

YAMAMAH
Insights

EQUITY HUB +

H1 2026 Report

Nadec

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01

Financial report

NADEC.

National Agricultural Development Company

TICKER
6010 · Saudi Exchange

SECTOR
Food & Beverages

PERIODS
Q1, Q2 and H1 · 2025 & 2026

H1 comparison

SAR million, unless shown as % or x

Indicator	H1 2025	H1 2026
Revenue	1,841.92	1,794.30
Gross margin	34.69%	29.64%
Operating margin	11.33%	9.82%
Net margin	11.87%	8.82%
Net margin excl. non-recurring	11.67%	4.75%
Operating cash flow	439.26	-21.76
Free cash flow	227.16	-247.12
Debt to equity[1]	0.06x	0.02x
Current ratio[1]	2.22x	2.81x

[1] Financial position ratios are at 30 June of each year.

Free cash flow = operating cash flow - capital expenditure.

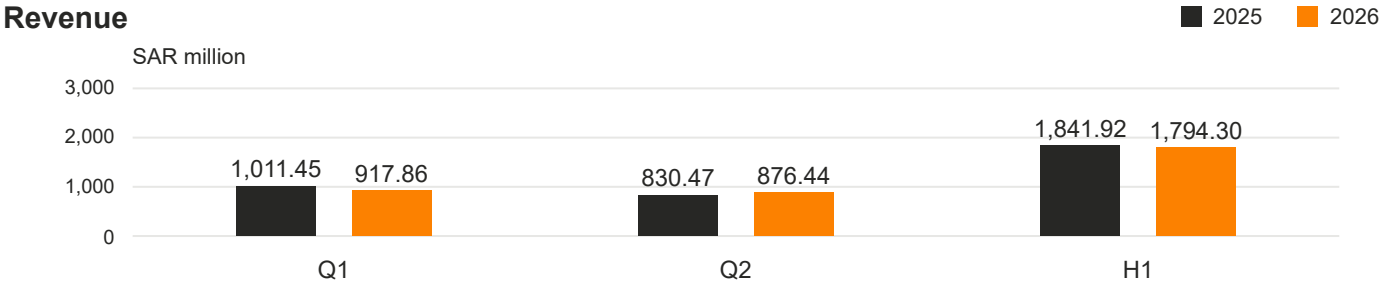
Debt as reported by the company.

Excludes reversal of impairment on old receivables: SAR 40.20m (Q1 2026), SAR 32.84m (Q2 2026).

