidiary	Principal activity	Country of incorporation	Percentage of holding	
			2025	2024
Abu Dhabi National Foodstuff Company (ADNF)	Wholesale and distribution of foodstuff	UAE	100%	100%
5PL Logistics Solutions LLC	Shipment, clearance and warehousing services	UAE	100%	100%
National Oasis Foodstuff Company LLC	Packing of foodstuff	UAE	100%	100%

2 Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Going concern basis of accounting

The Group has incurred a total comprehensive loss of AED 21,814,615 for the year ended 31 December 2025 (2024: AED 7,812,016) and, as of that date, accumulated losses amounting to AED 84,931,712 (2024: AED 130,385,696).

Based on the financial support of the major shareholder, the Board of Directors have reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future and for a period of at least 12 months from the date of the approval of these consolidated financial statements. For this reason, the Group continues to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2025.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

New and revised IFRS applied in the preparation of the consolidated financial statements

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025 have been adopted in these consolidated financial statements. The application of these revised IFRS Accounting Standards and interpretations have not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

Lack of Exchangeability – Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' (effective 1 January 2025)

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use where it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process).

The application of the amendments had no significant impact on the Group's consolidated financial statements.

New and revised IFRS issued but not yet effective and not early adopted

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 31 December 2025, and which the Group has not early adopted.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

New and revised IFRS issued but not yet effective and not early adopted (continued)

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026) (continued)

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted subject to any endorsement process.

IFRS 18, Presentation and Disclosure in Financial Statements' (effective 1 January 2027, early adoption is permitted)

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

New and revised IFRS issued but not yet effective and not early adopted (continued)

IFRS 19, Subsidiaries without Public Accountability: Disclosures' (effective 1 January 2027, early adoption is permitted)

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Annual Improvements to IFRS Accounting Standards – Volume 11 (effective 1 January 2026)

The IASB has made the following improvements in September 2024:

- IFRS 1, 'First-time Adoption of International Financial Reporting' – to improve consistency between IFRS 1 and IFRS 9, 'Financial Instruments', in relation to the requirements for hedge accounting, and to improve the understandability of IFRS 1;
- IFRS 7, 'Financial Instruments: Disclosures' – to improve consistency in the language used in IFRS 7 with the language used in IFRS 13, 'Fair Value Measurement';
- IFRS 9 – to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished, and to address an inconsistency between IFRS 9 and IFRS 15, 'Revenue from Contracts with Customers', in relation to the term 'transaction price';
- IFRS 10, 'Consolidated Financial Statements' – to clarify the requirements in relation to determining de facto agents of an entity; and
- IAS 7, 'Statement of Cash Flows' – to replace the term 'cost method' with 'at cost', since the term is no longer defined in IFRS Accounting Standards.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026)

In December 2024, the IASB issued targeted amendments to IFRS 7 and IFRS 9 to allow entities to better reflect nature-dependent electricity contracts in the financial statements. The amendments:

(a) clarify the application of the 'own-use' criteria to nature-dependent electricity contracts;

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

New and revised IFRS issued but not yet effective and not early adopted (continued)

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2026) (continued)

(b) permit hedge accounting if these contracts are used as hedging instruments; and
(c) add new disclosure requirements to enable users of financial statements to better understand the effect of these contracts on an entity's financial performance and cash flows.

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.3 Goodwill

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

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2 Material accounting policies (continued)

2.4 Revenue recognition

Revenue from contracts with customers for sale of goods or services

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Sales are recorded based on the price specified in the sales contracts, net of the trade spend at the time of sale. Trade spend consists primarily of customer pricing allowances, placement/listing fees etc. and is governed by agreements with the distributors.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Trading	Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 days.	Revenue from the 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.
Freight forwarding and logistics services	Customers are assessed to have obtained control of the services provided over the period of time the services are provided.	Revenue is recognised when the performance obligations have been performed and been accepted by customers. Revenue is recognised over a period of time that the service is provided.

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

2 Material accounting policies (continued)

2.4 Revenue recognition (continued)

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(i) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
(ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
(iii) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

2.5 Value added tax (VAT)

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

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

2 Material accounting policies (continued)

2.5 Value added tax (VAT) (continued)

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.

2.6 Property and equipment

(a) Recognition and measurement

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of comprehensive income as incurred.

(c) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

	Years
Warehouse and office buildings	25
Equipment, furniture and fittings	5 - 10
Motor vehicles	4 - 5

2.7 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when such expenditure increases the future economic benefits embodied in the specific asset to which it relates.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each consolidated statement of financial position date.

The estimated useful lives of the intangible assets are as follows:

	Years
Software	5

2 Material accounting policies (continued)

2.8 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.

(a) Group as 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.

(i) 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). 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. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use assets are also subject to impairment.

(ii) 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 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 the 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 expenses (unless they are incurred to produce inventories) in the period in 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.

2 Material accounting policies (continued)

2.8 Leases (continued)

(a) Group as lessee (continued)

(iii) Short-term leases and leases of low-value assets

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). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.9 Financial instruments

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.

