

Annual Report 2025

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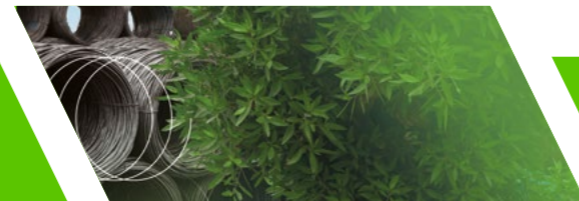
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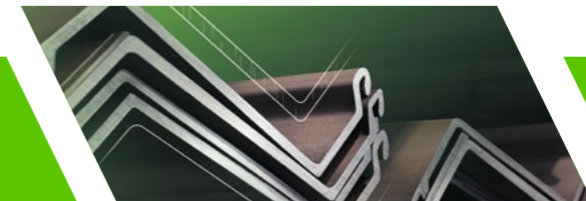
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Chairman's Statement



Together, we are building EMSTEEL - together, we are building the future.



Hamad Al Hammadi
Chairman of EMSTEEL

2025 marked a defining year for EMSTEEL, as we strengthened our position as a local industrial champion while laying the foundations for long-term, sustainable value creation. Operating under our unified identity for the first time, we demonstrated strategic discipline and resilience amid global uncertainty, while continuing to deliver operational excellence.

As the UAE's largest steel and building materials company, EMSTEEL remains deeply aligned with the nation's industrial ambitions. Throughout the year, we advanced initiatives that reinforce

our role in supporting economic diversification, supply-chain resilience, and responsible industrial growth. This allowed us to deliver strong financial performance, generating revenue of AED 8.9 billion, which marks a 7% increase compared to 2024. This result reflects not only robust demand across key markets, but also disciplined execution and the strength of our product portfolio.

A major milestone in 2025 was the launch of our AED 625 million Asset Enhancement Programme. Over the course of three years, this strategic

initiative will upgrade production capabilities, expand our portfolio of high-strength, value-added steel solutions, and enhance our competitiveness across regional and international markets. The targeted investments in these areas reflect our confidence in long-term demand fundamentals and our commitment to innovation-led growth.

As a responsible corporate citizen, sustainability remained central to our strategy. In 2025, EMSTEEL announced a comprehensive decarbonisation roadmap, targeting a 40% reduction in greenhouse gas emissions in our Steel Business Unit and a 30% reduction in our Cement Business Unit by 2030, with net-zero ambitions by 2050. I am proud of the headway we have made in 2025 towards these targets, including the industrial-scale production of decarbonised cement, the world's first pilot of electric process gas heaters in steelmaking, and the delivery of hydrogen-based rebar for landmark low-carbon construction projects.

It is encouraging to see our industry leadership in the field of sustainability be acknowledged by international recognition and certifications. We were awarded a provisional "AA" ESG rating from MSCI and became the first company in the MENA region to earn a ResponsibleSteel™ certification. The launch of our Green Finance

Framework and the introduction of TrueGreen™, our flagship low-carbon value proposition, further demonstrate our commitment to embedding sustainability principles throughout the Group.

Operational reliability and safety remained uncompromising priorities. In 2025, EMSTEEL surpassed 30 million Lost Time Injury-free man-hours, a testament to our strong safety culture and disciplined execution across all operations. The deployment of advanced digital solutions, including our HSE AI Advisor, reflects our continued investment in technology to enhance performance, safety, and decision-making.

As we enter the next phase of our journey, EMSTEEL is well positioned to address evolving market needs while delivering sustainable returns.

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders, customers, partners, and stakeholders for their continued trust and support. Last but not least, my gratitude goes to our management team and employees for their loyalty, dedication and hard work.

Together, we are building EMSTEEL - together, we are building the future.



