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Moderator : Phibion Makuwerere
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Operator: Thank you for standing by. My name is Janis, and I will be your conference operator today. At this time, I would like to welcome everyone to Baladna Conference Call.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star followed by the number one on your telephone keypad. And if you would like to withdraw your question, press star one again. Thank you.

And I would now like to turn the conference over to Phibion. You may begin.

Phibion Makuwerere: Thank you, Janis. Good afternoon to you all. I would like to welcome you all to the Baladna 1H and 2Q 2026 Earnings Conference Call.

On the call today from Baladna's management team, we have Ghulam Abbas, the Senior Finance Director. As usual, he will first give us an overview of what transpired during the quarter, and then we have a Q&A session immediately after.

Let me now turn over the call to Ghulam to begin. Over to you, Sir. Please go ahead.

Ghulam Abbas: Thank you so much, Phibion, and good afternoon, everyone. Today, we are here to discuss Baladna's financial results for the six-month period ended 30 June 2026.

My name is Ghulam Abbas, and I serve as the Senior Director Finance here at Baladna. Thank you all for taking the time to join us today. The presentation material has already been shared and is available on our website as well.

Before we begin, please note that today's discussion may include forward-looking statements based on current expectations and assumptions. Actual results may differ due to external factors.

So, the first half of 2026 was another strong chapter in Baladna's growth journey, marked by solid financial and operational performance. We also made meaningful progress on our international expansion in Algeria and Syria while further strengthening our leadership in the domestic market through continued innovation and disciplined commercial execution.

The ongoing Rights Issue, which is expected to strengthen our capital base and accelerate our long-term growth strategy, is another key highlight of the period under discussion. The strong support from shareholders reflects their confidence in our vision and business model. I'll share more insights about Rights Issue during the later part of the call.

With that, let me first take you through our financial and operational performance before providing an update on the strategic progress across our international businesses, including the key milestones achieved during the period.

Turning to financial performance, I'm pleased to report another strong set of results for the first half, reflecting the continued strength of our core business and disciplined execution. Despite the ongoing regional situation, our revenue for the first half has increased by 2.6% year on year to QR 659.4 million, supported by continued growth across retail channels, milk powder sales under government supply arrangements, the successful renewal of evaporated milk tenders, and the launch of new categories including Baladna's ice cream range. Together, these initiatives strengthened our commercial performance and supported balanced top-line growth during the period. Disciplined cost management and an optimized product mix drove a strong improvement in profitability. Gross profit increased by 16.7% to QR 194.2 million, with margin expanding from 25.9% to 29.5%.

The momentum continued further down the income statement. EBITDA increased by 7.5% to QR 477.6 million, with margin improvement to 72.4%, supported by our core business and higher fair value gains on investments and securities. Net profit increased by 10.2% to QR 362 million, with margin improvement to 55.3%, reflecting both operational strength and the contribution from our diversified investment portfolio.

Beyond earnings growth, the business generated healthy operational cash flows, providing flexibility to fund capital investments, our international expansion, and a strong liquidity position.

Turning to operational performance, the first half was characterized by continued commercial momentum, product innovation, and disciplined execution, further reinforcing our leadership in Qatar's dairy market.

Our retail business continued to perform strongly during the period, with revenue from retail key accounts up by 5% and retail traditional trade up 7% year-on-year, supported by continued product innovation and sustained consumer demand across core dairy and juice categories. While the HoReCa channel remained broadly stable due to evolving regional environment, our diversified channel mix and disciplined commercial execution enable us to maintain strong overall momentum. Innovation remains central to our growth strategy. During the first half, we expanded our product portfolio to 282 SKUs, including 29 new products across dairy and juice categories.

A key highlight was the introduction of new ice cream range, expanding our consumer offering into the dairy ice cream category. Launched in peak summer season, it is well positioned to benefit from seasonal demand while deepening consumer engagement and driving incremental retail growth. We also continue to strengthen our distribution network, which now comprises 149 sales routes, serving more than 3,800 customers across Qatar. The continued expansion has enhanced product availability, improved

market penetration, and further strengthened our relationship across both modern and traditional trade channels.