02

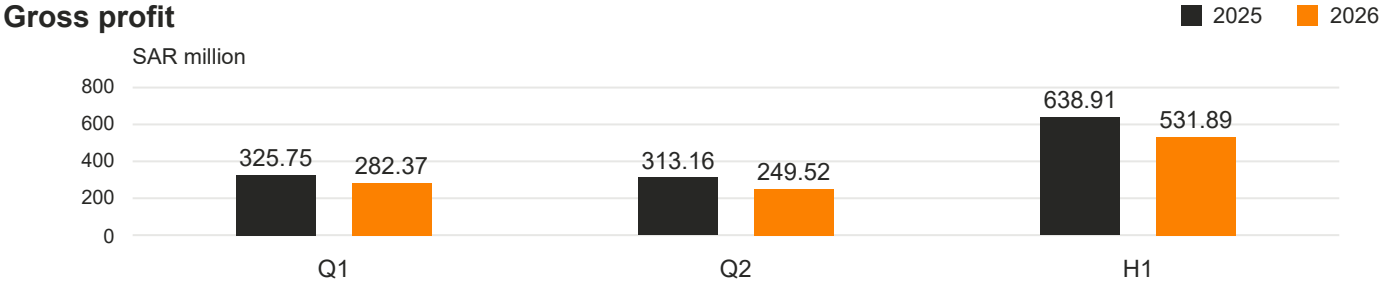
Performance and profitability

Revenue



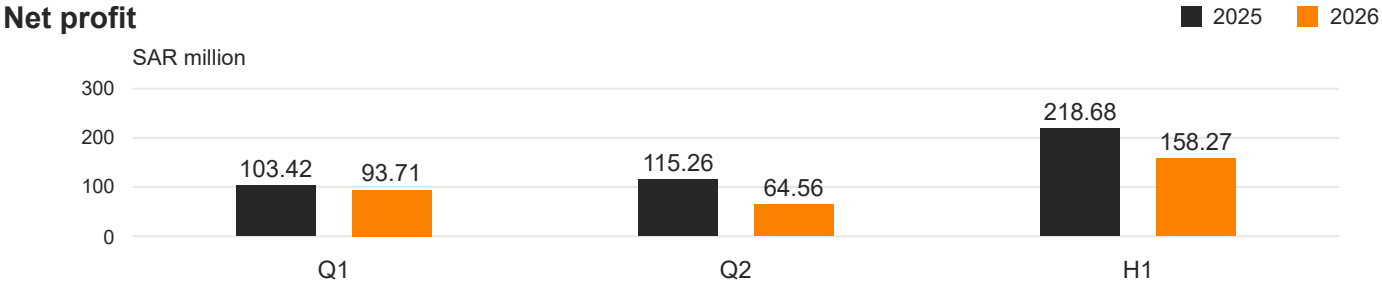
Source: company interim financial statements, Saudi Exchange.

Gross profit



Source: company interim financial statements, Saudi Exchange.

Net profit



Source: company interim financial statements, Saudi Exchange.

Revenue and profit · SAR million

Indicator	Q1 2025	Q1 2026	Q2 2025	Q2 2026	H1 2025	H1 2026
Revenue	1,011.45	**917.86**	830.47	**876.44**	1,841.92	**1,794.30**
Gross profit	325.75	**282.37**	313.16	**249.52**	638.91	**531.89**
Net profit	103.42	**93.71**	115.26	**64.56**	218.68	**158.27**

NADEC's performance declined in the first half of 2026. Revenue decreased by 2.59% to SAR 1,794.30 million, while net profit decreased by 27.62% to SAR 158.27 million. This difference suggests that the decline in profit was not only due to lower sales. The company also earned less profit from each riyal of sales.

Indicator	Q1 2025	Q1 2026	Q2 2025	Q2 2026	H1 2025	H1 2026
Net profit	103.42	**93.71**	115.26	**64.56**	218.68	**158.27**
Net profit excl. non-recurring	103.42	**53.51**	111.56	**31.72**	214.98	**85.23**

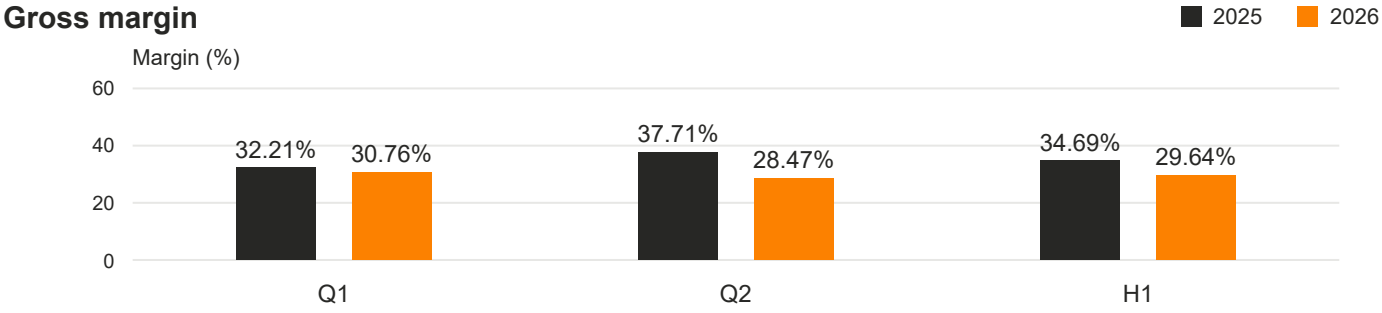
Profit in 2026 also benefited from the reversal of previously recognized impairment losses on receivables. After excluding the non-recurring items shown in the report, net profit for the first half decreased from SAR 214.98 million in 2025 to SAR 85.23 million in 2026. Therefore, relying on reported profit alone may make the company's performance appear stronger than it was after excluding these items.

