

ANNUAL
REPORT

2025

مجموعة ترافكو ش.م.ب.
® Trafco Group B.S.C.



Overcoming challenges
through focused vision





Expanding Horizons with Targeted Strategies



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His Royal Highness
Prince Salman bin
Hamad Al Khalifa
The Crown Prince
and Prime Minister
of the Kingdom of Bahrain



His Majesty
King Hamad bin
Isa Al Khalifa
King of the Kingdom of
Bahrain

Company Profile

48 years of exceptional service

Trafco Group B.S.C (TRAFCO) was incorporated in the year 1977 as a public joint stock company as part of an initiative to revolutionize and rejuvenate the food industry of the Kingdom of Bahrain. The Company was successfully turned into Public Share Holding Company with initial public offering in 1980 and was later listed in Bahrain Bourse. In the last 4 decades the Company en route to success has achieved several milestones and has earned itself the reputation of being one among the major Fast Moving Consumer Goods (FMCG) industries in the Kingdom of Bahrain. Born out of a vision to be at the forefront of the food industry, TRAFCO is today a household name synonymous with some of the finest food products locally produced or imported from worldwide. Moreover, being one of the oldest food companies in Bahrain, it has gained trust and admiration for its commitment to quality, value and service excellence.

Serving Bahrain with the best from across the globe

The core business of the group is import & distribution of food & non-food products, manufacturing, logistics & related activities and with group annual sales turnover of around US \$124 million. TRAFCO is one of the largest & biggest FMCG conglomerates in Bahrain with an extensive range of products comprising of canned, frozen & dry food and nonfood products, general commodities, eggs, fresh fruits and vegetables as well as chilled & frozen meat imported from countries such as Australia, Brazil, Europe, the Far East, India, UK, USA, Pakistan, Turkey besides Arab and the Middle East countries. With stringent and reliable quality control systems in place, TRAFCO continues to introduce many world-renowned brands with the assurance of excellent quality and exceptional service. Trafco is accredited with the internationally recognized certificate of ISO 22000:2018 and HACCP in FMCG handling, storage and distribution.

Success through synergy

As part of its vision to become a dominant player in the food industry, TRAFCO is propelling its expansion through organic and inorganic growth. TRAFCO invested in developing the food industry of Bahrain by owning 100% stake in BWBB, BFFC, Trafco Logistics Co. (TLC), Mawashi Trading Company and by owning majority stake in Awal Dairy Company W.L.L., and BANZ Group. To serve Bahrain's objective of economic integration among GCC countries, Kuwait Bahrain Dairy Company was established in 1992 in Kuwait as a wholly owned subsidiary of Awal Dairy. Awal Dairy exports its products to Kuwait, Saudi Arabia, UAE, Jordan, Iraq, Yemen, North & West Africa and Latin America. Awal Dairy expanded its operations in Kingdom of Saudi Arabia. The Metro Market division is a retail arm of Trafco. Spanning across various parts of Bahrain, Metro is undoubtedly one of the rapidly expanding customers friendly market by adding more outlets, year on year in the Kingdom and offering Trafco's major products at competitive price.

BWBB: Bahrain Water Bottling & Beverages Company, 100% subsidiary of TRAFCO has received ISO 22000:2018 for the quality of water it produces, awarded by institutions specializing in water analysis supported by Saudi and the Gulf standards. BWBB is one among very few companies in Bahrain that are into manufacturing and bottling of mineral water with strict adherence to quality control. BWBB is the market leader in the water bottling industry and TYLOS is the brand leader in the segment in addition to other brands like Selsabil, MARWA and Cloud9. Apart from the private labeling business, the company is also manufacturing 'metro' brand in its production line which is marketed by Trafco. The Company also trading in juice

products and potato chips which are well accepted in the market.

BFFC: Bahrain Fresh Fruits Company, was acquired in the year 2009 and is 100% subsidiary of TRAFCO. The Company was incorporated in the year 1998 and with its state-of-the-art infrastructure along with a dedicated & committed workforce has become a dominant player in the FMCG sector. BFFC is very active in two core food businesses – one being import and distribution of fresh fruits & vegetables and the other, import and distribution of frozen, chilled & dry food and non-food products. Our fruits & vegetables division is one of the biggest in Bahrain with largest banana ripening chambers. Few of the brands to reckon with in FMCG division are Bridel cheese from Lactalies Europe, and Chiquita brand bananas from Ecuador, Unef Chicken from Brazil.

Trafco Logistics: Trafco Logistics Company, which commenced its operation in the year 2010 is conveniently located in Galali. It has received HACCP certificate & ISO 22000:2018 for the category of "Receiving, Storage & Distribution of Dry, Chilled and Frozen food products". The US\$ 18 million logistics complex is a wholly owned subsidiary of TRAFCO which is focusing on 3PL. This state-of-the-art logistic facility with sophisticated technology and exceeding 20,000 cubic meter space with Frozen, Chilled and Dry facilities located in close proximity to the airport and the new seaport of Khalifa Bin Salman port in Muharraq has propelled TRAFCO into the elite group of logistic solution providers in Bahrain. The Group has completed construction of additional frozen storage facility of 2,500 sq meter at a cost of BD 3 millions and started commercial use in 2025, since its customer base is increasing including contracts with the government institution.

MTC: Mawashi Trading Company (Formerly known as Bahrain Livestock Company) was established in year 2000, with effective from June 2022 TRAFCO GROUP acquired 100% ownership in this company. This company owned the central slaughterhouse of Bahrain, a major imports of livestock mainly from Australia as well as importing and distributing chilled & frozen meat. The Company concentrates on frozen & chilled meat and is expanding to value added activities in the fresh meat sector apart from diversifying into import and sale of other food commodities.

Awal Dairy:

The first dairy company in Bahrain incorporated in the year 1963, TRAFCO holds 51% shareholding in Awal Dairy. The Company is a HACCP & ISO 22000:2018 certified company and adheres to international food and safety standards. Latest technology, innovative & excellent products, proficient manpower, sophisticated logistics and outstanding customer care have made Awal Dairy the market leader in Bahrain. Awal Dairy offers a novel range of fruit juices and drinks, fresh milk under brand name "Noor", UHT milk under brand name "Awal" and "Fabion" ice creams in addition to other value-added products. The Company, with a workforce of around 300 people and with a combined production capacity of over 100,000 metric tons is one among the major dairies in the GCC region. The Company increased its export market share covering 18 countries including North & West Africa, Yemen and Latin America in addition to its export to GCC countries, Jordan and Iraq.

Glimpse of the future

Success, as we all know, is not the destination but an ongoing process. We, at TRAFCO, strongly believe in this philosophy. The reason why, the Company is all set to expand further in the future, thus, underscoring the management's objectives to serve not only the local market but also across the GCC region.

Focused vision is the core strength behind our success

SWOT Analysis

Strength

- 48 years of presence with infrastructure facilities including logistics services
- Key Customer Base

Weakness

- Dependability on few major brands

Opportunities

- Access to all sources of vendors, manufacturers and growers all over the world
- Scope to diversify into related market segments
- Distribution channels seeking new products

Threats

- Growing competition by small and medium players in the same sector
- Price sensitive market

Key Business Plan

- Diversifying into sectors of private labelling
- Accelerate new product launches, brands, agencies, distributions
- Expand management team in sales/marketing
- Strengthen human resources functions
- Seek new market segments in food category
- Locate new corporate premises
- Participating in trade shows and fairs
- Develop overseas market entry plans
- Expansion in the export market

Strategic Goals

Backed by strong financial stability, support of the stakeholders, team of professionals HR, IT, Finance, Storage and efficient fleet management system, TRAFCO group strives to enhance their business by diversifying into various segments in food category.

Vision

TRAFCO to be recognized as a household name synonymous with finest food products in the GCC.

Mission

To ensure customer satisfaction by delivering superior quality products, the highest level of service and diverse range of world-leading brands at the most competitive prices.

Values

The company is guided by the following core values in its endeavour to realize its corporate vision:

Teamwork

Reliability

Accountability

Fairness

Commitment

Optimum Value

Dedicated teams powering corporate growth

Share Capital

Authorised Capital	BD	10,000,000
Issued and Paid Up Capital	BD	8,067,505

Board of Directors

1) Ebrahim Mohamed Ali Zainal	Chairman
2) Yusuf Saleh Abdulla Al Saleh	Vice Chairman
3) Jehad Yusuf Abdulla Amin	Director
4) Sami Mohammed Yusuf Jalal	Director
5) A. Redha Mohamed Redha Aldailami	Director
6) Fuad Ebrahim Khalil Kanoo	Director
7) Ebrahim Salahuddin Ahmed Ebrahim	Director
8) Sofyan Khalid Almoayed	Director
9) Abdulla Esam Fakhro	Director
10) Faisal Mohamed Yusuf Abdulrahman Engineer	Director

Executive Management

1) Azzam Moutragi	Group Chief Executive Officer
2) R. Balasubramanian	Group Financial Controller
3) Aloysius Noronha	Operations Manager
4) Layla Darwish	Group Human Resources Manager
5) Sequeira Francisco	Maintenance Manager
6) Wael Ahmed	Supply Chain Manager
7) Surendran Ramesh	Finance Manager
8) Fatima Bushihri	Board Secretary, Corporate Governance & Compliance



Group Companies

- | | |
|------------------------|--|
| 1) Raju Joseph | Operations Manager - Trafco Logistics Company W.L.L. |
| 2) Mahesh Ramamoorthy | Operations Manager - Bahrain Water Bottling & Beverages Company W.L.L. |
| 3) Sajid Pallivalappil | Operations Manager - Bahrain Fresh Fruits Company W.L.L. |

Banks

- 1) National Bank of Bahrain
- 2) Ahli United Bank
- 3) Mashreq Bank
- 4) Arab Bank
- 5) Habib Bank
- 6) Bank of Bahrain and Kuwait
- 7) National Bank of Kuwait
- 8) Bahrain Islamic Bank

Subsidiary Companies

	Place of Incorporation	Effective Ownership Interest
1) Bahrain Water Bottling & Beverages Company W.L.L.	Bahrain	100%
2) Bahrain Fresh Fruits Company W.L.L.	Bahrain	100%
3) Trafco Logistics Company W.L.L.	Bahrain	100%
4) Mawashi Trading Company W.L.L.	Bahrain	100%
5) Awal Dairy Company W.L.L.	Bahrain	51%
6) Kuwait Bahrain Dairy Company W.L.L. (Owned By Awal Dairy Company W.L.L.)	Kuwait	50%



Board of Directors



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla Al Saleh
Vice Chairman



Jihad Yusuf Abdulla Amin
Director & Executive Committee Member



Sami Mohammed Yusuf Jalal
Director & Executive Committee Member



A. Redha Mohamed Redha Aldailami
Director

Board of Directors



Fuad Ebrahim Khalil Kanoo
Director



Ebrahim Salahuddin Ahmed Ebrahim
Director



Sofyan Khalid Almoayed
Director



Abdulla Esam Fakhro
Director



Faisal Mohamed Yusuf Abdulrahman Engineer
Director

Management Team

Trafco Executive Management



Azzam Moutragi
Group Chief Executive Officer



R. Balasubramanian
Group Financial Controller



Layla Darwish
Group Human Resources Manager



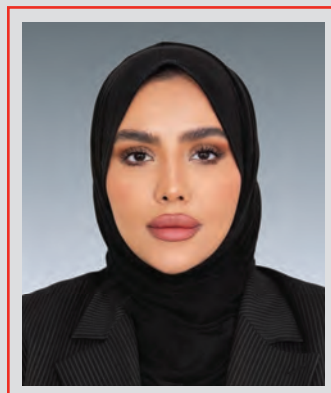
Sequeira Francisco
Maintenance Manager



Wael Ahmed
Supply Chain Manager



Surendran Ramesh
Finance Manager



Fatima Bushihri
*Board Secretary,
Corporate Governance &
Compliance*

Group Companies Operations Management



Aloysius Noronha
*Operations Manager,
Trafco Group B.S.C.*



Raju Joseph
*Operations Manager,
Trafco Logistics Company W.L.L.*



Mahesh Ramamoorthy
*Operations Manager,
Bahrain Water Bottling &
Beverages Company W.L.L.*



Sajid Pallivalappil
*Operations Manager
Bahrain Fresh Fruits
Company W.L.L.*

Report of the Board of Directors

Building momentum through strategic growth initiatives



In the name of Allah, Most Gracious, Most Merciful.

International reports from organizations interested in global food (such as FAO) continue to indicate an increase in the agricultural land area and an increase in livestock production in many countries during 2025, but other factors such as instability, interruption of food supply chains, diversion of food products logistics and the resulting delays did affect the cost of logistics operations in international food sector trade. Bahrain and the region witnessed a significant decline in the prices of some food products, especially frozen chicken imported from Brazil, in the first half of 2025. As a result, due to the accumulation of inventory in the market and the high landed cost in the second half of 2024, most suppliers were forced to liquidate the inventory under the pressure of limited product shelf life which led to a significant decline in the profit margin in this sector which led to significant losses for some suppliers. On the other hand, the prices of dairy products, especially butter and cocoa, which are used in the production of some of the group's products, increased significantly during the year.

Starting from the last quarter of the fiscal year, the price trend reversed. While sugar prices fell significantly compared to the previous year, by more than 20%, prices of other basic commodities such as frozen chicken and meat of all kinds began to rise gradually and continuously. As for meat, the quantities available have become scarce, especially because of the significant decline in the size of the cattle herd available in Australia, which affected the prices of frozen meat globally, even from other sources such as India, Africa, and Latin American countries. On the other hand, the prices of rice and vegetable oils have stabilized. As for flour products, as it is known that the Kingdom of Bahrain subsidizes this sector, regardless of the fluctuations in the global markets for basic grains, the prices of flour products remain unchanged.

Under these changing international circumstances, **Trafco Group** continued to retain its overall share in the food commodity market as a primary supplier of frozen chicken, dairy products and meat, and the Group's total revenue for the financial year ended 31 December 2025 amounted to BD 45.40 million, a decline of 3% when compared to the previous year's revenue BD 46.83 million. The total net profit for the financial year attributable to the Group's shareholders was BD 1.22 million compared to BD 1.83 million for the previous year, a decline of 33% and the total shareholders' equity increased by 1.4% from BD 29.2 million to BD 29.6 million this year. The Group's total comprehensive profit jumped from BD 264k to BD 1.75 million and an increase of about 563% mainly due to the improvement in the valuation of the company's investments. During the financial year, there were no sales or purchases in the Group's investment and there were no capital gains or losses in this regard.

Report of the Board of Directors

Awal Dairy Company W.L.L:

This sister company has continued to support the Group's resources despite market challenges and its marketing plans to increase its share in export markets through its branches in both Kuwait and Saudi Arabia. For the first time during the year, the company started to launch products under its private brand (Awal), but packaged in other countries with its supervision and follow-up, Canned cream (Qaimer) produced in United Arab Emirates and frozen butter were introduced in retail packs from India, and there are other products that will arrive successively from different sources. The management has focused on introducing new products from local production such as sweetened condensed milk and condensed syrup in different flavors in plastic bottles. There was a slight decline in the total revenue of the company by about 5% from BD 22.2 million in the previous year to BD 21.2 million this year, and net profit decreased by 33% mainly due to increase in cost of marketing and personnel expenses. The company continues its expansion plans, upgrading its production capabilities and adding new production lines to meet the growing demand for its products from the local market and export markets, especially through its branches in the Kingdom of Saudi Arabia and the State of Kuwait.

Mawashi Trading Company W.L.L:

The poor performance of the livestock company continued despite the efforts made to restructure the management of the company, while the total revenue stabilized at BD 4.2 million at par compared to the previous year, the decline in the gross profit margin and the expenses of the slaughterhouse operations and the lack of sufficient local slaughter led the company to record losses of BD 155k for this year compared to losses of BD 99k in the previous year. The executive management seeks to change the course of operation of the company by focusing on meat and other frozen products and reducing dependency on live sheep and hopefully being able to improve performance in the coming period.

Trafco Logistics Company W.L.L:

During the financial year, the new expansion of the warehouses that was constructed at a total cost of about BD 3 million in the Samaheej area of Muharraq was inaugurated and of course the gradual leasing of the spaces takes some time, but the indication are positive and new customers have been attracted to benefit from the new storage spaces. The company's total revenue was BD 1 million, an increase of 12.6% from the previous year of BD 890k, but due to the cost of financing and depreciation for the new project, the company recorded a net loss of BD 88k as compared to previous year's profit of BD 109k with a decrease of 180%. The Executive Management confirms that this negative result is for the first year and expects the results to be positive during the coming period, especially since there is an increasing demand to utilise the company's warehousing and logistics services.