Another important achievement during the period was the successful renewal of the government evaporated milk tender for the year 2026. Beyond reinforcing our leadership in this key product category, the renewed contract provides greater demand visibility and strengthens the resilience of our core dairy business. Overall, these achievements reflect the strength of our integrated business model and our ability to translate innovation and disciplined execution into sustainable long-term growth.

Moving to international expansion strategy, the first half marked another period of meaningful execution across our priority growth markets, translating long-term vision into tangible progress that will underpin the next phase of growth. In Algeria, execution continued to gather momentum, with significant progress achieved across infrastructure development, arable farming, and construction activities. We launched dairy cattle import program from the United States with the first airlift scheduled for November 2026, supporting the phased introduction of approximately 30,000 Holstein Friesian dairy cows. Construction of the dairy farms also commenced while the processing facilities progressed into the equipment supply stage. In Syria, we also achieved several important milestones. Construction commenced at our manufacturing facility in Adra Industrial City following completion of key design, land consolidation and environmental approvals, while engineering and procurement activities continued to advance toward operational readiness. Collectively, these achievements demonstrate that our international expansion continues to advance in a disciplined, structured manner. While these projects remain long-term investments, we are encouraged by the progress achieved and remain focused on executing each phase with the same discipline that has underpinned our success in Qatar.

Moving to our Rights Issue. I would like to share some insights, one of the most significant milestones during the first half.

Following shareholder approval, the Rights Issue is expected to proceed through the issuance of approximately 536 million new ordinary shares on the basis of one new share for every four existing shares, raising approximately QR 541 million. Upon completion, the Company's paid-up share capital will increase from QR 2.14 billion to QR 2.6 billion, further strengthening our capital base and financial flexibility. The Rights Issue marks an important milestone in our growth journey and reflects shareholders' strong confidence in our strategy, operating model and long-term growth prospects.

As outlined in the Rights Issue prospectus, the proceeds are intended to support investments that drive our long-term growth, including the continued expansion of our business in Qatar, and the development of integrated dairy and agricultural businesses across the region. This includes evaluating a fully integrated dairy platform in Syria, spanning farming, processing, manufacturing, packaging, warehousing and logistics infrastructure. We are confident that the Rights Issue will reinforce Baladna's financial resilience and provide a powerful platform for executing its ambitious growth strategy. By enhancing liquidity and strategic flexibility, it will enable the Company to capitalize on compelling investment opportunities, while maintaining rigorous capital discipline and maximizing long-term shareholder returns.

To conclude the call, the first half marks another important milestone in Baladna's growth journey with strong financial and operational performance, continued domestic leadership, and meaningful progress on our international expansion. Our core business continued to demonstrate its resilience supported by disciplined commercial execution, ongoing product innovation, and the strength of our vertically integrated operating model. At the same time, we remain focused on advancing our international projects while maintaining the operational excellence that has consistently underpinned our success. The rights issue further strengthens our ability to execute these priorities, enhancing our financial flexibility and providing capital for next phase of growth. As we look ahead, our priorities remain clear: strengthen our home market leadership, execute our international growth strategy with discipline, and continue creating sustainable value for our shareholders and stakeholders. Backed by a strengthened capital base and a clear strategic roadmap, we believe Baladna is well positioned to deliver sustainable growth for years to come.

Thank you once again for joining us today and for your continued interest in Baladna. I will now hand the call back to Phibion to begin the question-and-answer session. Over to you, Phibion.

Operator:

At this time, I would like to remind everyone, in order to ask questions, press star then the number one on your telephone keypad. We'll just pause for just a moment to compile the Q&A roster.

Your first question is coming from the line of Wei Chow with Al Rayan Bank. Please go ahead.

Wei Chow:

Hi, good afternoon, everyone. Thank you for the call. I have three questions, please. The first question is on the Algeria and Syria project. Can you just refresh us on what is the progress as of now and when are these projects expected to be reflected in the financials?

The second question is on the renewed contract of the evaporated milk. Can you let us know what are the new terms and volumes that are being contracted in the new contract?