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. All financial assets are recognised initially at fair value plus, in the case of a financial assets not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

(ii) Subsequent measurement

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

(1) Financial assets at amortised cost (“debt instruments, cash and cash equivalents and trade receivables”)
(2) Financial assets at fair value through OCI with recycling of cumulative gains and losses (“debt instruments”)
(3) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and

(iii) 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 consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group’s financial assets at amortised cost includes trade receivables and other assets, cash and bank balances and amounts due from related parties.

2 Material accounting policies (continued)

2.9 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IFRS 9: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

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

(v) Financial assets at fair value through profit or loss

Financial assets 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 comprehensive income.

(vi) Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

2 Material accounting policies (continued)

2.9 Financial instruments (continued)

(a) Financial assets (continued)

(vii) Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and its related interest which is recognised using the effective interest rate method.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rate.

A financial asset is primarily derecognised 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:

(1) the Group has transferred substantially all the risks and rewards of the asset, or
(2) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2 Material accounting policies (continued)

2.9 Financial instruments (continued)

(a) Financial assets (continued)

(viii) Derecognition (continued)

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.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

The Group's financial liabilities include trade and other payables, lease liabilities and amounts due to related parties.

(ii) Subsequent measurement

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

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

(iii) Financial liabilities at fair value through profit or loss

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

(iv) Financial liabilities at amortised cost

After initial recognition, 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.

2 Material accounting policies (continued)

2.9 Financial instruments (continued)

(b) Financial liabilities (continued)

(iv) Financial liabilities at amortised cost (continued)

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 (under net finance costs) in the consolidated statement of comprehensive income.

(v) Derecognition

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

2.10 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.

2.11 Fair value measurement

The Group measures financial instruments such as financial assets at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2 Material accounting policies (continued)

2.11 Fair value measurement (continued)

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

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

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

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.

2.12 Impairment

(a) Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk.

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, internal credit rating, external credit rating (as far as available), actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower’s ability to meet its obligations.

Regardless of analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Group recognizes lifetime expected credit loss (ECL) for trade receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor’s current financial position, adjusted for forward looking factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2 Material accounting policies (continued)

2.12 Impairment (continued)

(a) Financial assets (continued)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of comprehensive income.

(b) 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 cash-generating units' (CGU) fair value less costs to sell and its value in use and 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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed 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. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.13 Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalents comprise cash (i.e. cash at bank and cash equivalents). Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, cash at banks – current accounts net of bank overdrafts.

2 Material accounting policies (continued)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less any further costs expected to be incurred on disposal. Allowance for obsolete and slow-moving inventory is made to reduce the carrying amount of inventories to their realisable value.

2.15 Employee benefits

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the consolidated statement of financial position in respect of plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

2.16 Employee benefits

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

With respect to UAE nationals employed by the Group, the Group makes contributions to the relevant UAE Government pension scheme calculated as a percentage of the employees' salaries. The obligations under these schemes are limited to these contributions, which are expensed when due.

2.17 Trade receivables

Trade receivables are amounts due from customers for services performed or goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 Material accounting policies (continued)

2.17 Trade receivables

The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When a receivable balance is uncollectible, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited in the profit or loss. The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables.

2.18 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.

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 Group classifies all other liabilities as non-current.

2.19 Foreign currencies

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

2 Material accounting policies (continued)

2.20 Share capital

Share capital represents the nominal (par) value of shares that have been issued to the shareholders. The Company may issue shares up to its authorised share capital. Each share has a nominal (par) value of AED 1.

2.21 Bank borrowings

After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are integral part of the EIR. The EIR amortisation is included in finance cost in the consolidated statement of profit or loss and other comprehensive income.

2.22 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Other income

Dividends

Dividend income from investments is recognised in the consolidated statement of profit and loss and other comprehensive income when the shareholders' rights to receive payment is established.

2.24 Income tax

The Group forms a tax group with its Parent Company (Hily Holding PJSC) wherein income tax is determined on the basis of the taxable profits of the Hily Holding PJSC tax group as a whole and not on the profits of the individual entities themselves. Therefore, the definition of current tax in IAS 12 is not met for reporting entities that form part of the tax group, because they do not have income taxes payable (recoverable) to (from) taxation authorities in respect of their respective taxable profit (tax loss) for a period. Similarly, the definitions of deferred tax liabilities and assets under IAS 12 are also not met for recognition of associated deferred tax expense (income), because subsidiary entities do not have income taxes payable (or recoverable) in future periods. Applying this approach, the Group does not recognise tax expense (income) as defined under IAS 12 in the consolidated statement of profit or loss and other comprehensive income.

2 Material accounting policies (continued)

2.25 Segment reporting

The Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss. Operating segments are reported in a manner consistent with the internal reporting provided to the Board Executive Committee.

2.26 Restatement of comparative information

The Group corrects material prior period errors by restating the comparative amounts for the affected prior period(s) presented, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. An error is defined as an omission or misstatement resulting from the failure to use, or misuse of, reliable information that was available and could reasonably have been expected to be obtained and taken into account at the time the consolidated financial statements for those periods were authorised for issue. In determining and measuring such restatements, the Group does not apply hindsight, and subsequent information or events are not used to reassess estimates or assumptions made in prior periods, except to the extent that they provide evidence of conditions that existed at the relevant reporting dates.