Bahrain Water Bottling & Beverages Company W.L.L:

During the fiscal year, a new production line was launched to bottle water in 5-liter non-reuseable bottles, inspite of the intense competition in the market and the existing price war, the company was able to retain its market share and the revenue reached BD 1.94 million compared to the previous year, which was BD1.96 million, i.e. a slight decrease in revenue by 0.5%. However, net profit fell by 12% from BD 161k last year to BD142k this year as a direct result of increased marketing costs.

Bahrain Fresh Fruits Company W.L.L:

This company recorded a loss for the financial year of about BD 39k compared to loss in the previous year of BD 57k, which shows that there was some improvement in the company's performance, while there was a decline in total revenue by about 10.4% from BD 1.59 million in the previous year to BD 1.78 million in this year. During the middle of the financial year, Executive Management was restructured, and a new Operations Manager was appointed, and Executive Management hopes that the company will become profitable in the coming period.

Report of the Board of Directors

Matters related to governance and social responsibility:

The group complies with all the requirements of governance, and there are specialized committees from the Board of Directors and Executive Management that follow up on these matters periodically and take the necessary measures to implement any instructions or observations made by the supervisory or financial control authorities and the internal or external auditor. The attached financial report details the group's commitment to the requirements of governance and information about the members of the Board of Directors, Management and their activity and participation in the group's committees or its companies. The Board of Directors would also like to inform shareholders that some of the members of the Board of Directors, in their personal capacity, have an interest or have stakes in companies that have been engaged, for a long time, in similar business to some or all the goods and activities of the Group and its subsidiaries. At the same time, the Board of Directors confirms that all transactions with all related parties, including members of the board of directors or companies in which they have an interest, are carried out in full transparency and on a purely commercial basis. The value of transactions with related parties during the year is included in the financial statements for review.

In compliance with the requirements of the Commercial Companies Law and in implementation of the instructions of the supervisory authorities, the detailed table below shows the remuneration and attendance fees to each member of the Board of Directors received during the year and second table shows the total of salaries and bonuses disbursed to the top six executives during the year 2025.

Board of Directors' remuneration details						(Amounts in BD)							
Name	Fixed remunerations				Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses allowance	
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others				Total
First: Independent Directors:													
Second: Non-Executive Directors:													
Mr. Ebrahim Mohamed Ali Zainal	-	5,000	-	22,800	27,800	8,200	-	-	-	8,200	-	36,000	-
Mr. Yusuf Saleh Abdulla Al Saleh	-	5,500	-	-	5,500	10,250	-	-	-	10,250	-	15,750	-
Dr. Esam Abdulla Yousif Fakhro (Up to 26 Mar 2025)	-	2,000	-	-	2,000	2,050	-	-	-	2,050	-	4,050	-
Mr. Jehad Yusuf Abdulla Amin	-	5,500	-	-	5,500	8,200	-	-	-	8,200	-	13,700	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,500	-	-	5,500	8,200	-	-	-	8,200	-	13,700	-
Mr. Sami Mohammed Yusuf Jalal	-	4,500	-	-	4,500	8,200	-	-	-	8,200	-	12,700	-
Mr. A. Redha Mohamed Redha Aldailami	-	3,500	-	-	3,500	8,200	-	-	-	8,200	-	11,700	-
Mr. Ali Yusuf A. Rahman A. Rahim (Up to 26 Mar 2025)	-	2,000	-	-	2,000	2,050	-	-	-	2,050	-	4,050	-
Mr. Fuad Ebrahim Khalil Kanoo	-	2,500	-	-	2,500	8,200	-	-	-	8,200	-	10,700	-
Mr. Sofyan Khalid Almoayed	-	6,000	-	-	6,000	8,200	-	-	-	8,200	-	14,200	-
Mr. Abdulla Esam Fakhro (From 26 Mar 2025)	-	4,000	-	-	4,000	6,150	-	-	-	6,150	-	10,150	-
Mr. Faisal Mohamed Yusuf A.R. Engineer (From 26 Mar 2025)	-	3,500	-	-	3,500	6,150	-	-	-	6,150	-	9,650	-
Third: Executive Directors:													
Total	-	49,500	-	22,800	72,300	84,050	-	-	-	84,050	-	156,350	-

*Others includes allowance paid for follow up and administrative services.

Executive Management remuneration details			(Amounts in BD)	
Executive Management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	217,281	14,815	9,624	241,720

Report of the Board of Directors

Net profit and recommendation on how to distribute it:

The net profit attributable to shareholders of Trafco Group for the financial year ended 31 December 2025 as per the audited financials BD 1,218,940.

The Board of Directors recommends the distribution of these profits as follows subject to the approval of the annual general meeting:

• General Reserve	BD	50,000
• Cash dividends to shareholders at 15%	BD	1,112,844
• Allocation to Donations & Charity (to be adjusted next year)	BD	50,000

The Directors' remuneration of BD 84,050 for the year 2025 (2024: BD 119,925) (subject to the approval of the annual general meeting) was already provided from the above net profit.

Acknowledgements



Chairman



Vice Chairman

In conclusion, we extend our sincere thanks and appreciation to all the government agencies that cooperated with us to facilitate the matters of manufacturing, importing and storage in general, which enabled the Group to provide its services in providing basic food commodities to citizens and residents in the Kingdom of Bahrain. We also thank and appreciate the cooperation of all those dealing with the group companies and their commitment to the distribution agreements and marketing offers, which facilitated the access of our products to the segments of society and in the different regions of the Kingdom of Bahrain.

We also appreciate with gratitude the efforts of all the members of the executive management and employees of the group companies for their sincerity in work and their keenness to provide the best services to the masses of our customers.

And say (O Muhammad saw) "Do Deeds, Allah Will See Your Deeds And (so will) His Messenger and The Believers" : Al Tawba, The Holy Qur'an.

Ebrahim Mohamed Ali Zainal
Chairman

Yusuf Saleh Abdulla Al Saleh
Vice Chairman

Kingdom of Bahrain
26 February 2026

Independent Auditor's Report To The Shareholders Of Trafco Group B.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Trafco Group B.S.C. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in the Kingdom of Bahrain and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Valuation of unquoted equity investments

Refer to notes 3 and 12 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>The Group holds unquoted equity investments of BD 4,826,241 as at 31 December 2025, which accounts for 9% of the Group's total assets. These investments are measured at fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.</p> <p>Due to the illiquid nature of these investments, the determination of fair value is subjective and involves use of estimates, assumptions and judgements. The exit value of unquoted equity investments will be determined by the market at the time of realisation and therefore despite the valuation policy and judgments applied by management, the final exit value may materially differ from the fair value determined at the reporting date.</p> <p>Given the inherent subjectivity surrounding the valuation of unquoted equity investments, we determined this to be a key audit matter for our audit.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> (i) We evaluated the independent external valuation expert's competence, experience, capabilities and objectivity by inspecting the terms of their engagement letter and evaluating the valuation report; (ii) We assessed the appropriateness and reasonableness of the valuation methodologies used by the independent external valuation expert, including engaging our internal specialist to evaluate the methodology applied by management's expert; (iii) We corroborated the key inputs used in the valuation with independently available information; (iv) We evaluated the appropriateness of illiquidity and other discounts applied on the valuation, against online published data and empirical studies to assess their appropriateness and reasonableness. (v) We tested the arithmetical accuracy of the calculation used in the valuation; and (vi) We evaluated the adequacy of disclosures in the consolidated financial statements.

Auditor's Report

Independent Auditor's Report To The Shareholders Of Trafco Group B.S.C. (continued)

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

Key audit matters (continued)

Other information included in the Group's 2025 annual report

Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditor's report, we obtained the Report of the Board of Directors which form part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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.

Independent Auditor's Report To The Shareholders Of Trafco Group B.S.C. (continued)**Report on the Audit of the Consolidated Financial Statements** (continued)*Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

- 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 the purpose of Group audit. We remain solely responsible for our audit opinion.

We communicate with Audit committee 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

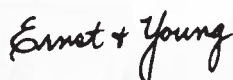
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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

We report that:

- a) as required by the Bahrain Commercial Companies Law:
 - i) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
 - ii) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements; and
 - iii) satisfactory explanations and information have been provided to us by management in response to all our requests.
- b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.
- c) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:
 - i) has appointed a Corporate Governance Officer; and
 - ii) has a board approved written guidance and procedures for corporate governance.

The Partner in charge of the audit resulting in this independent auditor's report is Prasanth Govindapuram.




Partner's Registration No. 212
26 February 2026
Manama, Kingdom of Bahrain

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2025

	Note	2025 BD	2024 BD
Revenue from contracts with customers	5	45,402,430	46,827,601
Costs of revenue		(36,863,397)	(37,510,876)
GROSS PROFIT		8,539,033	9,316,725
Other operating income		223,770	202,828
Personnel costs	6	(4,769,980)	(4,552,305)
General and administrative expenses		(1,004,726)	(1,007,120)
Selling and distribution expenses		(1,393,026)	(1,523,423)
Depreciation on property, plant and equipment	10	(374,517)	(383,621)
Impairment of property, plant and equipment	10	(70,000)	-
Depreciation on right-of-use assets	11	(224,767)	(223,389)
PROFIT FROM OPERATIONS		925,787	1,829,695
Investment income	7	1,391,346	1,270,786
Finance costs	6	(452,247)	(397,314)
Finance costs on lease liabilities	19	(195,047)	(206,909)
Foreign exchange gains - net		35,052	57,751
PROFIT OF THE GROUP FOR THE YEAR		1,704,891	2,554,009
of which attributable to non-controlling interests		(485,951)	(726,676)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		1,218,940	1,827,333
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	16	25
OTHER COMPREHENSIVE INCOME			
<i>Items not to be reclassified to profit or loss in subsequent years:</i>			
- Gain on disposals of investments at fair value through other comprehensive income		3,025	102,921
- Net changes in fair value of investments at fair value through other comprehensive income		552,476	(1,680,356)
		555,501	(1,577,435)
<i>Item to be reclassified to profit or loss in subsequent years:</i>			
- Foreign exchange differences on translation of foreign operations		6,453	4,266
Other comprehensive income (loss) for the year		561,954	(1,573,169)
TOTAL COMPREHENSIVE INCOME OF THE GROUP FOR THE YEAR		2,266,845	980,840
of which attributable to non-controlling interests	25	(514,957)	(716,609)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF TRAFCO		1,751,888	264,231



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla Al Saleh
Vice Chairman



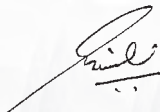
Azzam Moutragi
Group Chief Executive Officer

The attached notes 1 to 30 form part of these consolidated financial statements.


Consolidated Statement of Financial Position

At 31 December 2025

	Note	2025 BD	2024 BD
ASSETS			
Non-current assets			
Property, plant and equipment	10	12,771,847	12,429,324
Right-of-use assets	11	2,868,073	3,290,337
Investments at fair value through other comprehensive income	12	14,737,447	14,221,497
		30,377,367	29,941,158
Current assets			
Inventories	14	11,064,599	11,880,300
Right of return assets		44,269	44,436
Trade and other receivables	15	12,564,274	11,996,791
Cash and cash equivalents	16	2,435,109	1,764,512
		26,108,251	25,686,039
TOTAL ASSETS		56,485,618	55,627,197
EQUITY AND LIABILITIES			
Equity			
Share capital	17	8,067,505	8,067,505
Treasury shares	17	(1,706,644)	(1,706,644)
Share premium	17	3,386,502	3,386,502
Statutory reserve	17	4,033,753	4,033,753
General reserve	17	1,715,000	1,665,000
Fair value reserve	17	7,343,434	6,815,322
Foreign currency reserve	17	(43,792)	(47,083)
Retained earnings - non-distributable	17	496,736	496,736
Retained earnings - distributable	17	5,200,115	5,142,474
Proposed appropriations	18	1,162,844	1,385,413
Equity attributable to the shareholders of Trafco		29,655,453	29,238,978
Non-controlling interests	25	6,292,211	5,777,254
Total equity		35,947,664	35,016,232
Non-current liabilities			
Lease liabilities	19	2,794,427	3,132,699
Employees' end of service benefits	20	1,555,117	1,589,586
Term loans	22	1,883,870	2,246,737
Retentions payable	23	-	125,445
Government grant	21	116,619	126,964
		6,350,033	7,221,431
Current liabilities			
Trade and other payables	23	7,767,054	7,316,851
Import loans	24	3,714,256	2,896,872
Bank overdrafts	16	557,842	1,153,651
Lease liabilities	19	510,846	539,667
Contract and refund liabilities		515,483	491,694
Term loans	22	1,112,106	980,465
Government grant	21	10,334	10,334
		14,187,921	13,389,534
Total liabilities		20,537,954	20,610,965
TOTAL EQUITY AND LIABILITIES		56,485,618	55,627,197



Ebrahim Mohamed Ali Zainal
Chairman



Yusuf Saleh Abdulla Al Saleh
Vice Chairman



Azzam Moutragi
Group Chief Executive Officer

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 BD	2024 BD
OPERATING ACTIVITIES			
Profit of the Group for the year		1,704,891	2,554,009
Adjustments for:			
Finance costs	6	452,247	397,314
(Gain) loss on disposal of property, plant and equipment, net	6	26	(4,047)
Investment income	7	(1,391,346)	(1,270,786)
Depreciation on property, plant and equipment	10	1,077,819	969,979
Depreciation on right-of-use assets	11	430,735	429,357
Impairment of property, plant and equipment	10	70,000	-
Provision for slow moving and obsolete of inventories	14	8,564	27,136
Allowance for expected credit losses	15	152,095	214,330
Finance cost on lease liabilities	19	195,047	206,909
Gain on lease termination	19	(822)	(257)
Provision for employees' end of service benefits	20	266,981	244,767
Amortisation of Government grant	21	(10,345)	(3,667)
Operating profit before changes in working capital		2,955,892	3,765,044
Working capital changes:			
Inventories		807,137	(877,320)
Right of return assets		167	297
Trade and other receivables		(719,578)	(1,534,469)
Trade and other payables		629,701	(766,782)
Retentions payable		(125,445)	135,713
Contract and refund liabilities		23,789	119,356
Net cash generated from operations		3,571,663	841,839
Directors' remuneration paid		(192,225)	(190,200)
Employees' end of service benefits paid	20	(301,450)	(205,734)
Net cash flows generated from operating activities		3,077,988	445,905
INVESTING ACTIVITIES			
Additions to property, plant and equipment	10	(1,490,368)	(3,332,954)
Proceeds from disposals of property, plant and equipment		-	4,053
Grant received	21	-	100,000
Purchase of investments at fair value through other comprehensive income	12	-	(196,326)
Proceeds from disposals of investments at fair value through other comprehensive income	12	39,551	358,153
Dividends and interest received		1,391,346	1,270,786
Net cash flows used in investing activities		(59,471)	(1,796,288)

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 BD	2024 BD
FINANCING ACTIVITIES			
Term loans availed	28	1,410,000	1,000,000
Repayment of term loans	28	(1,641,226)	(985,783)
Import loans availed	28	9,757,020	12,832,561
Repayment of import loans	28	(8,939,636)	(13,352,619)
Payment of principal portion of lease liabilities		(374,742)	(359,419)
Finance costs on lease liabilities		(195,047)	(206,909)
Finance costs paid on loans and borrowings		(439,520)	(404,740)
Dividends paid		(1,335,413)	(1,261,223)
Dividend paid to non-controlling interests	25	-	(343,000)
Net cash flows used in financing activities		(1,758,564)	(3,081,132)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange translation differences		6,453	4,266
Cash and cash equivalents at 1 January		610,861	5,038,110
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	1,877,267	610,861

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Attributable to the shareholders of Trafco Group B.S.C.							
				Reserves			
	Notes	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD
Balance at 1 January 2025		8,067,505	(1,706,644)	3,386,502	4,033,753	1,665,000	6,815,322
Profit for the year		-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	529,657
Total comprehensive income for the year		-	-	-	-	-	529,657
2024 Appropriations:							
- General reserve - 2024	17	-	-	-	-	50,000	-
- Dividends paid - 2024	18	-	-	-	-	-	-
2025 - Proposed appropriations:							
- General reserve - 2025	17	-	-	-	-	-	-
- Proposed dividend - 2025	18	-	-	-	-	-	-
Dividend paid to non-controlling interests	25	-	-	-	-	-	-
Transfer of fair value reserve of Investments at fair value through other comprehensive income		-	-	-	-	-	(1,545)
Balance at 31 December 2025		8,067,505	(1,706,644)	3,386,502	4,033,753	1,715,000	7,343,434

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Attributable to the shareholders of Trafco Group B.S.C.