Excludes reversal of impairment on old receivables: SAR 40.20m (Q1 2026), SAR 32.84m (Q2 2026).

03

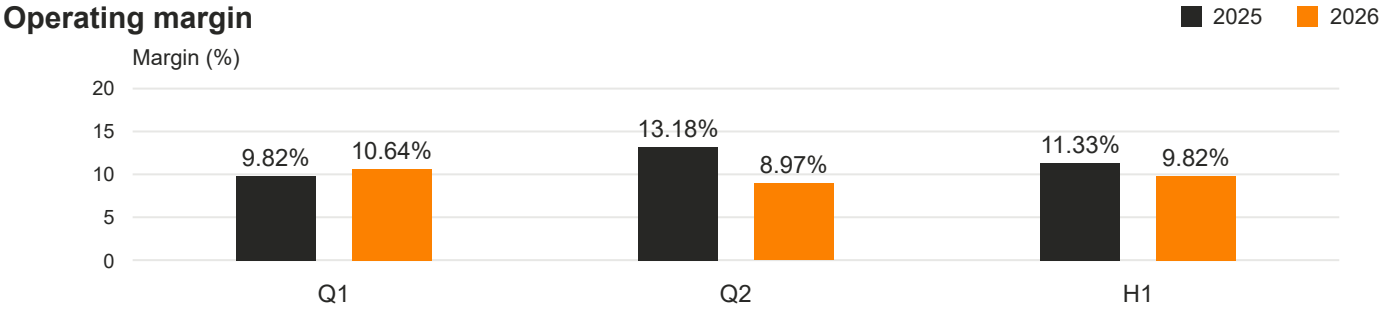
Profit margins

Gross margin



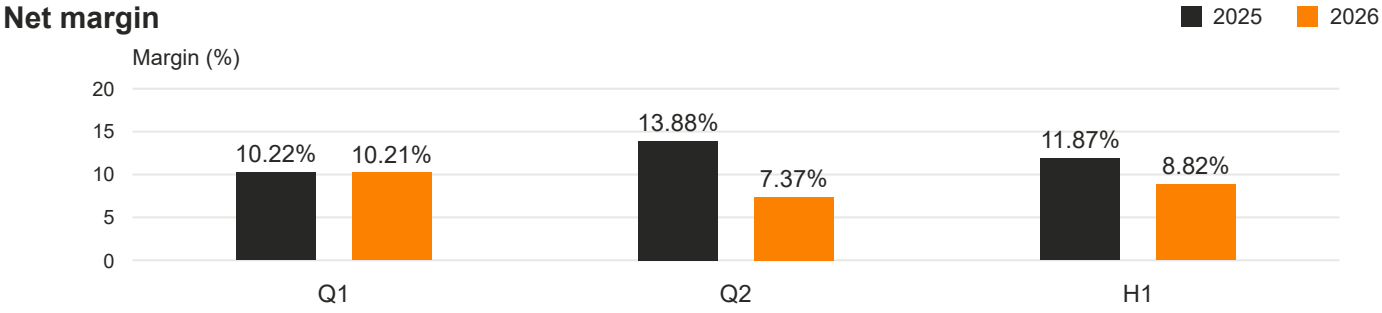
Source: company interim financial statements, Saudi Exchange.

Operating margin



Source: company interim financial statements, Saudi Exchange.

Net margin



Source: company interim financial statements, Saudi Exchange.

Profit margins · %

Indicator	Q1 2025	Q1 2026	Q2 2025	Q2 2026	H1 2025	H1 2026
Gross margin	32.21%	**30.76%**	37.71%	**28.47%**	34.69%	**29.64%**
Operating margin	9.82%	**10.64%**	13.18%	**8.97%**	11.33%	**9.82%**
Net margin	10.22%	**10.21%**	13.88%	**7.37%**	11.87%	**8.82%**
Net margin excl. non-recurring	10.22%	**5.83%**	13.43%	**3.62%**	11.67%	**4.75%**