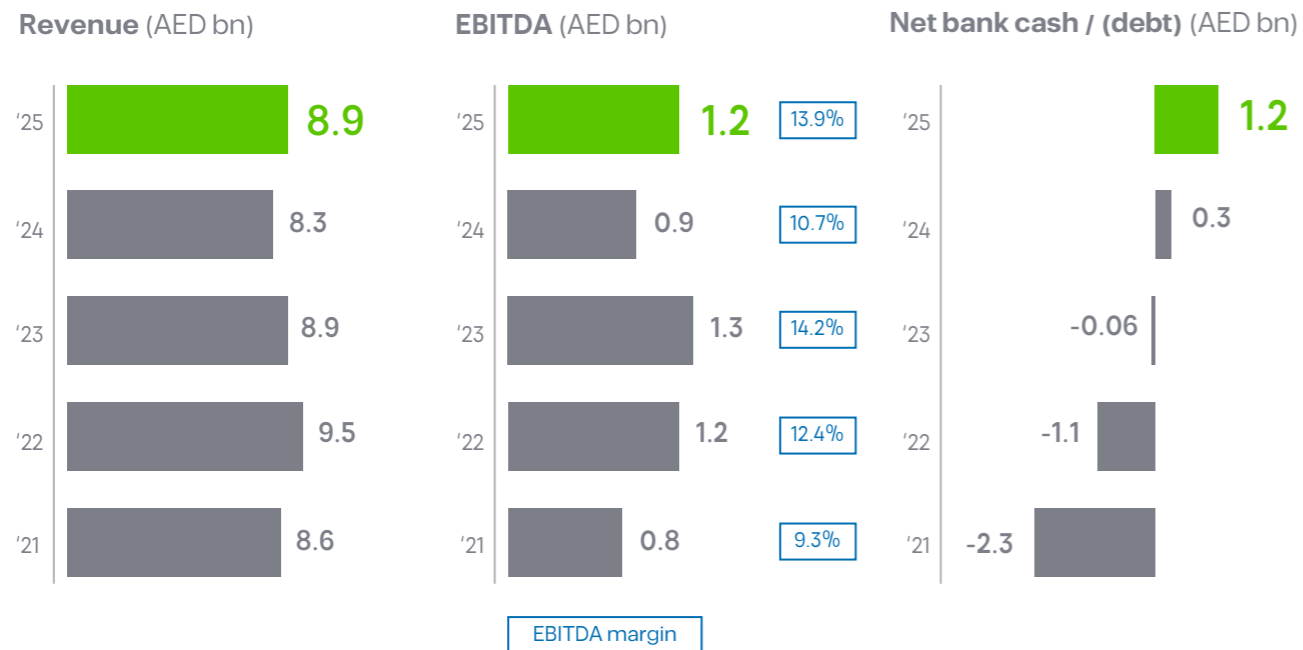
AED 8.9 billion
Revenue



AED 625 million
New Asset Enhancement Programme

At a Glance¹

Financial Highlights



During 2025, EMSTEEL delivered strong operational results, increasing total steel sales volumes by 7% year-on-year (YoY). Robust UAE market demand, combined with increased finished steel output allowed for growth of sales volumes of finished steel products by 16% YoY to 3.3 million tonnes. Additionally, cement and clinker sales volumes rose by 14% YoY to 3.7 million tonnes.

EMSTEEL reported revenues of AED 8.9 billion for the FY 2025, marking a 7% increase compared to the same period last year.

EBITDA reached AED 1.2 billion, up 39% YoY, with an EBITDA margin of 13.9%, compared to 10.7% in FY 2024. Increased sales volumes coupled with optimization initiatives and the continued efficient utilisation of production capacities, contributed to the improvement in the EBITDA margin.

EMSTEEL Net Profit for FY 2025 amounted to AED 523 million, up 33% compared to the same period last year. YoY growth is driven by strong operational performance.

As of 31 December 2025, the Group has further enhanced its net cash position to AED 1.2 billion, compared to AED 337 million as of 31 December 2024.

Operational Highlights

Steel

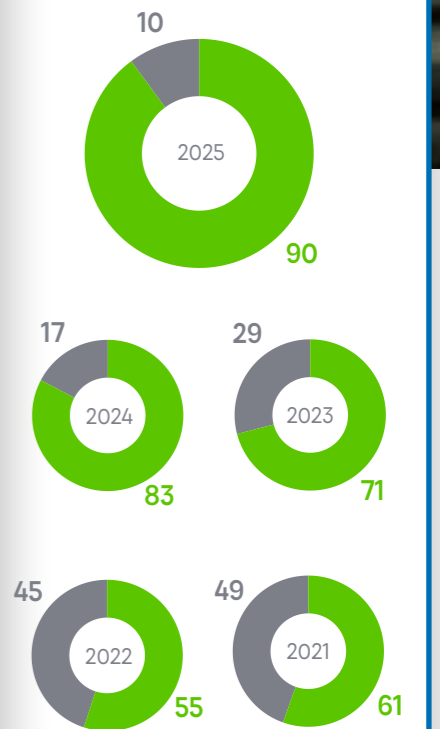
Production (kt)	2025	2024	Change, %	2023	2022	2021
Crude Steel	3,404	3,254	+4.5%	3,237	3,211	3,021
• Finished Steel Products	3,300	2,835	+16.4%	2,695	2,711	2,486
Sales (kt)²	2025	2024	Change, %	2023	2022	2021
Finished Steel Products + Billets	3,319	3,100	+7.1%	3,101	3,159	2,835
• Billets	24	252	-90.4%	391	447	358
• Finished Steel Products, including:	3,295	2,848	+15.7%	2,710	2,712	2,477
- Rebar	2,193	1,770	+23.9%	1,635	1,676	1,552
- Wire Rod and Rebar in Coil	535	489	+9.4%	517	513	477
- Heavy Sections and Sheet Piles	567	589	-3.8%	558	523	448