		Reserves						
Foreign currency reserve BD	Retained earnings-non distributable BD	Retained earnings distributable BD	Proposed appropriations BD	Total reserves BD	Shareholders' equity BD	Non- controlling interests BD	Total equity BD	
(47,083)	496,736	5,142,474	1,385,413	19,491,615	29,238,978	5,777,254	35,016,232	
-	-	1,218,940	-	1,218,940	1,218,940	485,951	1,704,891	
3,291	-	-	-	532,948	532,948	29,006	561,954	
3,291	-	1,218,940	-	1,751,888	1,751,888	514,957	2,266,845	
-	-	-	(50,000)	-	-	-	-	
-	-	-	(1,335,413)	(1,335,413)	(1,335,413)	-	(1,335,413)	
-	-	(50,000)	50,000	-	-	-	-	
-	-	(1,112,844)	1,112,844	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	1,545	-	-	-	-	-	
(43,792)	496,736	5,200,115	1,162,844	19,908,090	29,655,453	6,292,211	35,947,664	

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Attributable to the shareholders of Trafco Group B.S.C.							
				Reserves			
	Notes	Share capital BD	Treasury shares BD	Share premium BD	Statutory reserve BD	General reserve BD	Fair value reserve BD
Balance at 1 January 2024		8,067,505	(1,706,644)	3,386,502	4,033,753	1,615,000	8,483,180
Profit for the year		-	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	-	-	(1,565,278)
Total comprehensive income (loss) for the year		-	-	-	-	-	(1,565,278)
2023 Appropriations:							
- General reserve - 2023	17	-	-	-	-	50,000	-
- Dividends paid - 2023	18	-	-	-	-	-	-
2024 - Proposed appropriations:							
- General reserve - 2024	17	-	-	-	-	-	-
- Proposed dividend - 2024	18	-	-	-	-	-	-
Dividend paid to non-controlling interests	25	-	-	-	-	-	-
Transfer of fair value reserve of Investments at fair value through other comprehensive income		-	-	-	-	-	(102,580)
Balance at 31 December 2024		8,067,505	(1,706,644)	3,386,502	4,033,753	1,665,000	6,815,322

The attached notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Attributable to the shareholders of Trafco Group B.S.C.

		Reserves						
Foreign currency reserve BD	Retained earnings-non distributable BD	Retained earnings distributable BD	Proposed appropriations BD	Total reserves BD	Shareholders' equity BD	Non- controlling interests BD	Total equity BD	
(49,259)	496,736	4,597,974	1,311,223	20,488,607	30,235,970	5,403,645	35,639,615	
-	-	1,827,333	-	1,827,333	1,827,333	726,676	2,554,009	
2,176	-	-	-	(1,563,102)	(1,563,102)	(10,067)	(1,573,169)	
2,176	-	1,827,333	-	264,231	264,231	716,609	980,840	
-	-	-	(50,000)	-	-	-	-	
-	-	-	(1,261,223)	(1,261,223)	(1,261,223)	-	(1,261,223)	
-	-	(50,000)	50,000	-	-	-	-	
-	-	(1,335,413)	1,335,413	-	-	-	-	
-	-	-	-	-	-	(343,000)	(343,000)	
-	-	102,580	-	-	-	-	-	
(47,083)	496,736	5,142,474	1,385,413	19,491,615	29,238,978	5,777,254	35,016,232	

Notes to the Consolidated Financial Statements

At 31 December 2025

1 CORPORATE INFORMATION

Trafco Group B.S.C. ('the Company' or 'Trafco' or 'the parent company') is a public joint stock company, the shares of which are listed and publicly traded on Bahrain Bourse. The Company was incorporated in the Kingdom of Bahrain by Amiri Decree No. 10 of November 1977. The Company operates in accordance with the provisions of the Bahrain Commercial Companies Law under commercial registration (CR) number 8500 issued by the Ministry of Industry and Commerce. The Company's registered office is situated at Building 117, Road 42, Block 343, Mina Salman Industrial Area, Kingdom of Bahrain. The Company's principal activity is trading in food products.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 26 February 2026. The Group comprises of the Company and its following subsidiaries and associates:

Relationship / name	Country of incorporation	Ownership interest		Principal activities
		2025	2024	
Subsidiaries				
Bahrain Water Bottling & Beverages Company W.L.L.	Kingdom of Bahrain	100%	100%	Producing, bottling and marketing of sweet drinking water and beverages.
Bahrain Fresh Fruits Company W.L.L.	Kingdom of Bahrain	100%	100%	Trading in fresh fruits, vegetables and other food products.
Trafco Logistics Company W.L.L.	Kingdom of Bahrain	100%	100%	Providing storage and logistics services.
Awal Dairy Company W.L.L.	Kingdom of Bahrain	51%	51%	Production and supply of milk, juices, ice cream and tomato paste.
Mawashi Trading Company W.L.L.	Kingdom of Bahrain	100%	100%	Import of both livestock and chilled meat.
Kuwait Bahrain Dairy Company W.L.L.*	State of Kuwait	50%*	50%*	Marketing and supply of milk, juices and associated products.
Associates				
Qatari Bahraini Food Trading Co. L.L.C.	State of Qatar	50%	50%	Under liquidation.

* Effective ownership. Owned by Awal Dairy Company W.L.L.

Except for Awal Dairy Company W.L.L. and its subsidiary Kuwait Bahrain Dairy Company W.L.L. which have 30 September financial year-ends, the financial year-end of all the remaining subsidiaries are 31 December.

The Group operates in the Kingdom of Bahrain, State of Kuwait and Kingdom of Saudi Arabia.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, except for investments at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements have been presented in Bahraini Dinars (BD) which is the functional currency of the Company and the presentation currency of the Group.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting standards"), as issued by the International Accounting Standards Board ("IASB"), and in conformity with the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse.

Basis of consolidation

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

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

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

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

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

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

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

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

Notes to the Consolidated Financial Statements

At 31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the 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 profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

New and amended standards and interpretations

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain amendments to standards adopted by the Company as of 1 January 2025. The Company has not early adopted any new and amended standards that has been issued but is not yet effective.

- Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how the Company should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the Company's financial performance, financial position and cash flows.

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

Domestic minimum top-up tax

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') apply to multinational enterprise (MNE) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

As per the Group's preliminary assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules as it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, it does not expect to be subject to the Bahrain DMTT law and GloBE rules.

Foreign currency transactions

The Group's consolidated financial statements are presented in Bahraini Dinars (BD) which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle to profit or loss the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2 MATERIAL ACCOUNTING POLICIES (continued)**Foreign currency transactions** (continued)*Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into BD at the rate of exchange prevailing at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component recognised in the consolidated statement of changes in equity relating to that particular foreign operation is recognised in profit or loss.

Revenue recognition**Revenue from contract with customers**

The Group is in the business of production, marketing and trading in food products and beverages and providing storage and logistics services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The recognition criteria for various types of revenue are as follows:

Sale of goods

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any). Presently only variable consideration has an effect on the Group's revenue recognition.

Sale of services

The Group recognises revenue from services over time when the services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group.

Variable consideration

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

- *Right of return*

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

- *Volume rebates*

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

Notes to the Consolidated Financial Statements

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2 MATERIAL ACCOUNTING POLICIES (continued)**Variable consideration** (continued)• *Display fees*

The Group pays display fees to its customers for renting of shelf for displaying its products. Display fees are offset against amounts payable by the customer. Display fees give rise to variable consideration which the Group applies by reducing the revenue.

Contract balances*Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies relating to financial assets later in this note for further details.

Contract liabilities

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

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to the accounting policy on variable consideration earlier in this note.

Government grant

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

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal instalments.

Other income recognition*Interest income*

Interest income is recorded using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividend income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders of the investee approve the dividend.

Other revenue

Other revenue is recognised on an accrual basis when income is earned.

2 MATERIAL ACCOUNTING POLICIES (continued)**Borrowing costs**

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

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and impairment in value, if any. Such cost includes the cost of replacing a part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss when incurred.

Capital work-in-progress

The capital work-in-progress is stated at cost less any identified impairment loss and comprises expenditure incurred on the acquisition and installation of property, plant and equipment which is transferred to the appropriate category of asset and depreciated as and when assets are available for use. These include assets that are periodically refurbished.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. If subsequent expenditure is related to a previously capitalised project, it is depreciated over the remaining useful life.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, except for freehold land and capital work-in-progress, as follows:

- Buildings on leasehold land	lesser of 10 to 30 years or lease term
- Plant, machinery and cold store equipment	over 2 to 15 years
- Furniture, fixtures and office equipment	over 2 to 5 years
- Motor vehicles	over 4 to 12 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs of disposal and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate.

Leases - Group as a lessee

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

Notes to the Consolidated Financial Statements

At 31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)**Leases - Group as a lessee** (continued)*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). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets, as follows:

- Land	30 years
- Buildings	3 to 5 years
- Motor vehicles	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

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 (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating 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 recognition 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.

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 unit's (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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

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

2 MATERIAL ACCOUNTING POLICIES (continued)**Impairment of non-financial assets** (continued)**Investment in an associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in an associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Group's share of the results of operations of the associate is included in profit or loss outside operating profit and represents results after tax and non-controlling interests in the subsidiaries of the associate. Any change in other comprehensive income of the associate is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's investment in the associate.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of its investment in associate and its carrying value, then recognises the loss as 'Share of results of associate' in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due provision for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition, and are accounted for as follows:

Raw materials, consumables, spare parts and other items	- landed costs on a weighted average basis.
Finished goods	- costs of direct materials and labour and proportion of manufacturing overheads based on normal operating capacity.
Goods for sale	- landed costs on a first-in, first-out basis.

Net realisable value is based on estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments - recognition and measurement

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

Notes to the Consolidated Financial Statements

At 31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)**Financial instruments - recognition and measurement** (continued)**Financial assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). Except for equity instruments, the classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

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

The group's financial assets include investments at fair value through other comprehensive income, trade and other receivables, bank balances and short term deposits.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments); and
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)

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

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

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

The Group's financial assets at amortised cost includes trade and other receivables and bank balances.

*Financial assets designated at fair value through other comprehensive income (FVOCI)**Equity instruments*

Equity investments classified at FVOCI are subsequently measured at fair value with changes in fair value recognised in other comprehensive income. Such cumulative gains or losses recognised in "fair value reserve" within the statement of changes in equity are never reclassified to profit or loss on disposals. Dividends are recognised as investment income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments classified at FVOCI are not tested for impairment.

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

2 MATERIAL ACCOUNTING POLICIES (continued)**Financial instruments - recognition and measurement** (continued)**Financial assets** (continued)**Derecognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is 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
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables which is the only significant financial asset exposed to credit risk, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for any relevant forward-looking factors.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost as appropriate. All financial liabilities are recognised initially at fair value and, in the case financial liabilities at amortised cost, net of directly attributable transaction costs. The Group's financial liabilities mainly include trade and other payables, term loans, import loans, lease liabilities and bank overdrafts.

Subsequent measurement

All financial liabilities of the Group are subsequently measured at amortized cost. Such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Derecognition of financial liabilities

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 profit or loss.

Notes to the Consolidated Financial Statements

At 31 December 2025

2 MATERIAL ACCOUNTING POLICIES (continued)**Impairment of financial assets** (continued)**Current versus non-current classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/non-current classification.

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as 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.

All other liabilities are classified as non-current.

Offsetting of financial instruments

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

Fair value measurement

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

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

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (continued)**Fair value measurement** (continued)

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

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, short term deposits and bank balances, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Employees' end of service benefits

For Bahraini nationals, the Group makes contributions to the Social Insurance Organisation (SIO). This is a funded defined contribution scheme and the Group's contributions are charged to the consolidated statement of profit or loss in the year to which they relate. The Group's obligations are limited to the amounts contributed to the Scheme.

The Group also provides for end of service benefits for its expatriate employees. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of employment. Under a new end of service benefits system for non-Bahraini employees, effective from 1 March 2024, the Group's required to pay the monthly end of service contributions electronically through the Social Insurance Organization (SIO) portal calculated as a percentage of the employees' salaries. Benefits accrued before 1 March 2024 will remain recorded in the Group's consolidated financial statements and will be paid to the employee as or when the employee leaves the Group.

Further, adequate provision is created for staff entitlements in accordance with the labour laws prevailing in the respective countries in which the subsidiaries operate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the 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 profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Notes to the Consolidated Financial Statements

At 31 December 2025

3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Business combinations and goodwill (continued)

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

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

Going concern

The Company's Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue the business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast a significant doubt about the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Classification of investments

The Group's management determines the classification of investments on initial recognition as "financial asset at fair value through profit or loss" or "financial asset at fair value through other comprehensive income". The investments are classified as "financial asset at fair value through profit or loss" if they are acquired for the purpose of selling in the near term. All other investments are classified as "financial asset at fair value through other comprehensive income".

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operations if a replacement asset is not readily available. The renewal periods for leases with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Revenue from contracts with customers

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers. The Group has concluded that revenue from sale of goods is to be recognised at the point in time when control of goods is transferred to the customer and revenue from services is to be recognised over time because the customers simultaneously receive and consume the benefits provided by the Group.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group.

3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**Estimates and assumptions** (continued)*Valuation of unquoted investments at fair value through other comprehensive income*

Management uses its best judgement in determining fair values of the unquoted private equity investments by reference to using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using a market multiples or other appropriate valuation methodologies. Management uses its best judgement, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted equity investments.

Provision for slow moving and obsolete inventories

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

At the reporting date, gross inventories amounted to BD 11,673,299 (2024: BD 12,530,389), with a provision for slow moving and obsolete inventories of BD 608,700 (2024: BD 650,089). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in profit or loss.

Impairment of property, plant and equipment and right-of-use of assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal 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 group of assets. Where the carrying amount of an asset 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 discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. The Board of Directors do not believe that there is any impairment of property, plant and equipment and right-of-use of assets as at 31 December 2024 and 31 December 2025.

Useful lives of property, plant and equipment

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

Allowance for expected credit losses

The determination of 'allowance of expected credit losses' as discussed in note 2 involves estimates and assumptions.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables (including related party receivables) were BD 13,163,746 (2024: BD 12,020,058), with an allowance for expected credit loss of BD 1,879,341 (2024: BD 1,727,246). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in profit or loss.

Notes to the Consolidated Financial Statements

At 31 December 2025

3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Estimating variable consideration for returns and volume rebates

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

The Group used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

For volume rebates for contract with more than one volume threshold, the Group uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates on a quarterly basis and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2025, the amount recognised as refund liabilities for the expected returns and contract liability for volume rebates was BD 59,359 (2024: BD 59,512) and BD 465,872 (2024: BD 432,182) respectively.

Incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in an entity's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

- **Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7**

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- a) *Clarifies that a financial liability is derecognised on the 'settlement date';*
- b) *Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features;*
- c) *Clarifies the treatment of non-recourse assets and contractually linked instruments; and*

4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (continued)

- d) Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

- Annual improvements to IFRS Accounting Standards - Volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

- Power purchase agreements - Amendments to IFRS 9 and IFRS 7

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

- IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

- Contracts Referencing Nature-dependent Electricity

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

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

- Translation to a Hyperinflationary Presentation Currency

Amendments to IAS 21: In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted.