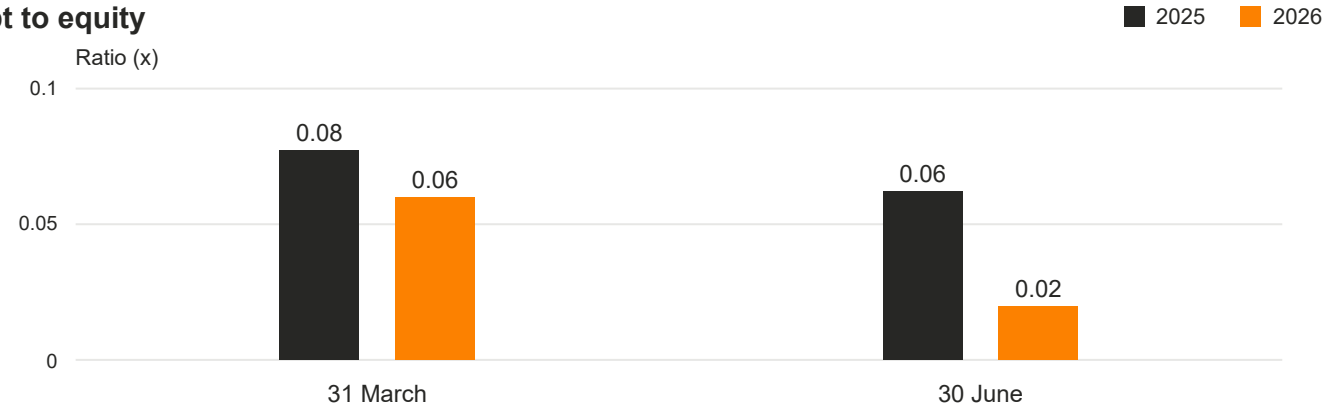
This was reflected in the decrease in the gross profit margin from 34.69% to 29.64%, and the operating margin from 11.33% to 9.82%. In the second quarter in particular, revenue increased by 5.54%, but net profit decreased by 43.99%. This shows that the improvement in sales was not enough to offset the pressure on profitability.

Excludes reversal of impairment on old receivables: SAR 40.20m (Q1 2026), SAR 32.84m (Q2 2026).

04

Financial position

Debt to equity

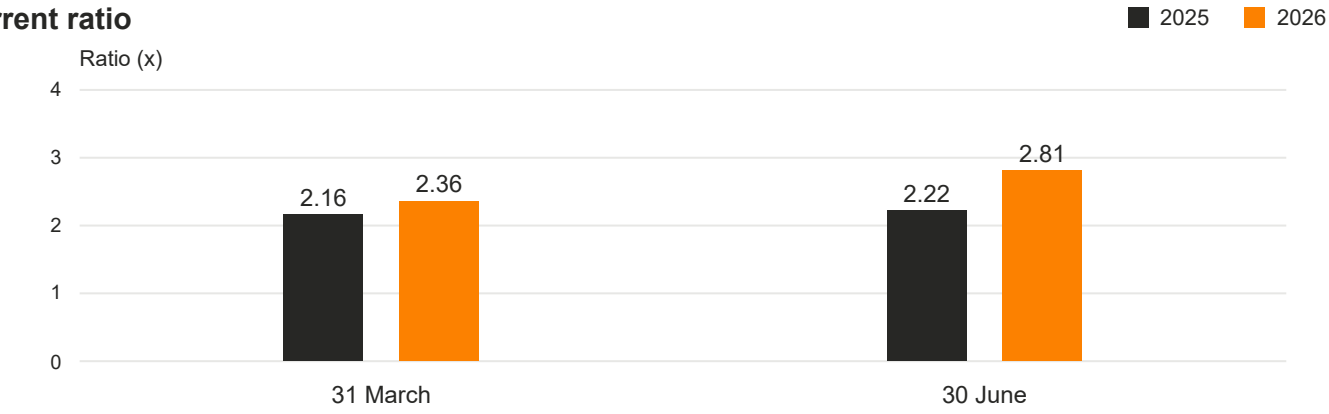


Source: company interim financial statements, Saudi Exchange.