3 Financial risk management objectives and policies

3.1 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

3 Financial risk management objectives and policies (continued)

3.1 Capital management (continued)

The gearing ratios at the year-end were as follows:

	2025 AED	2024 AED
Bank borrowings (Note 20)	46,078,877	52,721,443
Cash and cash equivalents (Note 12)	(9,415,116)	(9,262,175)
Net debt	36,663,761	43,459,268
Equity	171,348,973	125,819,097
Gearing ratio	0.21	0.35

3.2 Financial risk management objectives

(a) Market risk management

(i) Foreign currency risk management

Foreign currency risk comprises of transaction and statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against the AED.

Statement of financial position relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into AED, as a result of currency movements.

Foreign currency risk is limited since a significant proportion of the Group's transactions, monetary assets and liabilities are in AED and US Dollars. As the AED is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

(b) Credit risk management

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

With respect to credit risk arising from other financial assets of the Group, which comprise bank balances and cash, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's policy is to place cash and cash equivalents with reputable banks and financial institutions. The cash and cash equivalents are held with banks, which are rated A to Aa3, based on Moody's ratings.

3 Financial risk management objectives and policies (continued)

3.2 Financial risk management objectives (continued)

(b) Credit risk management (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Maximum exposure	
	2025	2024
	AED	AED
Credit risk		
Trade and other receivables	6,233,545	10,921,883
Bank balances (excluding cash in hand)	9,360,591	9,208,650
Amounts due from related parties	139,935,647	127,660,614
	155,529,783	147,791,147

Trade receivables

The Group uses an allowance matrix to measure the ECLs of trade receivables

Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2025.

	31 December 2025		
	Gross	**Expected credit loss rate**	**Impairment**
	AED	AED	AED
Current			
1 to 30 days	1,765,493	-	-
31 to 60 days	2,147,716	3%	(57,808)
61 to 180 days	3,027,206	50%	(1,526,617)
More than 180 days	10,599,850	100%	(10,599,850)
	17,540,265	69%	(12,184,275)

3 Financial risk management objectives and policies (continued)

3.2 Financial risk management objectives (continued)

(b) Credit risk management (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2024.

	31 December 2024		
	Gross	**Expected credit loss rate**	**Impairment**
	AED	AED	AED
Current	-	0%	-
1 to 30 days	4,265,499	0%	-
31 to 60 days	5,044,572	4%	(200,801)
61 to 180 days	7,201,300	89%	(6,389,573)
More than 180 days	21,913,161	99%	(21,666,916)
	38,424,532		(28,257,290)

Due from related parties

Related parties have been transacting with the Group since its inception and as at the reporting date, management believes that impairment loss in relation to amount due from related parties is immaterial and accordingly has not established an allowance. The Group does not require collateral in respect of its amount due from related parties. The Group does not have amounts for which no loss allowance is recognised because of collateral.

(c) Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Group limits its liquidity risk by ensuring maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

3 Financial risk management objectives and policies (continued)

3.2 Financial risk management objectives (continued)

(c) Liquidity risk management

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on contractual undiscounted payments.

	Carrying amount AED	**Contractual cash flows** AED	**One year or less** AED	**More than one year** AED
31 December 2025				
Trade and other payables	7,434,997	(7,434,997)	(7,434,997)	-
Provisions	6,559,825	(6,559,825)	(6,559,825)	-
Due to related parties	46,915,760	(46,915,760)	(46,915,760)	-
Bank borrowings	46,078,877	(48,382,821)	(11,080,912)	(37,301,909)
Lease liabilities	6,743,953	(7,081,151)	(1,107,275)	(5,973,876)
	113,733,412	(116,374,554)	(26,183,009)	(90,191,545)
31 December 2024 (Restated)				
Trade and other payables	13,874,804	(13,874,804)	(13,874,804)	-
Due to related parties	58,702,138	(58,702,138)	(58,702,138)	-
Bank borrowings	52,721,443	(56,491,026)	(10,412,151)	(46,078,876)
Lease liabilities	6,549,717	(6,549,717)	(683,501)	(5,866,216
	131,848,102	(129,067,968)	(24,950,498)	(115,993,391)

4 Accounting estimates and judgments

In the process of applying the Group's accounting policies, management has used estimates and made following judgements, if any, that have the most significant effect on the amounts of assets and liabilities recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimates

(a) Useful lives of property and equipment

The management determines the estimated useful lives of its property 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 the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

4 Accounting estimates and judgments (continued)

4.1 Estimates (continued)

(b) Goodwill

For intangible assets with indefinite useful lives (goodwill), the Group assesses annually or more frequently where indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of goodwill, the Group makes estimates and assumptions about future cash flows based on the value in use. In doing so, management makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows. Management tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. Refer to note 33.

(c) Impairment testing of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group's historical data, existing market conditions as well as forward looking estimates. As at 31 December 2025, the allowance for impairment of trade receivables amounted to AED 8,842,691 (31 December 2024: AED 28,257,290).