And the third question is on the ice cream portfolio that have been launched; how is the take-up that you are seeing, and what is the expected contribution going forward?

Ghulam Abbas:

Thank you so much for your questions. Let me answer one by one. The first question was regarding the international expansion for Algeria and the Syria project. As I mentioned during the call, both are moving as per the plan, and we have made very strong progress. Like in Algeria, now we are in the construction stages for the factory as well as for our cow barns. Similarly, the arable farming is happening now; you may have noticed in some previous releases as well. Now we are greening the desert; pivots are now there, crops have been cultivated, and we are all set to import our cows in the fourth quarter from November onward to start the next phase of the project. A lot of contracts to the different vendors has already been awarded, and they are working for the readiness of the machinery and plant as well. In Syria, the project has kicked off a few weeks back. Now the construction has been started on the ground. All the permits and necessary approvals from the government of Syria have been approved. On the other side of the construction of the factory, in parallel, we are working on the farm

and the factory as well. So, land has been protected, and very soon we are going to start those projects as well.

Now moving to your second question for evaporated milk. The contract nature is similar to last year. The revenue is around QR 110 million to QR 120 million for the full year. Partially around QR 35 million has already been given to the government, and the revenue has been recognized in the first half. And we believe that this opportunity is going to stay there because we have been able to develop a unique capability and the manufacturing facility over the period of time in terms of our plant force.

Moving to your third question, the ice cream business. Yes, the momentum is quite high. People are liking the flavors too much. And we have to be very honest, very much convinced that this is the next big business for Baladna in coming years. Up until now, we have launched a number of flavors. We got very good responses from almost all ages of the consumers from kids to the young and adults. Currently, it is through our import model, but with the response that we are getting from the market, management is considering that we might need to have a manufacturing facility for this business in-house here in Qatar.

Wei Chow: For ice cream, do you have a target market share in mind, and also what are the margins like?

Ghulam Abbas: We believe it's around QR 30 million to QR 50 million revenue business for us. So, let's see going forward. Due to some supply issues that we have, I think, all the region is facing right now, the things are launched in small batches. But once the situation will be fine, I think the full range will be available with more stores in Qatar, and we perceive this business has a potential of QR 30 million to QR 50 million a year in terms of topline.

Wei Chow: Yes, sorry, if you don't mind, just one quick follow-up on the evaporated milk. I'm seeing that's a 26% decline in the first half. Can you let us know why? Is it going to pick up in the second half?

Ghulam Abbas: Yes, last year, the evaporated milk started from the 1st of January, in fact, December 2024. But this year, it has just started in April. So, the impact is because of that quarter. It will pick up. Last year, the total revenue was QR 108 million. This year it will be QR 120 million.

Wei Chow: Okay. Thank you very much.

Ghulam Abbas: Thank you so much.

Operator: There are no other questions in queue at this time. That concludes our Q&A session. I will now turn the conference back over to Phibion for closing remarks. Please go ahead.

Phibion Makuwerere: All right, just before I close, I've got one question of my own. Just wondering what's happening with your Juhayna investment? I think last time, you mentioned that you're considering to exit it. What's the story there?

Ghulam Abbas: No, no such news, we should not have anywhere. We are just holding our investment there. As such, there is no plan to exit right now.

Phibion Makuwerere: In the holding, is it still around 15%-16%?

Ghulam Abbas: Yes, 16.25%. Juhayna is performing very well. Other than this currency devaluation issue that is related to the country itself, Juhayna's performance is fine. And we have good returns on Juhayna. We recently got around QR 5 million cash dividend as well. And with their bonus issue, which is expected to hit our accounts by the 8th of August, business is doing fine, so there are no such discussions underway that we are going to exit.

Phibion Makuwerere: Okay, all right. Thanks for clarifying that. If there are no further questions, then this brings us to the end of our call today. Many thanks to you, Ghulam, for stepping in place of Saifullah, and I would like to thank everybody that has attended and for the questions asked. Please do join us again in the future. This concludes the end of our call.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.