Indicator	31 Mar 2025	31 Mar 2026	30 Jun 2025	30 Jun 2026
Debt to equity	0.08x	**0.06x**	0.06x	**0.02x**

NADEC's financial position ratios showed lower reliance on borrowing relative to shareholders' equity. The debt-to-equity ratio fell from 0.06 times at the end of June 2025 to 0.02 times at the end of June 2026, according to the definition of debt used in the report. This decrease is a positive factor, as it indicates lower exposure to borrowing-related risks.

Current ratio



Source: company interim financial statements, Saudi Exchange.

Indicator	31 Mar 2025	31 Mar 2026	30 Jun 2025	30 Jun 2026
Current ratio	2.16x	**2.36x**	2.22x	**2.81x**

The current ratio also increased from 2.22 times to 2.81 times, indicating improved coverage of current liabilities by current assets. However, this improvement does not necessarily mean that more cash is available, as current assets include inventory and receivables. Therefore, the current ratio should be considered alongside cash flows and how quickly the company collects payments from its customers.

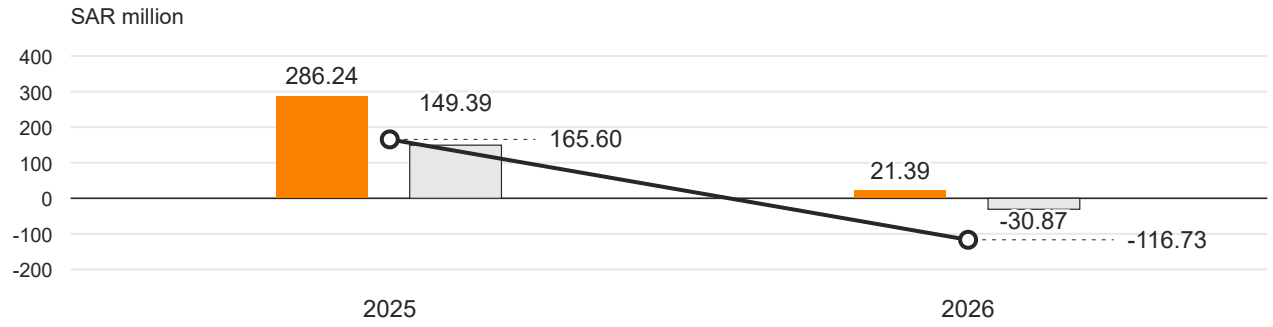
Debt as reported by the company.

05

Cash flows

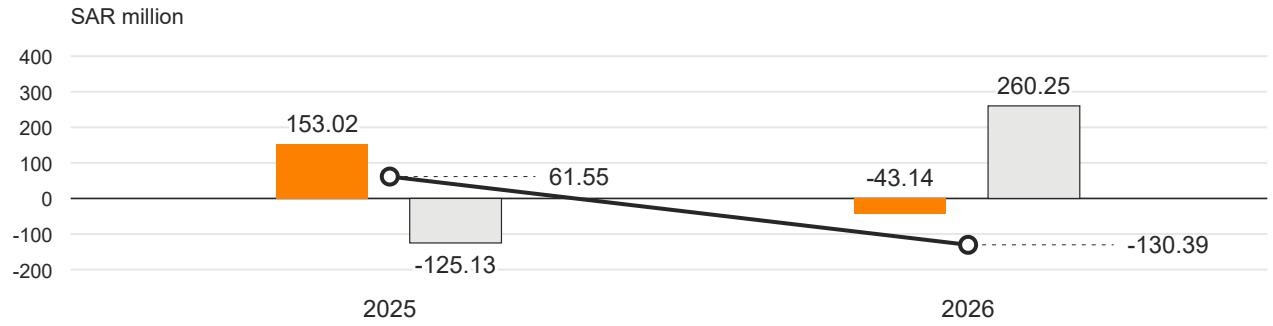
Operating cash flow | Investing cash flow | Free cash flow

Q1 cash flows



Source: company interim financial statements, Saudi Exchange.