(d) Impairment on inventory obsolescence

Inventories are stated net of allowance for obsolescence. Management has considered the allowance required for inventory obsolescence based on the current economic environment, past obsolescence history. As at 31 December 2025, the impairment amounted to AED 227,766 (31 December 2024: AED 112,470).

5 Property and equipment

	Warehouse and buildings AED	Equipment, furniture & fittings AED	Motor vehicles AED	Capital work in Progress* AED	Total AED
Cost					
At 1 January 2024	40,988,705	10,445,036	6,187,162	29,463,004	87,083,907
Additions	-	144,155	229,382	29,417,662	29,791,199
At 31 December 2024	40,988,705	10,589,191	6,416,544	58,880,666	116,875,106
At 1 January 2025	40,988,705	10,589,191	6,416,544	58,880,666	116,875,106
Additions	-	2,528,131	-	4,919,183	7,447,314
Disposals	-	(3,699)	(1,474,212)	-	(1,477,911)
At 31 December 2025	40,988,705	13,113,623	4,942,332	63,799,849	122,844,509
Accumulated depreciation					
At 1 January 2024	7,333,474	9,110,016	5,861,247	-	22,304,737
Charge for the year	1,607,394	586,395	188,134	-	2,381,923
At 31 December 2024	8,940,868	9,696,411	6,049,381	-	24,686,660
At 1 January 2025	8,940,868	9,696,411	6,049,381	-	24,686,660
Charge for the year	1,600,774	732,857	143,775	-	2,477,406
Disposals	-	(558)	(1,474,072)	-	(1,474,630)
At 31 December 2025	10,541,642	10,428,710	4,719,084	-	25,689,436
Net carrying amounts					
At 31 December 2025	30,447,063	2,684,913	223,248	63,799,849	97,155,073
At 31 December 2024	32,047,837	892,780	367,163	58,880,666	92,188,446

* Capital work in progress includes a new warehouse being constructed to increase warehousing capacity of 5PL Logistics Solutions. The construction is financed through borrowings obtained by the Group. Included in this amount are capitalized borrowing costs of Nil (2024: AED 4,384,549). The Group's property and equipment with a carrying amount of AED 93,376,943 (31 December 2024: AED 89,345,490) is pledged with the bank against secured term loans.

5 Property and equipment (continued)

The depreciation charges for the year has been allocated as follows:

	2025 AED	2024 AED
Cost of sales (Note 23)	1,600,000	1,728,650
General and administrative expenses (Note 24)	151,228	208,537
Selling and marketing expenses (Note 25)	726,178	444,736
	2,477,406	2,381,923

6 Intangible assets

	2025 AED	2024 AED
Cost		
At 1 January	498,704	498,704
Additions	-	-
At 31 December	498,704	498,704
Accumulated amortisation		
At 1 January	383,248	328,836
Charge for the year (Note 24)	54,412	54,412
At 31 December	437,660	383,248
Net carrying amount		
At 31 December	61,044	115,456

Intangible assets mainly comprise software.

7 Right of use assets and lease liabilities

7.1 Right-of-use assets

	2025 AED	2024 AED
At 1 January	6,002,731	6,293,250
Acquired during the year	752,779	216,494
Depreciation expense for the year (Note 25)	(453,797)	(421,825)
Derecognition of rights of use assets	(223,495)	(85,188)
At 31 December	6,078,218	6,002,731

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

	2025 AED	2024 AED
Selling and distribution expenses (Note 25)	453,797	421,825

7 Right of use assets and lease liabilities (continued)

7.2 Lease liabilities

	2025 AED	2024 AED
At 1 January	6,549,717	6,713,591
Derecognition of lease liabilities	(223,495)	(85,188)
Additions	752,779	205,503
Accretion of interest	407,656	406,135
Payments	(742,704)	(690,324)
At 31 December	6,743,953	6,549,717

Lease liabilities are classified in the consolidated statement of financial position as follows:

	2025 AED	2024 AED
Current	770,077	683,501
Non-current	5,973,876	5,866,216
	6,743,953	6,549,717

8 Investments carried at fair value through other comprehensive income

The Group's investments at the end of the reporting year are detailed below:

	2025 AED	2024 AED
Equity investments carried at fair value through other comprehensive income	3,377,173	3,301,281

The movement in investments carried at fair value through other comprehensive income was as follows:

	2025 AED	2024 AED
At 1 January	3,301,281	3,377,173
Change in fair value	75,892	(75,892)
At 31 December	3,377,173	3,301,281

The Group has not purchased any shares during the year ended 31 December 2025 and 31 December 2024.

9 Inventories

	2025 AED	2024 AED (Restated)
Goods for resale	21,206,305	5,807,391
Consumables	1,251,742	1,517,021
Goods in transit	-	1,530,355
Less: provision for slow moving inventories	(227,766)	(112,470)
	22,230,281	8,742,297

The movement in the provision for slow moving inventories during the year was as follows:

	2025 AED	2024 AED
At 1 January	112,470	1,793,242
Charge for the year*	668,931	210,000
Written off during the year	(553,635)	(1,890,772)
At 31 December	227,766	112,470

* Charge for the year has been included in cost of sales.