Group's Management is currently assessing the impact of the above standards on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

At 31 December 2025

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents the disaggregation of the Group's revenue for the years ended 31 December 2025 and 31 December 2024:

	Wholesale operations		Dairy products and beverages	
	2025 BD	2024 BD	2025 BD	2024 BD
Types of revenue				
Sale of goods	16,013,175	16,256,865	23,043,373	24,082,040
Rendering of services	-	-	-	-
Total revenue	16,013,175	16,256,865	23,043,373	24,082,040
Geographic markets				
Bahrain	16,013,175	16,256,865	17,388,090	18,526,277
Other GCC countries	-	-	5,655,283	5,555,763
Total revenue	16,013,175	16,256,865	23,043,373	24,082,040
Timing of revenue recognition				
Goods transferred at a point in time	16,013,175	16,256,865	23,043,373	24,082,040
Services transferred over time	-	-	-	-
Total revenue	16,013,175	16,256,865	23,043,373	24,082,040

Notes to the Consolidated Financial Statements

At 31 December 2025

Fruits and vegetables		Storage and logistics		Livestock		Total	
2025	2024	2025	2024	2025	2024	2025	2024
BD	BD	BD	BD	BD	BD	BD	BD
1,498,121	1,715,976	-	-	4,109,979	4,188,554	44,664,648	46,243,435
-	-	737,782	584,166	-	-	737,782	584,166
1,498,121	1,715,976	737,782	584,166	4,109,979	4,188,554	45,402,430	46,827,601
1,498,121	1,715,976	737,782	584,166	4,109,979	4,188,554	39,747,147	41,271,838
-	-	-	-	-	-	5,655,283	5,555,763
1,498,121	1,715,976	737,782	584,166	4,109,979	4,188,554	45,402,430	46,827,601
1,498,121	1,715,976	-	-	4,109,979	4,188,554	44,664,648	46,243,435
-	-	737,782	584,166	-	-	737,782	584,166
1,498,121	1,715,976	737,782	584,166	4,109,979	4,188,554	45,402,430	46,827,601

Notes to the Consolidated Financial Statements

At 31 December 2025

6 PROFIT OF THE GROUP FOR THE YEAR

Profit of the Group for the year is stated after charging:

	2025 BD	2024 BD
Inventories recognised as an expense on sale of finished goods	33,861,409	34,808,380
Provision for slow moving and obsolete inventories (note 14)	8,564	27,136
Allowance for expected credit losses on trade receivables (note 15)	152,095	214,330
(Loss) gain on disposal of property, plant and equipment, net	(26)	4,047
Gain termination of lease (note 19)	822	257
	2025 BD	2024 BD
<i>Finance costs</i>		
Interest on term loans and import loans	379,738	354,514
Interest on bank overdrafts	33,421	10,120
Bank charges	39,088	32,680
	452,247	397,314
	2025 BD	2024 BD
<i>Personnel costs</i>		
Salaries and wages	5,441,913	5,118,543
Contributions for employees' social insurance	413,617	381,249
Employees' end of service benefits (note 20)	266,981	244,767
Other benefits	740,187	717,917
	6,862,698	6,462,476

The personnel costs have been presented in the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 BD	2024 BD
Costs of revenue	2,092,718	1,910,171
Personnel costs	4,769,980	4,552,305
	6,862,698	6,462,476

Notes to the Consolidated Financial Statements

At 31 December 2025

7 INVESTMENT INCOME

	2025 BD	2024 BD
Dividend income	1,323,215	1,133,863
Interest income	68,131	136,923
	1,391,346	1,270,786

8 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of Trafco Group B.S.C. by the weighted average number of shares outstanding during the year, excluding the weighted average number of shares repurchased by the Company and held as treasury shares.

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

	2025	2024
Profit for the year attributable to the shareholders of Trafco – BD	1,218,940	1,827,333
Weighted average number of shares, net of treasury shares	74,197,575	74,197,575
Basic and diluted earnings per share (fils)	16	25

Basic and diluted earnings per share are the same as the Company has not issued any instruments that would have a dilutive effect.

There have been no other transactions involving ordinary or potential ordinary shares between the reporting date and the date of issue of these consolidated financial statements, that would have a dilutive effect.

9 BOOK VALUE AND FAIR VALUE PER SHARE

	2025 BD	2024 BD
Equity as at year end attributable to shareholders of TRAFCO – (BD)	29,655,453	29,238,978
Weighted average number of shares, net of treasury shares	74,197,575	74,197,575
Book value per share (fils)	400	394
Market value per share (fils)*	265	310

* Market value per share is derived from Bahrain Bourse

Notes to the Consolidated Financial Statements

At 31 December 2025

10 PROPERTY, PLANT AND EQUIPMENT

	Freehold land BD	Buildings on leasehold land BD	Plant, machinery and cold store equipment BD	Furniture, fixtures and office equipment BD	Motor vehicles BD	Capital work-in- progress BD	Total BD
Cost:							
At 1 January 2025	3,381,877	9,797,198	15,242,850	2,404,086	3,884,296	3,366,857	38,077,164
Additions	-	20,365	208,104	32,343	33,074	1,196,482	1,490,368
Transfers	-	2,203,049	1,863,818	45,034	-	(4,111,901)	-
Disposals / write offs	-	(37,404)	(272,407)	(34,925)	(10,135)	-	(354,871)
At 31 December 2025	3,381,877	11,983,208	17,042,365	2,446,538	3,907,235	451,438	39,212,661
Accumulated depreciation:							
At 1 January 2025	-	6,379,795	13,788,066	2,130,060	3,349,919	-	25,647,840
Depreciation charge for the year	-	368,137	461,750	84,790	163,142	-	1,077,819
Relating to disposals / write offs	-	(37,404)	(272,397)	(34,909)	(10,135)	-	(354,845)
At 31 December 2025	-	6,710,528	13,977,419	2,179,941	3,502,926	-	26,370,814
Impairment:							
At 1 January 2025	-	-	-	-	-	-	-
Impairment charge for the year	-	-	-	-	-	70,000	70,000
At 31 December 2025	-	-	-	-	-	70,000	70,000
Net book values:							
At 31 December 2025	3,381,877	5,272,680	3,064,946	266,597	404,309	381,438	12,771,847

Building, plant and equipment having net book values of BD 10,197 (2024: BD 19,958) are situated on land owned by the Government of Kingdom of Bahrain. No lease agreement exists between the Government of Kingdom of Bahrain and the Group.

Property, plant and equipment of subsidiaries having net book values of BD 5,476,099 (2024: BD 2,905,171) are situated on a land leased from Bahrain Real Estate Investment Company (Edamah) B.S.C.(c).

Buildings of a subsidiary having net book value of BD 450,175 (2024: BD 481,946) are situated on a land leased from a related party (note 26).

	Freehold land BD	Buildings on leasehold land BD	Plant, machinery and cold store equipment BD	Furniture, fixtures and office equipment BD	Motor vehicles BD	Capital work-in- progress BD	Total BD
Cost:							
At 1 January 2024	2,542,852	9,774,012	14,904,407	2,312,409	3,681,259	1,564,664	34,779,603
Additions	839,025	23,186	49,990	59,087	82,583	2,279,083	3,332,954
Transfers	-	-	288,453	40,043	148,394	(476,890)	-
Disposals / write offs	-	-	-	(7,453)	(27,940)	-	(35,393)
At 31 December 2024	3,381,877	9,797,198	15,242,850	2,404,086	3,884,296	3,366,857	38,077,164
Accumulated depreciation:							
At 1 January 2024	-	6,100,591	13,351,201	2,054,315	3,207,141	-	24,713,248
Depreciation charge for the year	-	279,204	436,865	83,194	170,716	-	969,979
Relating to disposals / write offs	-	-	-	(7,449)	(27,938)	-	(35,387)
At 31 December 2024	-	6,379,795	13,788,066	2,130,060	3,349,919	-	25,647,840
Net book values:							
At 31 December 2024	3,381,877	3,417,403	1,454,784	274,026	534,377	3,366,857	12,429,324

Notes to the Consolidated Financial Statements

At 31 December 2025

10 PROPERTY, PLANT AND EQUIPMENT (continued)

The depreciation charge for the year has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 BD	2024 BD
Costs of revenue	703,302	586,358
Depreciation	374,517	383,621
	1,077,819	969,979

11 RIGHT-OF-USE ASSETS

	Land BD	Buildings BD	Machinery & equipment BD	Motor Vehicles BD	Total BD
As at 1 January 2025	2,310,297	759,744	9,920	210,376	3,290,337
Additions	-	24,789	-	-	24,789
Termination of lease	-	(12,413)	-	(3,905)	(16,318)
Depreciation charge for the year	(205,968)	(180,415)	(2,367)	(41,985)	(430,735)
As at 31 December 2025	2,104,329	591,705	7,553	164,486	2,868,073

	Land BD	Buildings BD	Machinery & equipment BD	Motor Vehicles BD	Total BD
As at 1 January 2024	2,363,459	722,849	-	83,031	3,169,339
Additions	152,806	116,047	11,837	209,575	490,265
Remeasurement of lease liabilities	-	94,382	-	7,827	102,209
Termination of lease	-	-	-	(42,119)	(42,119)
Depreciation charge for the year	(205,968)	(173,534)	(1,917)	(47,938)	(429,357)
As at 31 December 2024	2,310,297	759,744	9,920	210,376	3,290,337

The depreciation charge for the year has been allocated in consolidated statement of profit or loss as follows:

	2025 BD	2024 BD
Costs of revenue	205,968	205,968
Depreciation	224,767	223,389
	430,735	429,357

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At 31 December 2025

12 INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 BD	2024 BD
Quoted equity investments at FVOCI:		
- in Bahrain	9,610,806	8,840,936
- other GCC countries	300,400	263,667
	9,911,206	9,104,603
Unquoted equity investments at FVOCI:		
- in Bahrain	4,759,986	5,046,166
- other GCC countries	66,255	70,728
	4,826,241	5,116,894
Total equity investments at FVOCI:	14,737,447	14,221,497

Movements in investments at fair value through other comprehensive income during the year, were as follows:

	2025 BD	2024 BD
At 1 January	14,221,497	15,960,759
Purchases during the year	-	196,326
Net changes in fair values	555,501	(1,577,435)
Disposals during the year	(39,551)	(358,153)
At 31 December	14,737,447	14,221,497

Unquoted equity investments

The fair values of unquoted equity investments have been estimated using fair value provided by the investment managers, external valuation experts or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

Certain unquoted investments are assessed using market multiples. The market multiples used in fair valuation of these unquoted securities incorporates an illiquidity discount factor of 22.39% (2024: 21.95%) and a minority discount rate of 15% (2024: 15%). An increase (decrease) of 0.5% would result in an increase (decrease) in fair value by BD 21,383 (2024: BD 22,640).

Notes to the Consolidated Financial Statements

At 31 December 2025

13 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
31 December 2025	BD	BD	BD	BD
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income:</i>				
Quoted equity	9,911,206	-	-	9,911,206
Unquoted equity	-	-	4,826,241	4,826,241
	9,911,206	-	4,826,241	14,737,447

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
31 December 2024	BD	BD	BD	BD
Assets measured at fair value				
<i>Investments at fair value through other comprehensive income:</i>				
Quoted equity	9,104,603	-	-	9,104,603
Unquoted equity	-	-	5,116,894	5,116,894
	9,104,603	-	5,116,894	14,221,497

Liabilities measured at fair value:

There were no liabilities measured at fair value as of 31 December 2025 and 31 December 2024.

During the years ended 31 December 2025 and 31 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Level 3 equity securities have been estimated using fair value provided by the investment managers, external valuation experts or other appropriate valuation techniques including fair values determined based on unobservable inputs using market multiples or other appropriate valuation methodologies.

Reconciliation of fair value measurements of level 3 financial instruments

Movements in the fair values of financial assets classified as level 3 category were as follows:

	2025	2024
	BD	BD
At 1 January	5,116,894	6,470,827
Net changes in fair value	(251,102)	(1,337,433)
Disposal	(39,551)	(16,500)
At 31 December	4,826,241	5,116,894

Notes to the Consolidated Financial Statements

At 31 December 2025

14 INVENTORIES

	2025 BD	2024 BD
Goods for sale	2,035,294	2,632,967
Raw materials and consumables	3,753,108	4,103,827
Goods-in-transit	2,123,939	1,637,678
Finished goods	2,297,587	2,757,550
Spare parts and other items	854,671	748,278
Total inventories at the lower of cost or net realisable value	11,064,599	11,880,300

Movements in the provision for slow moving and obsolete inventories were as follows:

	2025			
	Raw materials and consumables	Finished goods	Spare parts and other items	Total
	BD	BD	BD	BD
At 1 January 2025	158,647	66,245	425,197	650,089
Charge (Reversal) for the year (note 6)	6,789	(16,225)	18,000	8,564
Written off during the year	(49,953)	-	-	(49,953)
At 31 December 2025	115,483	50,020	443,197	608,700

	2024			
	Raw materials and consumables	Finished goods	Spare parts and other items	Total
	BD	BD	BD	BD
At 1 January 2024	175,930	38,312	425,197	639,439
(Reversal) Charge for the year (note 6)	(1,134)	28,270	-	27,136
Written off during the year	(16,149)	(337)	-	(16,486)
At 31 December 2024	158,647	66,245	425,197	650,089

Notes to the Consolidated Financial Statements

At 31 December 2025

15 TRADE AND OTHER RECEIVABLES

	2025 BD	2024 BD
Trade receivables - net	10,967,830	10,080,326
Trade receivables - related parties (note 26)	316,250	212,486
	11,284,080	10,292,812
Advances to suppliers	580,307	1,296,122
Other receivables	164,648	190,810
Prepayments	114,699	101,529
Deposits	339,920	49,304
VAT receivable, net	80,620	66,214
	12,564,274	11,996,791

Terms and conditions of the above financial assets are as follows:

- Trade receivables are non-interest bearing and are normally settled on 60 to 90 day terms.
- For terms and conditions of trade receivables - related parties, refer to note 26.
- Other receivables are non-interest-bearing and have terms ranging between one and three months.
- Deposits are non-interest-bearing and have terms ranging between one and three months.

Movements in the expected credit losses of trade receivables were as follows:

	2025 BD	2024 BD
At 1 January	1,727,246	1,512,916
Charge for the year (note 6)	152,095	214,330
At 31 December	1,879,341	1,727,246

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15 TRADE AND OTHER RECEIVABLES (continued)

The aging analysis of trade receivables and allowance for expected credit losses as at 31 December, are as follows:

	Total BD	Current BD	Past due		
			Less than 30 days BD	30 to 60 days BD	More than 60 days BD
2025					
Expected credit loss rate	14.3%	0.5%	1.6%	2.6%	37.9%
Gross trade receivables	13,163,421	4,534,146	2,633,177	1,293,338	4,702,760
Expected credit losses	(1,879,341)	(20,507)	(41,631)	(33,944)	(1,783,259)
Net trade receivables	11,284,080	4,513,639	2,591,546	1,259,394	2,919,501
	Total BD	Current BD	Past due		
			Less than 30 days BD	30 to 60 days BD	More than 60 days BD
2024					
Expected credit loss rate	14.4%	0.4%	1.3%	2.2%	38.9%
Gross trade receivables	12,020,058	4,056,636	2,435,438	1,281,457	4,246,527
Expected credit losses	(1,727,246)	(15,846)	(30,850)	(28,748)	(1,651,802)
Net trade receivables	10,292,812	4,040,790	2,404,588	1,252,709	2,594,725

The Group does not obtain collateral over trade receivables.

16 CASH AND CASH EQUIVALENTS

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

	2025 BD	2024 BD
Cash in hand	241,363	131,257
Bank balances	2,193,746	1,633,255
Bank overdrafts	(557,842)	(1,153,651)
Cash and cash equivalents	1,877,267	610,861

Bank overdrafts are denominated in Bahraini Dinars and United States Dollars and carry interest at commercial rates.

Bank balances include short term deposit of BD 789,325 (2024: BD 880,000) with an average effective profit rate of 6% (2024: 6.75%) and has an original maturity of twelve months.

The Group has BD 18,622,558 (2024: BD 16,790,070) of undrawn borrowing facilities as at 31 December 2025.

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17 SHARE CAPITAL AND RESERVES**a) Share Capital**

	2025 BD	2024 BD
Authorised:		
100,000,000 (2024: 100,000,000) shares of BD 0.100 each	10,000,000	10,000,000
Issued, subscribed and fully paid-up:		
80,675,050 (2024: 80,675,050) shares of BD 0.100 each	8,067,505	8,067,505

b) Treasury shares

Treasury shares represent 6,477,475 (2024: 6,477,475) shares amounting to BD 1,706,644 (2024: BD 1,706,644), representing 8.03% (2024: 8.03%) of the issued share capital, held by the Company.

c) Share premium

The share premium has arisen on the issue of shares in 2000 and rights shares issued in 2008 and is not available for distribution, but can be utilised as stipulated in the Bahrain Commercial Companies Law.

d) Statutory reserve

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year is to be transferred to statutory reserve every year. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and paid-up share capital. In 2020, the shareholders resolved to discontinue further transfer of profit to statutory reserve as the reserve equaled 50% of the paid-up capital of the Company.

The reserve cannot be utilised for the purpose of distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

e) General reserve

The general reserve has been made in accordance with the articles of association of the Company. The Company may resolve to discontinue such annual transfers, when deemed appropriate. There are no restrictions on the distribution of this reserve. During the year, the Company transferred BD 50,000 (2024: BD 50,000) to the general reserve.

f) Fair value reserve

This reserve relates to fair value changes of investments at fair value through other comprehensive income.

g) Foreign currency reserve

The foreign currency reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations.

h) Retained earnings - non-distributable

This represents Group's share in the statutory reserves of its subsidiaries and is not available for distribution.

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18 DIVIDENDS PAID AND PROPOSED

At the annual general meeting of the shareholders held on 26 March 2025, a final cash dividend of 18 fils per share, excluding treasury shares, totaling BD 1,335,413 for the year ended 31 December 2024 was declared and paid (2024: At the annual general meeting of the shareholders held on 27 March 2024, a final cash dividend of 17 fils per share, excluding treasury shares, totaling BD 1,261,223 for the year ended 31 December 2023 was declared and paid).