Q2 cash flows

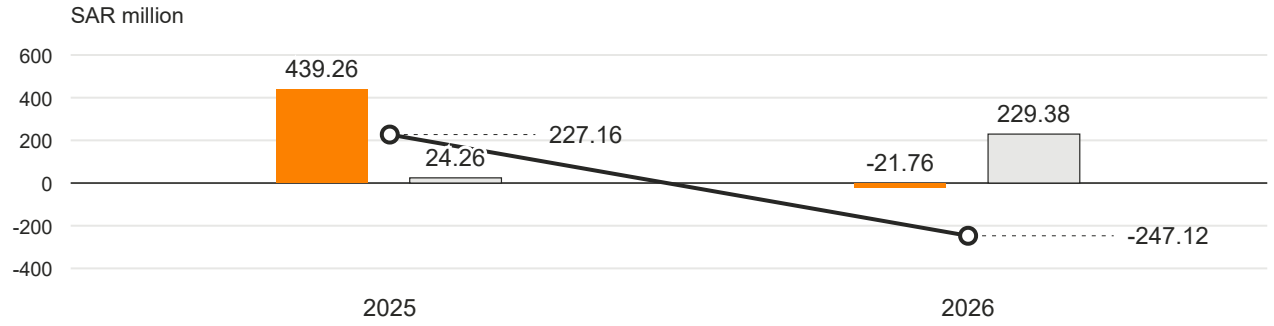


Source: company interim financial statements, Saudi Exchange.

06

Cash flows — continued

H1 cash flows



Source: company interim financial statements, Saudi Exchange.

Indicator	Q1 2025	Q1 2026	Q2 2025	Q2 2026	H1 2025	H1 2026
Operating	286.24	**21.39**	153.02	**-43.14**	439.26	**-21.76**

The decline in operating cash flow was one of the most prominent weaknesses during the period, shifting from a positive cash flow of SAR 439.26 million to a negative cash flow of SAR 21.76 million. This means that operations consumed more cash than they generated during the first half, despite the company reporting accounting profits.

Indicator	Q1 2025	Q1 2026	Q2 2025	Q2 2026	H1 2025	H1 2026
Capital expenditure	120.63	**138.12**	91.47	**87.24**	212.10	**225.36**
Free cash flow	165.60	**-116.73**	61.55	**-130.39**	227.16	**-247.12**

At the same time, capital expenditure increased from SAR 212.10 million to SAR 225.36 million. As a result, free cash flow shifted from positive SAR 227.16 million to negative SAR 247.12 million. The decline in cash flow from operating activities was the main factor behind this change, compared with the relatively small increase in capital expenditure.

Indicator	Q1 2025	Q1 2026	Q2 2025	Q2 2026	H1 2025	H1 2026
Investing	149.39	**-30.87**	-125.13	**260.25**	24.26	**229.38**

Positive investing cash flow of SAR 229.38 million provided cash during the period, but it does not indicate the ability of operating activities to generate cash. Assessing whether this inflow could continue requires understanding the transactions that generated it.

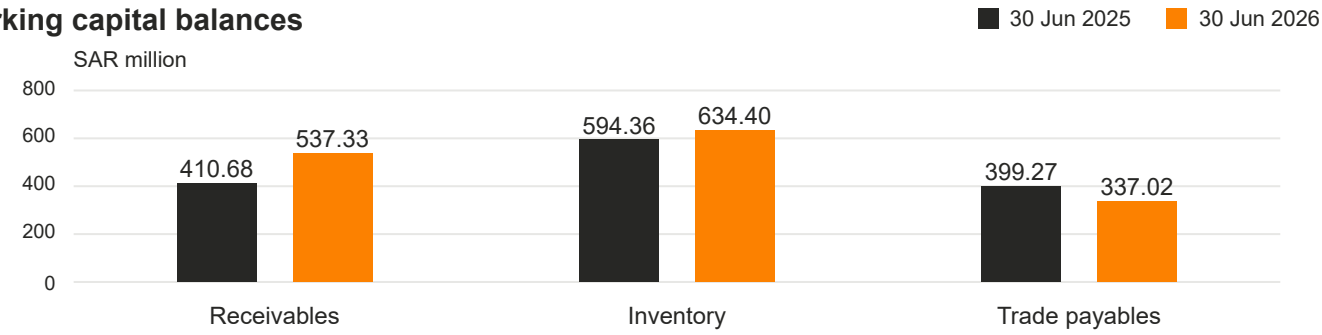
Free cash flow = operating cash flow - capital expenditure.