10 Trade receivables

	2025 AED	2024 AED (Restated)
Trade receivables	14,359,831	38,424,532
Less: allowance for expected credit losses on trade receivables	(8,842,691)	(28,257,290)
	5,517,140	10,167,242

The movement in the allowance for expected credit losses on trade receivable was as follows:

	2025 AED	2024 AED (Restated)
At 1 January	28,257,290	27,992,486
Charge for the year	-	358,524
Reversal	(3,436,889)	(93,720)
Write off during the year	(15,977,710)	-
At 31 December	8,842,691	28,257,290

The carrying amounts of the Group's trade receivables are denominated in the UAE Dirham and approximate their fair value as at 31 December 2025 and 2024.

10 Trade receivables (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of the receivables mentioned above. The Group does not hold any collateral as security.

11 Other current assets

	2025 AED	2024 AED (Restated)
Prepayments	2,482,288	1,163,771
Advance to suppliers	1,944,234	1,944,234
Other receivables	877,555	754,641
Less: allowance for expected credit losses on trade current assets	(1,953,393)	(1,953,393)
	3,350,684	1,909,253

Movement in provision for expected credit losses on other current assets during the year was as follows:

	2025 AED	2024 AED (Restated)
At 1 January	1,953,393	2,083,082
Write off during the year	-	(129,689)
At 31 December	1,953,393	1,953,393

12 Cash and cash equivalents

	2025 AED	2024 AED
Cash in hand	54,525	53,525
Cash at banks – current accounts	9,360,591	9,208,650
	9,415,116	9,262,175

<u>Reconciliation to the consolidated statement of cash flows</u>

The above figures reconcile to the amount of cash and cash equivalents shown in the consolidated statement of cash flows at the reporting date as follows:

	2025 AED	2024 AED
Balances as above	9,415,116	9,262,175
Bank overdraft	-	(59,840)
	9,415,116	9,202,335

13 Share capital

	2025 AED	2024 AED
Authorised, issued and fully paid		
280,000,000 shares of AED 1 each (31 December 2024: 280,000,000 shares of AED 1 each)	280,000,000	280,000,000

14 Legal reserve

In line with the provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended, and the Company's Articles of Association, the Company is required to transfer annually to a statutory reserve account an amount equivalent to 10% of its profit, until such reserve reaches 50% of the share capital of the Company. As the Company did not generate profits during the year, no transfers were made in the current year to the statutory reserve (2024: Nil).

15 Merger reserve

This reserve was created on 1 January 2020 as a result of transfer of 100% ownership by the Parent "Hilly Holding PJSC" in 5PL logistics Solutions L.L.C to the Company as part of the Parent's group restructuring activities.

16 Investment revaluation reserve

It comprises cumulative net change in the fair value of equity securities designated at FVOCI.

17 Provision for employees' end of service benefits

Movement in the provision recognised in the consolidated statement of financial position was as follows:

	2025 AED	2024 AED
At 1 January	1,682,296	1,713,030
Charge for the year (Note 26)	474,572	334,926
Employees' end of service benefits paid	(118,877)	(365,660)
At 31 December	2,037,991	1,682,296

18 Trade and other payables

	2025 AED	2024 AED (Restated)
Trade payables	1,335,424	5,223,838
Accrued expenses	3,194,773	3,297,366
Advance from customers	68,898	26,619
Retention payable	2,625,800	5,251,600
Other payables	210,102	75,381
	7,434,997	13,874,804

19 Provisions

The Group is involved in litigation arising in the ordinary course of business. At each reporting date, management assesses outstanding legal matters in consultation with internal and external legal counsel and recognises provisions or discloses contingent liabilities in accordance with IAS 37, where appropriate. Provisions are recognised when an outflow of resources is probable and can be reliably estimated, based on management's best estimate. As at 31 December 2025, the Group recognised a provision of AED 6,559,825 relating to ongoing legal disputes.

20 Bank borrowings

	2025 AED	2024 AED
Loans and borrowings	46,078,877	52,661,603
Bank overdrafts	-	59,840
	46,078,877	52,721,443

Bank overdrafts and secured bank borrowings are repayable as follows:

	2025 AED	2024 AED
Current portion	8,776,968	6,642,567
Non-current portion	37,301,909	46,078,876
At 31 December	46,078,877	52,721,443

The movement in bank borrowings during the year was as follows:

	2025 AED	2024 AED
At 1 January	52,721,443	727,072
Additions during the year	-	86,757,224
Repayments during the year	(6,642,566)	(34,762,853)
At 31 December	46,078,877	52,721,443

20 Bank borrowings (continued)

The Group has obtained bank overdraft facility to meet short-term working capital requirements and is repayable on demand. This facility is secured against investments and carries mark up at applicable market rate.

21 Related party transactions and balances

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. The Group, in the ordinary course of business, enters into transactions with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24.

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are on arm's length with related parties. Hily Holding P.J.S.C is the ultimate controlling party of the subsidiaries mentioned in Note 2.