A cash dividend of 15 fils per share, excluding treasury shares, totaling BD 1,112,844 (2024: a cash dividend of 18 fils per share, excluding treasury shares, totaling BD 1,335,413) has been proposed by Board of Directors and will be submitted for formal approval of shareholders at the Annual General Meeting.

19 LEASE LIABILITIES

Lease liabilities relate to the Group's leases for land, buildings and motor vehicles. The movements in the lease liabilities during the year, were as follows:

	2025 BD	2024 BD
At 1 January	3,672,366	3,481,687
Remeasurement of lease liabilities	-	102,209
Addition during the year	24,789	490,265
Termination of lease during the year	(17,140)	(42,376)
Interest expense for the year	195,047	206,909
Payments during the year	(569,789)	(566,328)
At 31 December	3,305,273	3,672,366
Non-current	2,794,427	3,132,699
Current	510,846	539,667
	3,305,273	3,672,366

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

	2025 BD	2024 BD
Depreciation expense on right-of-use assets (note 6)	430,735	429,357
Interest expense on lease liabilities	195,047	206,909
Gain on termination of lease (note 6)	(822)	(257)
Total amount recognised in profit or loss	624,960	636,009

The Group had total cash outflows for leases of BD 569,789 in 2025 (2024: BD 566,328). The Group also had non-cash additions to right-of-use assets and lease liabilities of BD 24,789 (2024: BD 490,265).

20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits are as follows:

	2025 BD	2024 BD
At 1 January	1,589,586	1,550,553
Provided during the year (note 6)	266,981	244,767
Paid to employees	(64,319)	(100,264)
Paid to Social Insurance Organization	(237,131)	(105,470)
At 31 December	1,555,117	1,589,586

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20 EMPLOYEES' END OF SERVICE BENEFITS (continued)

Effective 1 March 2024, pursuant to Edict number 109 of 2023 issued by His Royal Highness the Prime Minister of the Kingdom of Bahrain, certain portion of the end of service benefits' liability has been transferred to the Social Insurance Organization (SIO), representing the amounts paid by the Company to the SIO on a monthly basis starting March 2024. Such portion of liability would be settled directly by SIO when the relevant employees leave the Company.

21 GOVERNMENT GRANT

Government grant represents amount received from The Labour Fund (Tamkeen) for purchase of plant and equipment and construction of warehouse. The amount is amortised over 15 years which is equivalent to the estimated useful life of property, plant and equipment. Movement in government grant will be presented as follows:

	2025 BD	2024 BD
At 1 January	137,298	40,965
Received during the year	-	100,000
Recognised in consolidated statement of profit or loss and other comprehensive income	(10,345)	(3,667)
At 31 December	126,953	137,298
Non-current	116,619	126,964
Current	10,334	10,334
	126,953	137,298

22 TERM LOANS

	Interest rate	Maturity	2025 BD	2024 BD
a) Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	September 2025	-	64,547
Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	September 2025	-	75,854
Loan from Bahrain Islamic Bank B.S.C.	6.25% p.a.	March 2025	-	10,917
Loan from Bahrain Islamic Bank B.S.C. (i)	6.25% p.a.	March 2029	786,829	982,873
b) Loan from Habib Bank Limited (ii)	One-month BIBOR plus 1.3% p.a.	April 2029	958,333	1,258,333
c) Loan from National Bank of Bahrain B.S.C. (iii)	2.5% p.a.	July 2028	750,000	-
d) Loan from Arab Bank (iv)	One-month BIBOR plus 1.75% p.a.	June 2027	500,814	834,678
			2,995,976	3,227,202

The term loans are presented in the consolidated statement of financial position as follows:

	2025 BD	2024 BD
Non-current	1,883,870	2,246,737
Current	1,112,106	980,465
	2,995,976	3,227,202

Notes to the Consolidated Financial Statements

At 31 December 2025

22 TERM LOANS (continued)

Loan instalments payable within twelve months from the reporting date are disclosed as current portion and remaining are disclosed as non-current. These loans are secured by promissory notes issued by the Group.

The terms of the loan agreements require compliance with certain covenants relating to financial ratios and the declaration of dividends to shareholders and the group has no indication that it will have difficulty complying with those covenants.

- i) This represents loan obtained for construction of new cold room storage project. The loan is unsecured and carries interest at the rate of 6.25% per annum (2024: 6.25% per annum). The loan has a term of 72 months and repayment started from May 2023 in 24 quarterly installments.
- ii) This represents a loan to finance the construction of new cold room storage project. The loan is unsecured and carries an interest of 1 month BIBOR plus 1.3% (2024: 1 month BIBOR plus 1.3%). The loan has a term of 60 months and repayment started from January 2024 in 60 monthly installments. The rate used to determine the amount of borrowing costs eligible for capitalisation was nil (2024: 7.25%) which is the Effective Interest Rate (EIR) of the specific borrowing.
- iii) This represents a liquidity support facility obtained from the National Bank of Bahrain to fund working capital requirements. The loan carries a fixed profit rate of 2.5% per annum (2024: nil) is unsecured, and is repayable over 29 equal monthly installments of BD 25,836. Repayments will commence one month after the end of a six-month grace period beginning in February 2026.
- iv) This represents a loan obtained for acquisition of Mawashi Trading Company W.L.L. The loan is unsecured and carries interest at the rate of 1 month BIBOR plus 1.75% (2024: 1 month BIBOR plus 1.75%). The loan has a term of 59 months and repayment of loan started from July 2022 in 59 monthly equal instalments.

23 TRADE AND OTHER PAYABLES

	2025 BD	2024 BD
Trade payables	4,656,587	4,188,044
Accrued expenses	1,992,727	1,667,481
Advances from customers	119,507	68,803
Other payables	846,059	792,494
Due to related parties (note 26)	152,174	474,584
Retentions payable	-	250,890
	7,767,054	7,442,296
Less: Non-current portion	-	(125,445)
	7,767,054	7,316,851

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms.
- For terms and conditions relating to amounts due to related parties, refer to note 26.
- Other payables are non-interest bearing and have average terms ranging between one to six months.

24 IMPORT LOANS

These represent loans obtained from commercial banks for the import of raw materials and finished goods with average interest rate of 5.5% (2024: 7.5%) per annum and secured by promissory notes issued by the Group. The Group has BD 7,219,503 (2024: BD 7,499,805) of undrawn borrowing facilities relating to import loan as at 31 December 2025. The import loan is subject to the loan covenants from several banks and the group has no indication that it will have difficulty complying with these covenants.

25 MATERIAL PARTLY-OWNED SUBSIDIARY

The Group holds 51% shareholding in Awal Dairy Company W.L.L., a subsidiary incorporated in the Kingdom of Bahrain and engaged in production and supply of milk, juices, ice cream and tomato paste. The summarised financial information before intercompany eliminations of the subsidiary for the year ended and as at 31 December 2025 and 31 December 2024 is provided below.

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25 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

	2025 BD	2024 BD
Summarised statement of profit or loss and other comprehensive income:		
Revenue	21,176,119	22,207,003
Other operating income	69,156	64,370
Costs of revenue	(16,229,818)	(17,062,521)
Selling and distribution expenses	(1,069,222)	(1,039,187)
Personnel costs	(2,434,929)	(2,189,848)
Other income	166,210	143,476
General and administration expenses	(349,318)	(320,450)
Depreciation on property, plant and equipment	(124,293)	(139,220)
Depreciation on right-of-use of assets	(153,380)	(152,899)
Finance costs on lease liabilities	(72,242)	(81,308)
Finance costs others	(21,598)	(4,155)
Exchange gains - net	35,052	57,751
Profit for the year	991,737	1,483,012
Other comprehensive income (loss)	59,196	(20,545)
Total comprehensive income for the year	1,050,933	1,462,467
Attributable to non-controlling interests	514,957	716,609
Dividends paid to non-controlling interest	-	343,000
Summarised statement of financial position:		
Inventories (current)	7,212,357	6,710,655
Right of return assets (current)	25,792	25,958
Term Deposits (current)	588,560	926,371
Cash and bank balances (current)	399,533	380,772
Right-of-use assets (non-current)	845,952	1,113,195
Property, plant and equipment (non-current)	3,668,923	2,945,655
Investments at fair value through other comprehensive income (non-current)	1,237,889	1,224,696
Trade and other receivables (current)	5,045,348	4,803,493
Trade and other payables (current)	(3,895,476)	(3,477,499)
Government grant (current)	(3,667)	(3,667)
Government grant (non-current)	(29,953)	(33,625)
Lease liabilities (current)	(343,349)	(150,613)
Lease liabilities (non-current)	(591,543)	(1,055,066)
Bank overdraft	(469,528)	(780,376)
Employees end of service benefits (non-current)	(849,591)	(839,635)
Equity	12,841,247	11,790,314
Attributable to:		
Equity holders of parent	6,549,036	6,013,060
Non-controlling interests	6,292,211	5,777,254
	12,841,247	11,790,314

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25 MATERIAL PARTLY-OWNED SUBSIDIARY (continued)

Summarised statement of cash flows information:	2025 BD	2024 BD
Net cash flows generated from operating activities	1,079,241	979,110
Net cash flows used in investing activities	(1,101,066)	(1,613,982)
Net cash flows generated from financing activities	337,811	391,597
Foreign currency translation adjustments	6,453	4,266
Net increase (decrease) in cash and cash equivalents	322,439	(239,009)

26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, major shareholders, directors, companies having common directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Nature and amount of transactions and balances with related parties included in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are as follows:

Name	Relationship	Nature of transactions
Abdulla Yousif Fakhro and Sons B.S.C. (c)	Common director	Sales of goods and services received.
Alosra Supermarket W.L.L.	Common director	Sales of goods and services received.
Bahrain National Holding B.S.C.	Common director	Dividend received.
Bahrain Cinema Company B.S.C.	Common director	Dividend received.
Bahrain Duty Free Shop Complex B.S.C	Common director	Dividend received.
BANZ Group B.S.C. (c)	Common director	Sales of goods and dividend received.
BANZ Trading and Contracting W.L.L	Common director	Purchases and sales of goods.
BMMI B.S.C.	Common director	Purchases, sales of goods and dividend received.
Delmon Poultry Company B.S.C.	Common director	Dividend received.
Ebrahim K Kanoo B.S.C. (c)	Common director	Purchases of vehicles, spare parts and services received.
Yousif Abdulrahman Engineer Company W.L.L.	Common director	Services rendered.
Mohammed Ali Zainal Abdulla (MAZA) B.S.C. (c)	Common director	Purchases of goods and services.
Jalal Travel Agency W.L.L.	Common director	Services received.
Mohammed Jalal & Sons Company Limited W.L.L	Common director	Purchases and sales of goods.
Motor City Holding B.S.C. (c)	Common director	Purchase of goods and services received.
National Transport Company W.L.L.	Common director	Services received.
Saleh Al Saleh Company W.L.L.	Common director	Purchases and sales of goods.
The Food Supply Company W.L.L.	Common director	Sales of goods.
United Paper Industries B.S.C. (c)	Common director	Purchases of goods.
Gulf Agency Co. Bahrain W.L.L.	Common director	Services rendered.
Suncity Ventures W.L.L	Common director	Sales of goods.
Yousuf Abdul Rehman Engineer Holding W.L.L.	Common director	Services received.

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At 31 December 2025

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Group's financial liabilities comprises of term loans, import loans, lease liabilities, retention payable, a portion of trade and other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finance for the Group's operations and capital expenditure. The Group has trade and other receivables and bank balances and cash that arise directly from its operations. The Group also holds Investments at fair value through other comprehensive income.

The Group is exposed to market risk, credit risk and liquidity risk.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Executive Committee

The Executive Committee is responsible for evaluating and approving business and risk strategies, plans and policies of the Group and market and liquidity risks pertaining to the Group's investment activities by optimising liquidity and maximising returns from the funds available to the Group.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, foreign currency risk and equity price risk. Financial instruments affected by market risk include investments at fair value through other comprehensive income, a portion of trade and other receivables, term loans, a portion of trade and other payables, lease liabilities and bank overdrafts.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at 31 December 2025 and 31 December 2024.

The following assumptions have been made in calculating the sensitivity analysis:

- The consolidated statement of financial position sensitivity relates to financial assets and financial liabilities as at 31 December 2025 and 31 December 2024;
- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2025 and 31 December 2024; and
- The sensitivity of equity is calculated by considering the effect of investments at fair value through other comprehensive income and translation of foreign operations at 31 December 2025 and 31 December 2024 for the effects of the assumed changes of the underlying risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Group is exposed to interest rate risk on its floating interest rate bearing liabilities (bank overdrafts and certain term loans).

The following table demonstrates the sensitivity of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The Group's profit for the year is affected through the impact on floating interest rates bearing bank overdrafts and certain term loans, as follows:

	2025		2024	
Increase (decrease) in basis points	+25	-25	+25	-25
(Decrease) increase in profit [in BD]	(16,203)	16,203	(15,359)	15,359

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Market risk** (continued)*Foreign currency risk* (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit or loss (due to changes in the fair value of monetary assets and liabilities) and the Group's other comprehensive income (due to changes in the net investment in a foreign operations). As the Bahraini Dinar is pegged to the United States (US) Dollar, balances in US Dollars and currencies pegged to the US Dollar are not considered to represent a significant foreign currency risk.

	<i>Change in exchange rate</i>	Effect on profit		Effect on other comprehensive income	
		2025	2024	2025	2024
		BD	BD	BD	BD
EURO	+5%	484	2,965	-	-
Other currencies	+5%	-	245	-	-
Kuwaiti Dinar	+5%	-	-	8,466	13,843

A similar decrease in foreign exchange rates would have an equal and opposite impact on the Group's profit and other comprehensive income as disclosed above.

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer, or factors affecting all investments traded in the market.

The Group manages equity price risk through diversification and placing limits on individual and total equity investments. Reports on the investment portfolio are submitted to the Executive Committee on a regular basis. The Executive Committee reviews and approves all investment decisions.

Management's best estimate of the effect on other comprehensive income for the year due to a 5% change in fair value of investments at fair value through other comprehensive income, with all other variables held constant, would be BD 748,689 (2024: BD 711,075).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including bank balances and other financial instruments.

Trade and other receivables

Customer credit risk is managed by each entity as per Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type) excluding the receivables from the government entities. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Bank balances

The Group limits credit risk on bank balances by dealing only with reputable banks.

Credit risk concentration

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The Group sells its products to a large number of wholesalers and retailers. Its five largest customers account for 27% of the outstanding trade receivables at 31 December 2025 (2024: 31%).

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position headings without taking account of any collateral and other credit enhancements.

	2025 BD	2024 BD
Trade receivables (note 15)	11,284,080	10,292,812
Bank balances (note 16)	2,193,746	1,633,255
Other receivables (note 15)	164,648	190,810
Deposits (note 15)	339,920	49,304
	13,982,394	12,166,181

Liquidity risk

Liquidity risk is the risk that an enterprise will have difficulties in meeting its commitments. The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sale require amounts to be paid within 60 to 90 days of the date of sale. Trade payables are also normally settled within 60 to 90 days of the date of purchase/ shipment.

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

2025	On demand BD	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	More than 5 years BD	Total BD
Trade and other payables	-	5,774,327	-	-	-	5,774,327
Import loans	-	2,786,605	1,088,431	-	-	3,875,036
Lease liabilities	-	258,896	262,978	1,164,538	3,346,746	5,033,158
Term loans	-	300,508	955,672	1,997,432	-	3,253,612
Bank overdrafts	557,842	-	-	-	-	557,842
	557,842	9,120,336	2,307,081	3,161,970	3,346,746	18,493,975
2024	On demand BD	Less than 3 months BD	3 to 12 months BD	1 to 5 years BD	More than 5 years BD	Total BD
Trade and other payables	-	5,503,865	250,890	-	-	5,754,755
Import loans	-	1,848,122	1,405,672	-	-	3,253,794
Lease liabilities	-	275,493	311,278	1,534,914	3,775,626	5,897,311
Term loans	-	297,866	801,137	2,376,901	-	3,475,904
Bank overdrafts	1,153,651	-	-	-	-	1,153,651
	1,153,651	7,925,346	2,768,977	3,911,815	3,775,626	19,535,415

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28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Changes in liabilities arising from financing activities of the consolidated statement of cash flows**

	As at	Cash flows			As at
	1 January	Availed	Payments	Others	31 December
	2025	BD	BD	BD	2025
Dividend payable	-	-	(1,335,413)	1,335,413	-
Term loans	3,227,202	1,410,000	(1,641,226)	-	2,995,976
Import loans	2,896,872	9,757,020	(8,939,636)	-	3,714,256
Retentions payable	250,890	-	-	-	250,890
Lease liabilities	3,672,366	-	(569,789)	202,696	3,305,273
	10,047,330	11,167,020	(12,486,064)	1,538,109	10,266,395

	As at	Cash flows			As at
	1 January	Availed	Payments	Others	31 December
	2024	BD	BD	BD	2024
Dividend payable	-	-	(1,261,223)	1,261,223	-
Term loans	3,212,985	1,000,000	(985,783)	-	3,227,202
Import loans	3,416,930	12,832,561	(13,352,619)	-	2,896,872
Retentions payable	56,875	-	-	194,015	250,890
Lease liabilities	3,481,687	-	(566,328)	757,007	3,672,366
	10,168,477	13,832,561	(16,165,953)	2,212,245	10,047,330

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, repurchase of own shares, or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by equity. Net debt includes term loans, lease liabilities, contract and refund liabilities, retention payable, trade and other payables, import loans and net of cash and cash equivalents. Equity comprises all components of equity (i.e. share capital, treasury shares, share premium, statutory reserve, general reserve, fair value reserve, foreign currency reserve, retained earnings - non-distributable, retained earnings-distributable and proposed appropriations).