Q2 operating cash flow and capital expenditure: derived as H1 minus Q1. Figures may differ due to rounding.

07

Sector indicator

Working capital balances



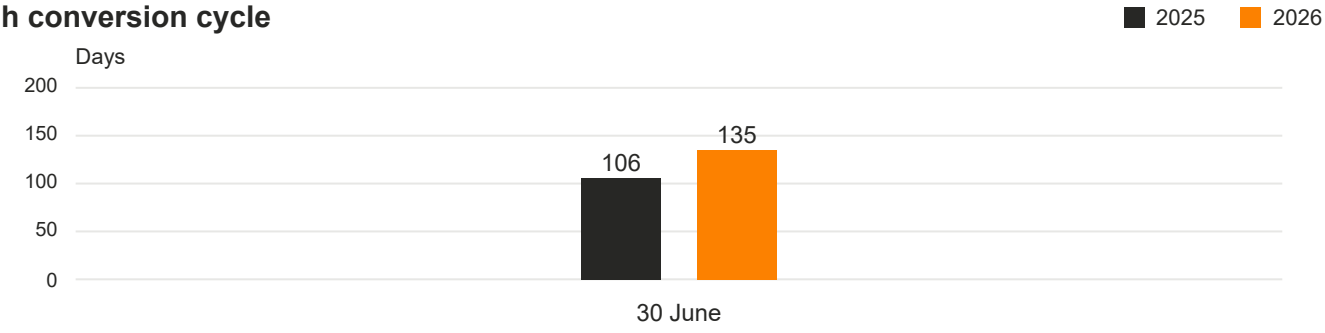
Source: company interim financial statements, Saudi Exchange.

Indicator	30 Jun 2025	30 Jun 2026
Receivables	410.68	**537.33**
Inventory	594.36	**634.40**
Trade payables	399.27	**337.02**

Receivables increased by 30.84% to reach SAR 537.33 million, despite a decrease in first-half revenues. This means that the amounts owed to the company by customers have increased, making it important to follow up on collections. However, a rise in the balance alone does not prove that customers are late in making payments.

Inventory increased by 6.74% to SAR 634.40 million, while trade payables decreased by 15.59% to SAR 337.02 million. These changes indicate that more funds are tied up in inventory and receivables, while financing provided by supplier balances decreased compared with the same date in the previous year.

Cash conversion cycle



Source: company interim financial statements, Saudi Exchange.

Indicator	30 Jun 2025	30 Jun 2026
Cash conversion cycle (days)	106	**135**

The cash conversion cycle increased from 106 to 135 days, indicating that the company needs a longer period to recover cash tied up in operations. The management of this cycle is particularly important in the food and beverage sector, where product availability, storage costs and expiration risks must be balanced.

08

Growth, risks and conclusion

5. Growth potential

The rise in second-quarter revenue is a positive sign after declining in the first quarter, but it is not enough alone to confirm a continued recovery. More important is the company's ability to convert sales growth into better profits and cash flow.

Capital expenditure may support production or improve efficiency in the future, but its impact depends on the nature of the projects and the return they generate. Reduced indebtedness may give the company financing flexibility, but improved operating cash flow will make growth financing more sustainable.

6. Risk factors

The most prominent risks in the results are declining margins, weak operating cash flow, and higher funds tied up in receivables and inventory. If these trends continue, the company may need to rely more on its cash balances or other sources of financing to cover its needs.

Also, gains from reversing impairment losses may not recur at the same level, making it important to track profits after excluding non-recurring items. While a decrease in debt mitigates financing risks, it does not eliminate risks associated with profitability and working capital management.

7. Conclusion

NADEC's results in the first half of 2026 reflect a mixed picture: the company maintained low debt and improved its current ratio, while profitability declined and operating cash flows weakened. The improvement in second-quarter sales was not accompanied by an improvement in profits. Therefore, the evaluation of performance in the coming periods depends on the company's ability to improve its margins, accelerate the conversion of sales to cash, and achieve an appropriate return on its capital expenditure.