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

21.1 Amounts due from related parties

	Nature of Relationship	2025 AED	2024 AED
Hily Holding - P.J.S.C.	Parent company	130,882,590	118,777,648
Green Motors Sole Proprietorship LLC	Affiliate	8,809,743	7,796,348
Others	Others	243,314	1,086,618
		139,935,647	127,660,614

21.2 Amounts due to related parties

Dana Plaza Real Estate L.L.C.	Common ownership	46,807,732	58,569,892
Others	Others	108,028	132,246
		46,915,760	58,702,138

Outstanding balances at the year-end arise in the normal course of business and are receivable and payable on demand. The Group has not recorded any impairment of amounts due from related parties during the year ended 31 December 2025 (2024: Nil).

21 Related party transactions and balances (continued)

21.3 Transactions with related parties

	2025 AED	2024 AED
Sales	2,618,190	6,344,258
Purchases	584,496	480,679
Waiver of liability	67,268,599	-

During the year ended, related parties net payable amounting to AED 67,268,599 million was waived and recognized directly in equity. This transaction was executed following the instructions of the majority shareholder and is recorded directly in equity. The waiver represents a non-cash transaction.

The remuneration of key management personnel during the year was as follows:

	2025 AED	2024 AED
Management compensation	1,845,817	1,957,366

22 Revenue from contracts with customers

The Group generates revenue primarily from the sale of food stuff and rendering of services against management of stock.

	2025 AED	2024 AED (Restated)
Billings for goods sold	34,133,144	50,708,833
Less: trade spend	(5,080,953)	(5,806,156)
Revenue from sale of goods	29,052,191	44,902,677
Freight forwarding and logistics services	10,566,440	14,784,964
Other revenue	-	189,729
	39,618,631	59,877,370

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

	2025 AED	2024 AED (Restated)
Revenue recognised at a point in time	29,052,191	44,902,677
Revenue recognsied over a period of time	10,566,440	14,784,963
	39,618,631	59,687,640

22 Revenue from contracts with customers (continued)

(b) Unsatisfied contracts

There are no unsatisfied performance obligations from contracts with customers as at 31 December 2025 for the Group. The transaction price is allocated to each of the performance obligations based on the stand-alone selling prices pertaining to each of those performance obligations.

Geographical information

The information on Group's revenue by geography has been compiled based on the principal location of the customers. The Group's principal place of operations is the United Arab Emirates.

	2025 AED	2024 AED (Restated)
United Arab Emirates	31,373,026	46,549,727
Oman	4,163,387	-
Kuwait	1,724,458	7,080,469
Kingdom of Saudi Arabia	1,427,135	2,669,686
Bahrain	930,625	3,387,758
	39,618,631	59,687,640

22.1 Contract balances

The following table provides information about receivables, contract assets from contracts with customers.

	2025 AED	2024 AED
Receivables, which are included in 'trade receivables and other assets'	17,540,265	38,424,532

23 Cost of sales

	2025 AED	2024 AED (Restated)
Direct materials	22,179,024	32,099,999
Staff costs (Note 26)	7,943,732	8,281,102
Logistic costs	2,450,144	5,685,957
Depreciation on property and equipment (Note 5)	1,600,000	1,728,650
Rent warehouses	1,524,242	2,394,311
Utilities expenses	1,052,542	1,131,813
Other direct expenses	1,906,379	983,168
	38,656,063	52,305,000

24 General and administrative expenses

	2025 AED	2024 AED
Staff costs (Note 26)	2,025,905	1,796,876
Directors' remuneration	60,000	65,000
Utilities expenses	214,124	198,002
Transportation expenses	588,967	551,427
Depreciation on property and equipment (Note 5)	151,228	208,537
Audit fees	280,292	175,000
Amortisation expenses (Note 6)	54,412	54,412
Repairs and maintenance expenses	381,354	252,767
Legal and professional fees	117,424	122,668
Software license and registration	716,022	584,341
License and registration expenses	372,386	178,102
Other expenses	1,352,751	1,030,676
	6,314,865	5,217,808

25 Selling and marketing expenses

	2025 AED	2024 AED (Restated)
Staff costs (Note 26)	2,731,640	2,721,383
Depreciation on property and equipment (Note 5)	726,178	444,736
Promotional expenses	6,518,743	3,560,713
Depreciation on right of use assets	453,797	421,825
Transportation expenses	1,030,000	727,405
Marketing department expenses	1,038,296	1,050,835
Other expenses	753,047	564,034
	13,251,701	9,490,931

26 Staff costs

	2025 AED	2024 AED
Salaries and wages	9,896,286	9,740,512
Employees' end of services benefits (Note 17)	474,572	334,926
Other benefits	2,330,419	2,723,923
	12,701,277	12,799,361

26 Staff costs (continued)

Staff costs are split in the statement of profit or loss and other comprehensive income as follows:

	2025 AED	2024 AED
Cost of sales (Note 23)	7,943,732	8,281,102
General and administrative expenses (Note 24)	2,025,905	1,796,876
Selling and marketing expenses (Note 25)	2,731,640	2,721,383
	12,701,277	12,799,361

27 Finance costs

	2025 AED	2024 AED
Interest on lease liabilities (Note 7)	407,656	406,135
Interest on bank borrowings	33,317	68,856
Others	14,841	(5,153)
	455,814	469,838

28 Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year.