Notes to the Consolidated Financial Statements

At 31 December 2025

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management** (continued)

	2025	2024
	BD	BD
Trade and other payables	7,767,054	7,316,851
Import loans	3,714,256	2,896,872
Lease liabilities	3,305,273	3,672,366
Bank overdrafts	557,842	1,153,651
Term loans	2,995,976	3,227,202
Contract and refund liabilities	515,483	491,694
Bank balances and cash	(2,435,109)	(1,764,512)
Net debt	16,420,775	16,994,124
Total equity attributable to the shareholders of Trafco	29,655,453	29,238,978
Debt-to-equity ratio	55%	58%

29 FAIR VALUE MEASUREMENTS

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.

Fair value of financial instruments

Financial instruments of the Group comprise of financial assets and financial liabilities.

Financial assets consist of investments at fair value through other comprehensive income, trade and other receivables and cash and bank balances. Financial liabilities consist of term loans, import loans, lease liabilities, retentions payable, trade and other payables and bank overdrafts. Fair value of financial instruments is estimated based on the following methods and assumptions:

- Bank balances and cash, bank overdrafts, import loans, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments as at 31 December 2025 and 31 December 2024;
- Term loans and lease liabilities are evaluated by the Group based on parameters such as interest rates. The carrying amounts are not materially different from their fair values as at 31 December 2025 and 31 December 2024; and
- Fair value of quoted equity investments is derived from quoted market prices in active markets or in the case of unquoted investments at fair value through other comprehensive income using market multiples or other appropriate valuation methodologies.

Fair value of non-financial assets or liabilities

The Group does not have any non-financial assets or liabilities which have been measured at fair value as at 31 December 2025 and 31 December 2024.

Fair value hierarchy

For fair value hierarchy of the Group's assets and liabilities measured at fair value refer to note 13.

Notes to the Consolidated Financial Statements

At 31 December 2025

30 SEGMENT REPORTING

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

Wholesale operations	Import and distribution of foodstuff.
Investments	Investment in quoted and unquoted securities.
Dairy products and beverages	Production, processing and distribution of dairy products, juices, ice-cream, bottling of water and other items.
Fruits and vegetables	Import and distribution of fruits, vegetables and other food items.
Storage and logistics	Providing storage and logistics services.
Livestock	Import and sale of live animals, fresh, chilled and frozen meat and food service products.

No operating segments have been aggregated to form the above reportable operating segments.

Management 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 operating profit or loss which in certain respects, as explained later in a table, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are approved by Group's management.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, inventories, right of return assets, trade and other receivables and bank balances and cash. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments are allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities used by a segment and consist primarily of employees' end of service benefits, term loans, import loans, bank overdrafts, contract and refund liabilities and trade and other payables. Whilst the majority of the liabilities can be directly attributed to individual business segments, the carrying amounts of certain liabilities used jointly by two or more segments are allocated to the segments on a reasonable basis.

Revenue from operations for the year ended 31 December 2025 in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 5,655,283 (2024: BD 5,555,763) and profit for the year ended 31 December 2025 amounted to BD 21,730 (2024: BD 122,709). All remaining revenue and profit for the year is generated from the primary geographical segment in the Kingdom of Bahrain.

Total assets in the State of Kuwait and Kingdom of Saudi Arabia amounted to BD 2,842,468 (2024: BD 2,278,306) and total liabilities amounted to BD 2,650,392 (2024: BD 2,144,866). All remaining assets and liabilities arise from the primary geographical segment in the Kingdom of Bahrain.

Inter-segment revenues, transactions, assets and liabilities are eliminated upon consolidation and reflected in the "Adjustments and eliminations" column

Notes to the Consolidated Financial Statements

At 31 December 2025

30 SEGMENT REPORTING (continued)

	Wholesale operations		Investments		Dairy products and beverages	
	2025 BD	2024 BD	2025 BD	2024 BD	2025 BD	2024 BD
Revenue - third parties	16,013,175	16,256,865	-	-	23,043,373	24,082,040
Revenue - inter segments	381,892	499,214	-	-	76,783	79,973
Total revenue	16,395,067	16,756,079	-	-	23,120,156	24,162,013
Costs of revenue (excluding depreciation)	(14,220,420)	(14,109,463)	-	-	(16,913,761)	(17,863,964)
Gross profit (excluding impact of depreciation)	2,174,647	2,646,616	-	-	6,206,395	6,298,049
Other operating income	53,060	50,930	-	-	74,433	100,204
Other expenses (excluding depreciation and impairment)	(1,906,950)	(2,106,960)	-	-	(4,406,955)	(4,060,083)
Depreciation on property, plant and equipment	(107,227)	(112,931)	-	-	(535,156)	(491,234)
Impairment on property, plant and equipment	(70,000)	-	-	-	-	-
Depreciation on right-of-use of assets	(141,634)	(141,406)	-	-	(296,389)	(295,907)
Profit (loss) from operations	1,896	336,249	-	-	1,042,328	1,551,029
Investment income	-	-	2,008,695	2,279,516	-	-
Finance cost on lease liability	(122,562)	(124,145)	-	-	(105,301)	(114,692)
Finance costs on loans and borrowings	(409,237)	(334,798)	-	-	(22,171)	(4,698)
Exchange gains - net	-	-	-	-	35,052	57,751
Profit (loss) for the year	(529,903)	(122,694)	2,008,695	2,279,516	949,908	1,489,390
Capital expenditure	(2,765,119)	1,506,445	-	-	1,283,451	1,725,268
Assets	16,402,921	16,640,474	27,838,239	26,814,158	20,118,529	19,088,988
Liabilities	13,226,180	12,934,976	-	-	7,260,183	7,409,928

Notes to the Consolidated Financial Statements

At 31 December 2025

Fruits and vegetables		Storage and logistics		Livestock		Adjustments and eliminations		Total	
2025 BD	2024 BD	2025 BD	2024 BD	2025 BD	2024 BD	2025 BD	2024 BD	2025 BD	2024 BD
1,498,121	1,715,976	737,782	584,166	4,109,979	4,188,554	-	-	45,402,430	46,827,601
92,159	59,267	264,718	306,145	83,365	6,540	(898,917)	(951,139)	-	-
1,590,280	1,775,243	1,002,500	890,311	4,193,344	4,195,094	(898,917)	(951,139)	45,402,430	46,827,601
(1,362,751)	(1,501,324)	(336,920)	(267,508)	(3,762,257)	(3,642,391)	641,984	666,099	(35,954,125)	(36,718,551)
227,529	273,919	665,580	622,803	431,087	552,703	(256,933)	(285,040)	9,448,305	10,109,050
135,404	99,158	18,016	10,549	9,777	7,528	(66,920)	(65,541)	223,770	202,828
(291,700)	(305,955)	(89,312)	(88,104)	(588,729)	(663,164)	115,912	141,419	(7,167,734)	(7,082,847)
(40,413)	(41,396)	(370,274)	(299,927)	(8,240)	(7,982)	(16,509)	(16,509)	(1,077,819)	(969,979)
-	-	-	-	-	-	-	-	(70,000)	-
(19,801)	(19,465)	(49,152)	(49,152)	(11,901)	(11,569)	88,142	88,142	(430,735)	(429,357)
11,019	6,261	174,858	196,169	(168,006)	(122,484)	(136,308)	(137,529)	925,787	1,829,695
-	-	-	-	-	-	(617,349)	(1,008,730)	1,391,346	1,270,786
(20,526)	(20,960)	(66,337)	(67,020)	(121)	(1,110)	119,800	121,018	(195,047)	(206,909)
(29,958)	(42,648)	(196,571)	(19,696)	(8,046)	(16,567)	213,736	21,093	(452,247)	(397,314)
-	-	-	-	-	-	-	-	35,052	57,751
(39,465)	(57,347)	(88,050)	109,453	(176,173)	(140,161)	(420,121)	(1,004,148)	1,704,891	2,554,009
4,000	19,401	2,968,036	65,316	-	16,524	-	-	1,490,368	3,332,954
1,474,118	1,537,133	6,079,332	3,487,323	3,068,893	3,430,452	(18,496,414)	(15,371,331)	56,485,618	55,627,197
1,109,004	1,116,044	4,176,810	1,496,752	480,944	687,519	(5,715,167)	(3,034,254)	20,537,954	20,610,965

Corporate Governance Disclosure

1. CORPORATE GOVERNANCE POLICY

Good Corporate Governance practices are significant in creating and sustaining shareholder value and ensuring appropriate disclosures and transparency. Trafco Group B.S.C.'s ('the Company') Corporate Governance Policy provides the framework for the principles of effective Corporate Governance standards across the Group.

The Board of Directors (the Board) is committed to implementing robust Corporate Governance practices and continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

Trafco Group B.S.C. shall continue its endeavor to enhance shareholders value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, employees, and the public at large.

The management is committed to ensuring that procedures and processes are in place to reflect and support the Board approved Corporate Governance related policies to ensure the highest standards of Corporate Governance throughout the Group.

2. CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR

Mrs. Fatima A. Bushihri continues as Corporate Governance Officer as per the requirement of Corporate Governance Code 2018 issued by Ministry of Industry, Commerce & Tourism (MOICT). The Company's Corporate Governance Code 2018 is being reviewed and updated accordingly as and when required.

3. SHAREHOLDER INFORMATION

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. As on 31 December 2025, the Company has issued 80,675,050 ordinary shares, each with a nominal value of 100 fils per share. All the shares are fully paid.

Shareholders are invited by the Chairman to attend the AGM. The Chairman and other Directors attend the AGM and are available to answer any questions.

The Annual General Ordinary Meetings will be held on 29 March 2026.

Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December 2025 is as follows:

Name of Shareholder	Number of Shares	% of Holdings	Name of the natural person, the final beneficiary
Mr. Abdulhameed Zainal Mohamed Zainal	8,498,174	10.53%	Mr. Abdulhameed Zainal Mohamed Zainal
BANZ Group BSC (C)	6,780,332	8.40%	BANZ Group BSC (C)
Trafco Group BSC	6,477,475	8.03%	Trafco Group BSC (Treasury Shares)

Shareholders as of 31 December 2025 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder Classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	56.366%	41.064%	0.653%	98.083%
2	Arab	1.632%	0.113%	-	1.745%
3	Foreign	0.172%	-	-	0.172%
	Total	58.170%	41.177%	0.653%	100.000%

3 SHAREHOLDER INFORMATION (continued)

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2025 as follows:

S.No.	Shareholding (shares)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2,687	10,466,763	12.974%
2	50,000 to 500,000	168	22,484,547	27.871%
3	500,000 to 5,000,000	19	25,967,759	32.188%
4	More than 5,000,000	3	21,755,981	26.967%
	Total	2,877	80,675,050	100.000%

Description of the significant events that occurred during the year 2025 as follows:

During the year there was no significant impact.

4. COMPANY'S BOARD, DIRECTORS AND MANAGEMENT

4.1. Board Procedure

The Board procedure is clearly defined by the Charter of the Board. The Company has the practice of circulation of agenda and other supporting documents well in advance to enable the directors to deliberate and decide on all matters listed in the agenda to constantly enhance the performance of the Group.

4.2. Board and Directors' Responsibilities

The specific responsibilities of the Board include:

1. Monitoring the overall business performance;
2. Monitoring the performance of the executive management to ensure that the executives are compensated fairly;
3. Monitoring management performance and succession plan for Senior Management;
4. Accurate preparation of the quarterly and annual consolidated financial statements and ensure that financial statements are free from errors and frauds;
5. Monitoring conflicts of interest and preventing abusive related party transactions;
6. Convening and preparing for the shareholders meetings;
7. Recommending dividends to shareholders and ensure its execution;
8. Adapting, implementing and monitoring compliance with the Company's Code of Business Conduct;
9. Disclosure of financial information to the Government Authorities and the public within the stipulated time;
10. Reviewing the Group's objectives and policies relating to social responsibilities; and
11. Overseeing the direction and management of the company in accordance with Commercial Companies Law and other Rules and Regulations ordained by the Government of Bahrain.

4.3. Material Transactions that require the Board approval

The following material transactions require review of the Board of Directors, evaluation and approval:

1. The Company strategy;
2. The annual budget, capital expenditure budget, major contracts, diversification plans/divestment;
3. The financial statements;
4. Major resource allocations and capital investments; and
5. Management responsibilities and training, development and succession plan for Senior Management.

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.4. Director's profiles (Directorships of other Boards)**

The following members of the Board of Directors are also the member of the other listed companies in the Kingdom of Bahrain:

S.No.	Name of Director	Designation	Directorships and positions in other listed companies	Positions in any other key regulatory, government or commercial entities.
1	Mr. Yusuf Saleh Abdulla Al Saleh	Director	Nil	Chairman of the Board of Jaffaria Waqf Directorate (Ministry of Justice & Islamic Affairs & WAQF)
2	Dr. Esam Abdulla Yousif Fakhro (upto 26 March 2025)	Chairman	Bahrain Cinema Company (Cineco) B.S.C.	None
3	Mr. A. Redha Mohamed Redha Aldailami	Director	Delmon Poultry Company B.S.C.	None
4	Mr. Jehad Yusuf Abdulla Amin	Director	Bahrain Duty Free Complex B.S.C.	None
		Director	Bahrain National Holdings B.S.C.	
		Director	BMMI B.S.C.	
5	Mr. Abdulla Esam Fakhro (from 26 March 2025)	Vice Chairman	Bahrain Cinema Company (Cineco) B.S.C.	None
6	Mr. Faisal Mohamed Yusuf Abdulrahman Engineer (from 26 March 2025)	Director	Bahrain Cinema Company (Cineco) B.S.C.	None

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.5. Status of Directorships and Board Composition**

S.No.	Name of Director	Type (Executive / Non-Executive and Independent / Non-Independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment
1	Mr. Ebrahim Mohamed Ali Zainal	Chairman / Non-Executive / Non-Independent	61	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Al Saleh	Vice Chairman / Non-Executive / Non-Independent	62	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro (upto 26 March 2025)	Director and Executive Committee member / Non-Executive / Non-Independent	58	Businessman	1995
4	Mr. Jehad Yusuf Abdulla Amin	Director and Executive Committee member / Non-Executive / Non-Independent	47	Businessman	1998
5	Mr. Sami Mohammed Yusuf Jalal	Director and Executive Committee member / Non - Executive / Non - Independent	52	Businessman	1995
6	Mr. A. Redha Mohamed Redha Aldailami	Director / Non-Executive / Non-Independent	70	Businessman	1981
7	Mr. Fuad Ebrahim Khalil Kanoo	Director / Non-Executive / Non-Independent	63	Businessman	1994
8	Mr. Ali Yusuf A. Rahman A. Rahim (upto 26 March 2025)	Director / Non-Executive / Non-Independent	60	Businessman	1994
9	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non-Executive / Non-Independent	56	Businessman	1995
10	Mr. Sofyan Khalid Almoayed	Director / Non-Executive / Non-Independent	30	Businessman	2022
11	Mr. Abdulla Esam Fakhro (from 26 March 2025)	Director / Non - Executive / Independent	22	Businessman	2025
12	Mr. Faisal Mohamed Yusuf Abdulrahman Engineer (from 26 March 2025)	Director / Non - Executive / Non -Independent	14	Businessman	2025

There is no Female board member in the current Board.

Corporate Governance Disclosure

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.6. Election and Termination of Appointment of Directors**

Directors are elected for 3 years term. Elections take place in accordance with the Memorandum and Articles of Association of the Company and the Bahrain Commercial Companies Law. All the present Directors were elected during the Year 2025 for a period of 3 years. There is no maximum age limit at which a Director must retire from the Board. Each Director's term of appointment expires, pursuant to the terms of his Letter of Appointment and/or the provisions of the law.

4.7. Induction and Training of Directors

The Company has a formal induction program in place, which is designed for each new Director. The induction program includes i) an introductory pack containing, amongst other things, the Company Overview, Organisational Chart, Terms of Reference of the Board and Board Committees and key policies; ii) presentations on significant financial, strategic and risk issues; and iii) orientation meetings with key management. All continuing Directors are also invited to attend orientation meetings.

4.8. Director's Ownership of Company's shares

S.No.	Name	Type of Shares	Number of shares held as at 31/12/2025	Percentage %
1	Mr. Ebrahim Mohamed Ali Zainal	Ordinary Shares	2,123,001	2.632%
2	Mr. Yusuf Saleh Abdulla Al Saleh	Ordinary Shares	736,155	0.912%
3	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Ordinary Shares	331,115	0.410%
4	Mr. Sami Mohammed Yusuf Jalal	Ordinary Shares	203,901	0.253%
5	Mr. Jehad Yusuf Abdulla Amin	Ordinary Shares	1,300,000	1.611%
6	Mr. A. Redha Mohamed Redha Aldailami	Ordinary Shares	363,871	0.451%
7	Mr. Fuad Ebrahim Khalil Kanoo	Ordinary Shares	179,757	0.223%
8	Mr. Sofyan Khalid Almoayed	Ordinary Shares	184,744	0.229%
9	Mr. Abdulla Esam Fakhro	Ordinary Shares	8,391	0.010%
10	Mr. Faisal Mohamed Yusuf Abdulrahman Engineer	Ordinary Shares	161,591	0.200%
Total Number of shares held by Directors			5,592,526	6.932%

4.9. Director's Trading of Shares during the year

During the year, the following Board Member disposed / purchased additional shares in the Company:

Name	Position/Kinship	Number of shares held as at 31/12/2024	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2025
Mr. Yusuf Saleh Abdulla Al Saleh	Vice Chairman	735,429	-	726	736,155
Mr. Jehad Yusuf Abdulla Amin	Director	1,251,144	-	48,856	1,300,000
Mr. A. Redha Mohamed Redha Aldailami	Director	343,282	-	20,589	363,871
Mr. Faisal Mohamed Yusuf Abdulrahman Engineer (from 26 March 2025)	Director	68,739	-	93,212	161,591
Mr. Abdulla Esam Fakhro (from 26 March 2025)	Director	-	-	8,391	8,391

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)

4.10. Board Meetings

The Group should hold a minimum of **four** Board meetings during each year. The following table summarizes the information about the members' attendance in the Board of Directors meetings:

Meetings of Board of Directors held in 2025: **Six**

Name of Director	Business Title	05th Jan 2025	26th Feb 2025	26th Mar 2025	14th May 2025	10th Aug 2025	10th Nov 2025	% Attended
Mr Ebrahim Mohamed Ali Zainal	Chairman	✓	✓	✓	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Al Saleh	Vice Chairman	✓	✓	✓	✓	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro (upto 26 March 2025)	Director and Executive Committee Member	✓	✓					100%
Mr Jehad Yusuf Abdulla Amin	Director and Executive Committee Member	✓	✓	✓	✓	✓	✓	100%
Mr Sami Mohamed Yusuf Jalal	Director and Executive Committee Member	✓	✓	✓	✓	✓	✓	100%
Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	✓	✓	✓	✓	✓	✓	100%
Mr A.Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim (upto 26 March 2025)	Director	✓	✓					100%
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	✓	x	✓	✓	✓	83.33%
Mr Sofyan Khalid Almoayed	Director	✓	✓	✓	✓	✓	✓	100%
Mr. Abdulla Esam Fakhro (From 26 March 2025)	Director			✓	✓	✓	✓	100%
Mr. Faisal Mohamed Yusuf A.R Engineer (From 26 March 2025)	Director			✓	✓	✓	✓	100%

4 COMPANY’S BOARD, DIRECTORS AND MANAGEMENT (continued)

4.11. Remuneration Policy of Board of Directors

Article 188 of the Commercial Companies Law No.21 of 2001 explains the method of payment of remuneration to the directors. The remuneration policy is based on attendance fees and basic fees paid to the members of the Board of Directors.

Total proposed remuneration to the directors, subject to AGM approval, for the year 2025 amounted to BD 84,050/- (Year 2024: BD 119,925) and attendance fees paid for the year 2025 to the directors and other allowances for administrative services to the Chairman as per the table below:

Board of directors’ remuneration details						(Amounts in BD)							
Name	Fixed remunerations					Variable remunerations					Aggregate amount		
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total	End-of-service award	(Does not include expense allowance)	Expenses allowance
First: Independent Directors:													
Second: Non-Executive Directors:													
Mr. Ebrahim Mohamed Ali Zainal	-	5,000	-	22,800	27,800	8,200	-	-	-	8,200	-	36,000	-
Mr. Yusuf Saleh Abdullah Al Saleh	-	5,500	-	-	5,500	10,250	-	-	-	10,250	-	15,750	-
Dr. Esam Abdulla Yousif Fakhro (Up to 26 Mar 2025)	-	2,000	-	-	2,000	2,050	-	-	-	2,050	-	4,050	-
Mr. Jehad Yusuf Abdullah Amin	-	5,500	-	-	5,500	8,200	-	-	-	8,200	-	13,700	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,500	-	-	5,500	8,200	-	-	-	8,200	-	13,700	-
Mr. Sami Mohamed Yusuf Jalal	-	4,500	-	-	4,500	8,200	-	-	-	8,200	-	12,700	-
Mr. A. Redha Mohamed Redha Aldailami	-	3,500	-	-	3,500	8,200	-	-	-	8,200	-	11,700	-
Mr. Ali Yusuf A. Rahman A. Rahim (Up to 26 Mar 2025)	-	2,000	-	-	2,000	2,050	-	-	-	2,050	-	4,050	-
Mr. Fuad Ebrahim Khalil Kanoo	-	2,500	-	-	2,500	8,200	-	-	-	8,200	-	10,700	-
Mr. Sofyan Khalid Almoayed	-	6,000	-	-	6,000	8,200	-	-	-	8,200	-	14,200	-
Mr. Abdulla Esam Fakhro (Form 26 Mar 2025)	-	4,000	-	-	4,000	6,150	-	-	-	6,150	-	10,150	-
Mr. Faisal Mohamed Yusuf A.R. Engineer (Form 26 Mar 2025)	-	3,500	-	-	3,500	6,150	-	-	-	6,150	-	9,650	-
Third: Executive Directors:													
Total	-	49,500	-	22,800	72,300	84,050	-	-	-	84,050	-	156,350	-

*Others includes allowance paid for follow up and administrative services

4 COMPANY'S BOARD, DIRECTORS AND MANAGEMENT (continued)**4.12. Management**

The following table summarises the information about the profession, designation/business title, experience in years and the qualifications of the Senior Management:

S.No.	Name of members of Senior Management	Designation	Experience in years	Qualification
1	Mr. Azzam Moutragi	Group Chief Executive Officer	40	Master's Degree in Business Administration
2	Mr. R. Balasubramanian	Group Financial Controller	38	Fellow Member – Institute of Chartered Accountants of India
3	Mr. Aloysius Noronha	Operations Manager	34	Master's Degree in Business Administration (Marketing)
4	Mr. Sequeira Francisco	Maintenance Manager	41	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
5	Ms. Layla Darwish	Group Human Resource Manager	35	Diploma in Secretarial Studies
6	Mr. Wael Ahmed	Supply Chain Manager	31	-

The remuneration paid to the Senior Management during the year was as follows:

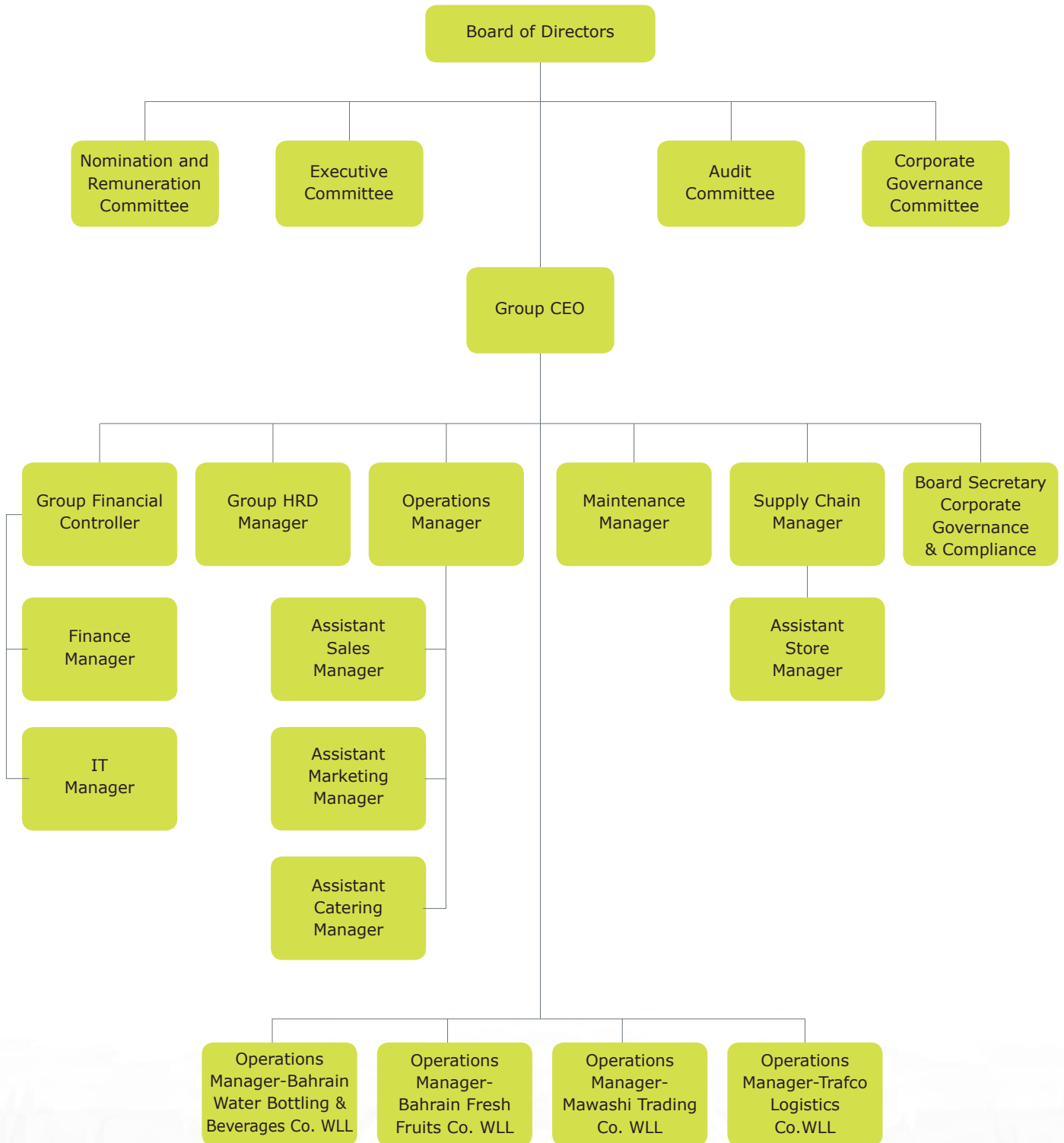
Executive management remuneration details				(Amount in BD)
Executive Management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2025	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	217,281	14,815	9,624	241,720

4.13. Code of Conduct/ Code of Ethics

The Company has the Code of Conduct/Code of Ethics policy describing the standards expected from each and every employee of the Group.

- Each and every employee should protect the assets of the Group.
- Group has to act on the customers' complaints promptly and courteously.
- No employee should take bribe from any outside person on behalf of the Group.
- The Group will not disclose the information about the customers/business associates to any other person/entities.
- The employees are not supposed to disclose information about the Group either during or after the service to any outside person/entities.

5. COMPANY ORGANIZATIONAL STRUCTURE



6 COMMITTEES

The Committees are constituted by the Board for good corporate governance. Scope of authority and responsibilities are clearly defined by the Charters of the respective Committee. Committees put forward suggestions and recommendations to the Board as and when deemed necessary. Minutes of the Committee meetings are distributed to the members of the Board periodically. The Board constantly evaluates the composition of the committees in the light of requirements of Law and for the successful functioning of the Company.

The following table summarises the information about the Board Committees, their members and objectives:

Board's Committee	Objective	Members	Independent/ Non-independent
Audit Committee	The Audit Committee is responsible for: 1) Monitoring the integrity of the financial reporting process, Trafco systems of Internal Control, review of the consolidated financial statements and reports, compliance of the board with legal and regulatory requirements and the performance of the Company's Internal Audit function. 2) To recommend the appointment of external auditors, agreeing their compensation, overseeing their independence, and preparing reports required to be prepared by the Committee pursuant to Central Bank of Bahrain, Bahrain Bourse, Bahrain Commercial Companies Law and other regulatory authorities in the Kingdom of Bahrain.	1. Mr. Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2. Mr. A. Redha Mohamed Redha Aldailami (Upto 26 March 2025) 3. Mr. Ali Yusuf A. Rahman A. Rahim (Upto 26 March 2025) 4. Mr. Sofyan Khalid Almoayed 5. Mr. Abdulla Esam Fakhro (From 26 March 2025) 6. Mr. Faisal Mohamed Yusuf A.R Engineer (From 26 March 2025)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Independent Non-Executive / Non-Independent
Executive Committee (Investment & Finance)	The Executive Committee is formed to discuss matters with the Company's management regarding senior staffing, financial performance, strategies, and all other issues as directed by the Board	1. Mr. Ebrahim Mohamed Ali Zainal (Chairman) 2. Mr. Yusuf Saleh Abdulla Al Saleh 3. Dr. Esam Abdulla Yousif Fakhro (Upto 26 March 2025) 4. Mr. Jihad Yusuf Abdullah Amin 5. Mr. Sami Mohamed Yusuf Jalal (From 26 March 2025)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent
Nomination and Remuneration Committee	Review and advise the Board of Directors on the Board's composition, new directors' nominations in addition to Board and Senior Management remuneration.	1. Mr. Ebrahim Mohamed Ali Zainal (Chairman) (Upto 10 August 2025) 2. Mr. Yusuf Saleh Abdulla Al Saleh (Chairman from 10 August 2025) 3. Dr. Esam Abdulla Yousif Fakhro (Upto 26 March 2025) 4. Mr. Jihad Yusuf Abdullah Amin 5. Mr. Sofyan Khalid Almoayed (From 10 August 2025) 6. Mr. Abdulla Esam Fakhro (From 26 March 2025)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Independent

6 COMMITTEES (continued)

Corporate Governance Committee	To review and ensure compliance with Corporate Governance Code framework and guidelines.	1. Mr. Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2. Mr. A. Redha Mohamed Redha Aldailami (Upto 26 March 2025) 3. Mr. Ali Yusuf A.Rahman A. Rahim (Upto 26 March 2025) 4. Mr. Sofyan Khalid Almoayed 5. Mr. Abdulla Esam Fakhro (From 26 March 2025)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Independent
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Audit Committee:

Mr. Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Audit Committee. The Audit Committee comprises of four directors. The Charter of the Audit Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Audit Committee Members:

- 1- Review the Company’s accounting and financial practices.
- 2- Review the credibility of the Company’s financial control, internal control and financial statements.
- 3- Review and approve the Company’s financial statements before presenting the same to the Board.
- 4- Discuss the significant accounting and financial policies and reporting issues for the financial year.
- 5- Review the Company’s compliance with legal requirements.
- 6- Consider and recommend to the Board the appointment, resignation, or dismissal of an external auditor, determine the audit fees and compensations and oversee the auditor’s work.
- 7- Discuss the significant observations of external and internal auditors and the response from the management.
- 8- Review the company’s risk management and internal audit functions.
- 9- Ensure the existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.
- 10-Deal with any concerns arising from the ‘whistleblower’ program adopted by the Board to allow for concerns to be raised confidentially.