The following reflects the loss and share data used in the basic and diluted earnings per share computations:

	2025 AED	2024 AED
Loss for the year, year, attributable to the owners of the Company (AED)	(21,814,615)	(7,812,016)
Weighted-average number of ordinary shares issued	280,000,000	280,000,000
Basic and diluted loss per share (AED)	(0.08)	(0.03)

29 Fair value measurement

The fair values of the Group's financial assets and liabilities as at 31 December 2025 are not materially different from their carrying values at the same date.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities which are measured at fair value as at 31 December 2025 and 31 December 2024:

	Fair value measurement			
	Total	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
	AED	AED	AED	AED
As at 31 December 2025				
Financial assets:				
Investments held at fair value through other comprehensive income	3,377,173	3,377,173	-	-
Total	3,377,173	3,377,173	-	-
As at 31 December 2024				
Financial assets:				
Investments held at fair value through other comprehensive income	3,301,281	3,301,281	-	-
Total	3,301,281	3,301,281	-	-

There were no transfers between Level 1 and Level 2 fair value measurements during the year, and no transfers into or out of Level 3 fair value measurements.

30 Commitments and contingent liabilities

Contingent liabilities

As at reporting date, the following contingent liabilities were outstanding:

	2025	2024
	AED	AED
Bank guarantees	1,565,992	1,565,992
Letters of credit	-	9,105,624

The above bank guarantees were issued in the normal course of business.

30 Commitments and contingent liabilities (continued)

Capital commitments

As at reporting date, the capital commitments relate to the following:

	2025 AED	2024 AED
Warehouse expansion	-	7,334,002

31 Income tax

The Group's result incorporates the UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("Law"). The Law stipulates an effective tax rate of 9% on taxable profits above AED 375,000 and is calculated on the Group's outlook of the Law.

The Company forms a Tax Group with Hily Holding PJSC (the "Parent") and its subsidiaries in accordance with the UAE Corporate Tax Law and adopts the policy choice of a 'separate taxpayer within a Group' wherein the Company computes its current and deferred taxes, but makes adjustments for matters that are assessed or determined at a tax group level. Accordingly, the Group has not recognised a deferred tax asset in respect of its tax losses as these are assessed based on the tax group position.

32 Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into two major business segments and Head office:

(i) Wholesale and distribution of food products "(Trading)".
(ii) Marine, air and land shipment services along with management and operation of store and warehouses ("Freight forwarding, logistics and storage"); and
(iii) Head office.

Transactions between segments are conducted at rates determined by management.

The segment assets and liabilities are as follows:

	Trading AED	**Logistics and storage** AED	**Head Office** AED	**Elimination** AED	**Total** AED
At 31 December 2025					
Total assets	52,923,621	210,457,465	23,739,290	-	287,120,376
Total liabilities	(70,741,348)	(42,590,766)	(2,439,289)	-	(115,771,403)
For the year ended 31 December 2025					
Revenue					
- Sale of goods	29,052,191	-	-	-	29,052,191
- Fright forwarding and storage services	-	14,936,061	-	(4,369,621)	10,566,140
Loss for the year	(12,562,426)	(8,969,527)	(282,662)	-	(21,814,615)

32 Segment information (continued)

	Trading AED	Logistics and storage AED	Head Office AED	Elimination AED	Total AED
At 31 December 2024 (Restated)					
Total assets	92,374,057	144,542,670	22,432,768	-	259,349,495
Total liabilities	(37,784,290)	(94,820,117)	(925,991)	-	(133,530,398)
For the year ended 31 December 2024					
Revenue					
- Sale of goods	44,902,678	-	-	-	44,902,678
- Fright forwarding and storage services	-	18,109,824	-	(3,324,861)	14,784,963
- Dividend income	-	-	189,729	-	189,729
Loss for the period	892,850	(8,444,213)	(260,653)	-	(7,812,016)

33 Restatement in comparative information

In accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors" ("IAS 8"), management has restated the comparative figures to adjust the prior year consolidated financial statements. The note below sets out the details of adjustments and the line items in the consolidated statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows.

1. In the comparatives of the consolidated statement of profit or loss and other comprehensive income, depreciation expenses on warehouse building, and warehouse equipment amounting to AED 1,728,650 were incorrectly classified as selling and marketing expenses instead of cost of sales. These amounts have now been presented as "cost of sales".
2. The Group has amended the categorisation and presentation of certain amounts previously classified within its "Trade receivables" (previously "Trade receivables and other assets") to "other current assets" line item due to the nature of these balances in alignment with the requirements of IAS 1 *Presentation of Financial Statements*. Accordingly, in the comparatives of the statement of financial position, balances amounting to AED 1,909,253 (31 December 2023: AED 1,150,124) comprising prepayments, advances to suppliers and other receivables were reclassified from "Trade receivables" (previously "Trade receivables and other assets") to "other current assets".

33 Restatement in comparative information (continued)

3. In the comparatives of the consolidated statement of financial position, goodwill of AED 85,044,135 recognised in respect of Abu Dhabi National Foodstuff, arising from a business combination, was not impaired in prior periods. Following a reassessment of the impairment tests performed in prior periods to evaluate their compliance with IAS 36 based on information available at the relevant reporting dates, management concluded that the forecasts used were unduly optimistic without appropriate adjustment for risk. This reassessment does not rely on subsequent performance or hindsight, but on whether the assumptions used at the time were reasonable and supportable. Consequently, goodwill was not recoverable and should have been fully impaired since the beginning of the earliest comparative period. The resulting correction of a prior period error has been recognised retrospectively through an adjustment to opening accumulated losses in accordance with IAS 8, and comparative information has been restated accordingly.

4. In the comparatives of the consolidated statement of financial position, goods in transit controlled by the Group amounting to AED 1,530,355 (31 December 2023: AED 266,333) were previously presented net against “Trade and other payables”. These amounts have now been reclassified to inventories (goods in transit) as required by IAS 2 Inventories.

5. In the comparatives of the consolidated statement of profit or loss and other comprehensive income, certain selling, distribution and promotional expenditures incurred with distributors were incorrectly classified as cost of sales in prior periods. In accordance with IFRS 15 Revenue from Contracts with Customers, amounts representing consideration payable to customers (including rebates, discounts and slotting or listing fees) amounting to AED 5,806,155 have now been recognised as a reduction of revenue, while promotional and advertising expenditures that represent the receipt of distinct services amounting to AED 3,558,611 have now been classified as selling and marketing expenses.

33 Restatement in comparative information (continued)

Following are the details before and after the above errors were rectified:

Consolidated statement of financial position as at 31 December 2024

in AED	As previously reported	2	3	4	Restated at 31 December 2024
Non-current assets					
Goodwill	85,044,135	-	(85,044,135)	-	-
Current assets					
Inventories	7,211,941	-	-	1,530,355	8,742,296
Trade receivables*	12,076,495	(1,909,253)	-	-	10,167,242
Other current assets	-	1,909,253	-	-	1,909,253
Assets - net effect	**104,332,571**	**-**	**(85,044,135)**	**1,530,355**	**20,818,791**
Equity					
Accumulated losses	(45,341,561)	-	(85,044,135)	-	(130,385,696)
Equity - net effect	**(45,341,561)**	**-**	**(85,044,135)**	**-**	**(130,385,696)**
Current liabilities					
Trade and other payables	12,344,449	-	-	1,530,355	13,874,804
Liabilities - net effect	**12,344,449**	**-**	**-**	**1,530,355**	**13,874,804**

*previously "Trade receivables and other assets"

33 Restatement in comparative information (continued)

Consolidated statement of financial position as at 1 January 2024

in AED	As previously reported	2	3	4	Restated at 1 January 2024
Non-current assets					
Goodwill	85,044,135	-	(85,044,135)	-	-
Current assets					
Inventories	5,849,020	-	-	266,333	6,115,353
Trade receivables*	7,972,465	(1,150,124)	-	-	6,822,341
Other current assets	-	1,150,124	-	-	1,150,124
Assets - net effect	**98,865,620**	**-**	**-**	**266,333**	**106,785,925**
Equity					
Accumulated losses	(37,529,545)	-	(85,044,135)	-	(122,573,680)
Equity - net effect	**(37,529,545)**	**-**	**(85,044,135)**	**-**	**(122,573,680)**
Current liabilities					
Trade and other payables	5,033,562	-	-	266,333	5,299,895
Liabilities - net effect	**5,033,562**	**-**	**-**	**266,333**	**5,299,895**

*previously “Trade receivables and other assets”

33 Restatement in comparative information (continued)

Consolidated statement of profit or loss and other comprehensive income as at 31 December 2024

in AED	As previously reported	1	5	Restated at 31 December 2024
Revenue	**65,683,526**	-	(5,806,156)	**59,877,370**
Cost of sales	(59,941,117)	(1,728,650)	9,364,767	(52,305,000)
Gross profit	**5,742,409**	(1,728,650)	**3,558,611**	**7,572,370**
Selling and marketing expenses	(7,660,970)	1,728,650	(3,558,611)	(9,490,931)

Consolidated statement of cash flows as at 31 December 2024

in AED	As previously reported	Restated	Restated at 31 December 2024
Cash flows from operating activities			
Inventories	(1,572,922)	(1,264,021)	(2,836,943)
Trade receivables*	(4,462,557)	759129	(3,703,428)
Other current assets	-	(759,129)	(759,129)
Trade and other payables	2,059,290	1,264,021	3,323,311
Cash flows from operating activities – net effect	**(3,976,189)**	-	**(3,976,189)**

*previously “Trade receivables and other assets”

34 Events after the reporting date

Subsequent to the reporting date, geopolitical tensions in the Middle East escalated on 28 February 2026. These developments introduced significant regional uncertainty and short-term disruptions in the markets. As these conditions did not exist as at 31 December 2025, they are considered nonadjusting events. Management continues to monitor the evolving geopolitical landscape and is in the process of assessing impact to its operations.