The Company should hold a minimum of **four** Audit Committee meetings during each year. During the year, **four** meetings of the Audit Committee were held. The following table summarises the information about the members attendance in the Audit Committee meetings:

Members	19-Feb-2025	05-May-2025	04-Aug-2025	05-Nov-2025	% Attended
Mr. Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	✓	100%
Mr. A. Redha Mohamed Redha Aldailami (Upto 26 March 2025)	✓				100%
Mr. Ali Yusuf A. Rahman A. Rahim (Upto 26 March 2025)	✓				100%
Mr. Sofyan Khalid Almoayed	✓	✓	✓	✓	100%
Mr. Abdulla Esam Fakhro (From 26 March 2025)		✓	✓	✓	100%
Mr. Faisal Mohamed Yusuf A.R Engineer (From 26 March 2025)		✓	✓	✓	100%

6 COMMITTEES (continued)

Executive Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Executive Committee. The Executive Committee comprises of four directors. The Charter of the Executive Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Executive Committee Members:

- 1- Address specific matters delegated to it by the Board of Directors.
- 2- Make recommendations thereon to the Board and make decisions based on authorities specifically delegated by the Board.
- 3- Review and approve business and investment opportunities and proposals, credit, major procurement, and outsourcing matters, as may be delegated by the Board.

The Company should hold a minimum of **four** Executive Committee meetings annually as per internal Corporate Governance code. During the year, **three** meetings of the Executive Committee were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Members	23-Apr-2025	04-Nov-2025	29-Dec-2025	% Attended
Mr. Ebrahim Mohamed Ali Zainal	✓	✓	✓	100%
Mr. Yusuf Saleh Abdulla Al Saleh	✓	✓	✓	100%
Mr. Jihad Yusuf Abdullah Amin	✓	✓	✓	100%
Mr. Sami Mohamed Yusuf Jalal	✓	✓	✓	100%

Nomination and Remuneration Committee:

Mr. Ebrahim Mohamed Ali Zainal was the Chairman of the Nomination and Remuneration Committee up to 10 August 2025. Then, Mr. Yusuf Saleh Abdulla Al Saleh is appointed as Chairman of the Nomination and Remuneration Committee from 10 August 2025. The Nomination and Remuneration Committee comprises four directors. The Charter of the Nomination and Remuneration Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Nomination and Remuneration Committee Members:

- 1- Review the structure of the Board, periodically evaluate the directors' performance, and make recommendations to the Board on the necessary changes that should be made to address weaknesses to achieve the company's interests.
- 2- Ensure that adequate policies and procedures are in place for the evaluation of the performance of executive management.
- 3- Review the remuneration & sitting fees of the directors and making recommendations to the Board about their decision.
- 4- Approval of succession plans of senior management before the plans are presented to the Board for approval.

The Company should hold a minimum of **two** Nomination and Remuneration Committee meetings during each year. During the year, **two** meetings of the Nomination and Remuneration Committee were held. The following table summarises the information about the members attendance in the Nomination and Remuneration Committee meetings:

Members	23-Apr-2025	29-Dec-2025	% Attended
Mr Ebrahim Mohamed Ali Zainal (Upto 10 Aug 2025)	✓		100%
Mr Yusuf Saleh Abdullah Al Saleh	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro (Upto 26 Mar 2025)	✓		100%
Mr Jihad Yusuf Abdullah Amin	✓	✓	100%
Mr Sofyan Khalid Almoayed (From 10 Aug 2025)		✓	100%
Mr. Abdulla Esam Fakhro (From 26 Mar 2025)		✓	100%

Corporate Governance Committee:

Mr. Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Corporate Governance Committee. Corporate Governance Committee comprises four directors. The Charter of the Corporate Governance Committee specifies the roles and responsibilities assigned to the Committee.

Corporate Governance Disclosure

6 COMMITTEES (continued)

Competences of the Corporate Governance Committee Members:

- 1- Assist the board in developing Company's Corporate Governance policy framework and recommending changes from time to time to the framework developed.
- 2- Ensure the Company's practices conform to its corporate governance policy and is aligned to good governance practices.

The Company should hold a minimum of **one** Corporate Governance Committee meeting during each year. During the year, **one** meeting of the Corporate Governance Committee was held. The following table summarises the information about the members attendance in the Corporate Governance Committee meetings:

Members	04-Aug-2025	% Attended
Mr. Ebrahim Salahuddin Ahmed Ebrahim	✓	100%
Mr. Sofyan Khalid Almoayed	✓	100%
Mr. Abdulla Esam Fakhro	✓	100%
Mr. Faisal Mohamed Yusuf A.R Engineer	✓	100%

7. CORPORATE GOVERNANCE

Actions taken to complete the Corporate Governance Code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company has established the Code which provides an ethical and legal framework for all employees in the conduct of its business. The Code also defines how the Company relates to its employees, shareholders, and the community in which the Company operates.

The Board of Directors has adopted the Code and a Whistleblower Policy to monitor compliance with the ethical requirements of the Code. The Code provides clear directions on conducting business internationally, interacting with the Government entities, communities, business partners and general workplace behaviour having regard to the best practice of corporate governance models and ethics. The Code also sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

Compliances with the corporate governance code

Management and Board of Directors ensure compliance with corporate governance framework and guidelines to ensure compliance with the Corporate Governance Code and did not note any non-compliance during the year ended 2025 other than those reported under point 16 of this report.

8 CORPORATE GOVERNANCE OFFICER

S.No.	Name	Date of Appointment	Contact Details
1	Mrs. Fatima Bushihri	29/12/2022	Phone: +973-17729000 e-mail: fatima@trafco.com

9. IRREGULARITIES COMMITTED DURING THE FINANCIAL YEAR

There are no irregularities committed during the year 2025.

10. EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2025, in addition to a description of the auditor's years of service as the Company's external auditor is as follows:

10. EXTERNAL AUDITORS (continued)

Name of the audit firm	Ernst & Young – Middle East
Years of service as the Company's external auditor	26 years
Name of the partner in charge of the Company's audit	Prasanth Govindapuram
The partner's years of service as the partner in charge of the Company's audit	First year
Total audit fees for the financial statements for the year 2025 (in BD)	BD 25,235/-
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2025 (in BD).	BD 2,750/-

11. CONFLICT OF INTEREST

No conflicts of interest arose during the year ending 2025. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating in the discussion of such transaction or resolution to be taken. Members of the Board of Directors or its Committees usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution and concerned member(s) refrain from voting on these transactions or resolution where a conflict of interest arises.

12. RELATED PARTY TRANSACTIONS

All related party transactions are done on an arm's length basis and approved by the management of the Group. No employee or director or member of executive management can trade the shares with material information which is not made public. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction is detailed in section 17.

13. MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to providing relevant and timely information to its shareholders, investors, and regulators in accordance with its continuous disclosure obligations defined in the Code. Information is communicated to shareholders and regulators through the distribution of the Company's Annual Report and other information released about significant matters through the Company's website in a timely manner. The Board Secretary is responsible for communications with the shareholders and regulators, ensuring that the Company meets its continuous disclosures obligations as defined in the Code.

14. EVALUATION OF BOARD PERFORMANCE

The shareholders evaluate the performance of the Board of Directors and absolve them from liability in the Annual General Meeting. The Board of Directors evaluates the performance of the Chairman and Group CEO in the Board of Directors meeting.

During the year, 2025, evaluation was done in the following ways:

The Board has introduced annual performance evaluations of Board, its Committees, individual directors and executive management in accordance with their respective terms of reference and appointment agreements with the aim of improving the effectiveness and contributions towards the Group.

The evaluation is designed to determine whether the Board, its Committees, individual directors and executive management continues to be capable of providing the high level judgment required and are informed and up to date with the business and its goals and understand the context within which it operates.

Corporate Governance Disclosure

15 CONTRIBUTIONS TOWARDS COMMUNITY DEVELOPMENT AND ESG

During the year 2025, the total contribution to Charitable societies and others BD 61,629/-

A. ENVIRONMENTAL

- a. Forever Green Campaign - planted more than 2,000 various plants across Bahrain.
- b. Maraee Exhibition – for developing agricultural and livestock production sector
- c. Construction of Freezer and Chiller room at Central Laboratories (Salmabad).
- d. Continue to use Electric Forklift instead of Diesel Forklift to avoid environmental pollution.
- e. Continued reliance on Solar system to have green energy in Hidd warehouse.

B. SOCIAL

- a. Donations:
 - i. Parents Care Society
 - ii. Al Hala Club.
- b. Yearly Cash donations to 43 registered Societies and Associations.
- c. 1,395 number of Ramadan baskets distributed to the societies during Ramadan.
- d. Donation to needy staff’s family medical and other emergency expenses.
- e. Supporting for staff’s children university education fee.
- f. Ministry of Education (Physical training section) - Supplied 200,000 water bottles includes 20,000 bottles supplied during the 2024 and balance in 2025.

C. GOVERNANCE

- a. Annual Disclosure of Corporate Governance in the Annual Report.
- b. Board Committees to oversee and monitor adherence to best Corporate Governances practices and compliances on regular basis.
- c. As per the CBB regulation ESG report for the year 2025 is being separately published before end of June 2026.

16 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Principle	Non-compliant	Partially Compliant*	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.		✓		
Principle 2: The directors and executive management shall have full loyalty to the company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.		✓		
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.		✓		
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, roles and responsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.		✓		
Principle 9: The Company which offers Islamic services shall adhere to the principles of Islamic shari’a.			NA	
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	

* Partially compliant are explained in the following pages

16 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE (continued)

Trafco Group B.S.C. currently complies with all the provisions of the Code with the exception of following:

1. The Corporate Governance Code requires that the Chairman of the Board of Directors should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal is a non-independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains as a) business transactions are entered into on arms' length basis by the relative management, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the concerned directors refrain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Mr. Ebrahim Mohamed Ali Zainal status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
2. The Corporate Governance Code provides that the Chairman of the Nomination and Remuneration Committee should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal (upto 10 August 2025) is a non-independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains. However, from 10 August 2025 Mr Yusuf Saleh Abdullah Al Saleh appointed as Chairman of the Nomination and Remuneration Committee as he is an independent director as per CBB rule Appendix A.
3. The Corporate Governance Code provides that the Chairman of the Audit Committee should be an Independent Director. Mr. Ebrahim Salahuddin Ahmed Ebrahim is a non-independent director as per the provision Appendix (1) (3) (e) of the CG code as he is a Nominee director in Subsidiary Companies wholly owned by Trafco Group BSC. He is also the Chairman in Corporate Governance Committee. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Mr. Ebrahim Salahuddin Ahmed Ebrahim status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest. Further, he is independent director as per CBB rule Appendix A.
4. All the directors were elected through election process at AGM and most of them as independent directors, during the subsequent Board Meeting they were nominated to group subsidiary companies wholly or partially owned by Trafco Group BSC as directors, to have close monitoring and those accounts are consolidated at Group level, hence most of them treated as non-Independent directors as per the Appendix (1) (3) (e) of the CG code and most of directors are classified as independent as per CBB. However, this does not dilute the highest standards of corporate governance that the company maintains.

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS

Related party details for the year 2025

1. **TRAFCO** - Trafco Group B.S.C.
2. **ADC** - Awal Dairy Company W.L.L.
3. **BWBC** - Bahrain Water Bottling & Beverages Company W.L.L.
4. **BFFC** - Bahrain Fresh Fruits Company W.L.L.
5. **TLC** - Trafco Logistics Company W.L.L.
6. **MTC** - Mawashi Trading Company W.L.L

(Amounts in BD)

Abdulla Yusif Fakhro & Sons BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	430	-	-	-	430
Purchases	-	-	2,176	-	-	-	2,176
Other income	-	-	-	-	-	-	-
Receivables	-	-	72	-	-	-	72
Payables	-	-	68	-	-	-	68
Other expenses	61	-	-	120	-	-	181

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Alosra Supermarket WLL	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	84,950	55,510	-	16,220	-	-	156,680
Purchases	5,522	-	-	-	-	-	5,522
Other income	-	-	-	-	-	-	-
Receivables	22,039	6,989	-	2,491	-	-	31,519
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain National Holding BSC	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	86,189	30,619	-	-	-	-	116,808
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Cinema Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	4,118	4,118
Purchases	-	-	-	-	-	-	-
Other income	300	-	-	-	-	-	300
Receivables	-	-	-	-	-	766	766
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Duty Free Shop Complex (BSC)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	3,850	-	-	-	-	-	3,850
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

BANZ Group B.S.C. ©	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	1,951	-	8,816	-	10,767
Purchases	-	-	-	-	-	-	-
Other income	617,564	-	-	-	-	-	3,850
Receivables	-	-	311	-	1,071	-	1,382
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	928	928

BANZ Trading & Contracting WLL	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	1,363	-	-	-	1,363
Purchases	51,777	-	18,490	-	5,272	-	75,539
Other income	-	-	-	-	-	-	-
Receivables	-	-	512	-	-	-	512
Payables	370	-	429	-	-	-	799
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

BMMI B.S.C.	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	88,429	-	1,293	-	19,157	-	108,879
Purchases	-	-	-	-	-	-	-
Other income	64,383	-	-	-	-	2,100	66,483
Receivables	30,621	-	706	-	5,554	-	36,881
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Delmon Poultry Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	44,231	-	-	-	-	-	44,231
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ebrahim K Kanoo B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	30,454	-	-	-	30,454
Purchases	-	-	20,689	-	81,139	-	101,828
Other income	-	-	-	-	-	-	-
Receivables	-	-	11,150	-	-	-	11,150
Payables	1,322	-	10,577	-	2,278	-	14,177
Other expenses	4,489	-	-	4,813	-	888	10,190

Jalal Travel Agency	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	827	-	-	-	-	-	827
Other expenses	9,283	-	-	-	-	-	9,283

Gulf Agency Company (From April 2025)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	37,696	-	37,696
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	4,104	-	4,104
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Mohamed Ali Zainal Abdulla B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	63,290	53,258	350	-	4,794	-	121,692
Purchases	32,248	400,767	-	-	-	4,600	437,615
Other income	-	-	-	-	-	-	-
Receivables	-	18,167	350	-	-	-	18,517
Payables	-	10,746	-	-	-	-	10,746
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Mohamed Jalal & Sons Company	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	236,216	-	-	32,929	-	10,862	280,007
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	146,421	-	-	19,320	-	6,003	171,744
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Motor City Holding B.S.C. (c)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	1,038	-	-	-	1,038
Purchases	-	-	24,562	-	210	-	24,772
Other income	-	-	-	-	-	-	-
Receivables	-	-	805	-	-	-	805
Payables	1,338	-	1,152	-	-	241	2,731
Other expenses	2,108	-	-	696	-	623	3,427

National Transport Company	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	350	-	-	-	-	350
Other expenses	-	4,200	-	-	-	-	4,200

Saleh Al Saleh Company W.L.L	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	363	-	-	-	-	-	363
Purchases	-	-	-	-	-	2,315	2,315
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	375	375
Other expenses	-	-	-	-	-	-	-

The Food Supply Company W.L.L.	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	2,412	69,872	1,329	-	210	-	73,823
Purchases	19,248	-	18,600	-	-	-	37,848
Other income	-	-	-	-	-	-	-
Receivables	20,595	11,149	251	-	143	-	32,138
Payables	16,076	-	5,967	-	-	-	22,043
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

United Paper Industries	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	8,474	231,051	86,955	-	-	-	326,480
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	2,897	63,418	19,106	-	-	-	85,421
Other expenses	-	-	-	-	-	1,609	1,609

Suncity Ventures WLL (From April 2025)	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	-	-	-	4,384	-	2,415	6,799
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	3,709	-	2,486	6,195
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Yousif Abdul Rahman Engineer Co	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	8,636	-	-	-	-	-	8,636
Purchases	-	9,395	-	-	-	-	9,395
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	14,637	-	-	-	-	14,637
Other expenses	-	166,644	-	-	-	-	166,644

Ebrahim Salahuddin	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	2,975	-	1,153	-	-	-	4,128
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	87	-	-	-	-	-	87
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Jehad Yousif Amin	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	3,109	-	-	-	-	378	3,487
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	378	378
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Corporate Governance Disclosure

17 ANNEXURE 1: RELATED PARTY TRANSACTIONS (continued)

(Amounts in BD)

Yousif Saleh Al Saleh	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	15	-	-	-	-	-	15
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ali Yousuf Abdul Rahman Engineer	TRAFCO	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	103	-	-	-	-	-	103
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Common directorship	Trafco	ADC	BWBC	BFFC	TLC	MTC	TOTAL
Sales	490,498	178,640	39,361	53,533	70,673	17,773	850,478
Purchases	117,269	641,213	171,472	-	86,621	6,915	1,023,490
Other income	816,517	30,619	-	-	-	2,100	849,236
Receivables	219,763	36,305	14,157	25,520	10,872	9,633	316,250
Payables	22,830	89,151	37,299	-	2,278	616	152,174
Other expenses	15,941	170,844	-	5,629	-	4,048	196,462

Description	Sales	Purchase of goods and services	Other Income	Expenses	Due from related parties	Due to related parties
	BD	BD	BD	BD	BD	BD
Common directors	850,478	1,023,490	849,236	196,462	316,250	152,174



Ebrahim Mohamed Ali Zainal
Chairman

26 February 2026