Cement and Clinker

Production (kt)	2025	2024	Change, %	2023	2022	2021
Clinker ³	3,327	2,246	+48.1%	2,964	3,244	2,798
Cement ⁴	2,184	1,839	+18.8%	1,878	1,760	2,093
Sales (kt)	2025	2024	Change, %	2023	2022	2021
Clinker ³	1,468	1,386	+5.9%	1,592	1,764	1,476
Cement ⁴	2,206	1,833	+20.4%	1,738	1,662	1,925

Sales

Steel sales geography (%)



■ Domestic Sales
■ Export Sales

EMSTEEL's strong financial results in 2025 reflect supportive UAE market conditions, and the Group's ability to respond effectively to growing demand EMSTEEL has efficiently leveraged increased UAE construction activity, which supported rebar demand and allowed the Group to maximize capacity utilization, while at the same time improving price realization in this core segment.

¹ All financial and operational results of the Group for 2021, and 2020 in this Integrated Report, excluding "Consolidated Financial Statements" chapter, are presented pro - forma.

² In 2025, the Company has also sold 190 kt of DRI and other steel products, -41% vs 2023.

³ Clinker constitutes: Clinker OPC and Clinker SRC.

⁴ Cement products are: Ordinary Portland Cement (OPC), Sulphate Resistant Cement, (SRC), Portland Limestone Cement, Slag and Dry Mortar.



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About EMSTEEL

EMSTEEL Building Materials PJSC is a public joint stock company and the UAE's largest steel and building materials manufacturer.

ADX: EMSTEEL



The Group was established through the combination of Emirates Steel and Arkan Building Materials in 2021. The merger created the UAE's leading steel and building materials company with significant growth potential. During the AGM in April 2023, shareholders approved the change of the legal name of the Group to 'EMSTEEL Building Materials PJSC' ('EMSTEEL'). Four years on since the merger, the Group is at the forefront of driving a sustainable and diversified national economy.

Currently, EMSTEEL is the largest producer of heavy and jumbo sections and the sole producer of hot rolled sheet piles in the region. It is also among the first steelmakers in the world to receive the ASME accreditation to produce nuclear grade rebar. The Group works with customers worldwide to provide tailored solutions, delivered in a timely manner. These solutions support the construction of cleaner, safer, and more durable buildings and infrastructure.

Furthermore, EMSTEEL is the first company in MENA to earn the global ResponsibleSteel™ certification, underscoring its leadership in sustainable and responsible steel production.. The Group is committed to leveraging cutting-edge technologies to further reduce its carbon footprint and to introduce innovative, low-carbon production to the market, including ES600, a sustainable product that sets new standards in the construction industry.

By delivering market-leading products to local industries, creating job opportunities for UAE nationals, and advancing its sustainable practices, the Group actively supports the UAE's industrial strategy 'Operation 300 billion'. With people at its core, EMSTEEL prioritises the health and wellbeing of its employees, aiming to set leading industry standards for safety, while also contributing to the professional growth and development of its workforce.



EMSTEEL is also a global leader in low-carbon steel production and the first steelmaker in the world to capture its CO₂ emissions, enabling it to operate with significantly lower carbon intensity in the steel division compared to WSA global average.

EMSTEEL is majority owned by ADQ, an active sovereign investor with a focus on critical infrastructure and supply chains.

For more information, please visit our website: www.emsteel.com.

Highlights and Achievements in 2025

In 2025, EMSTEEL delivered strong performance, demonstrating resilience and operational efficiency. As the UAE's largest steel and building materials company, the Group is committed to advancing the UAE's industrial strategy, contributing to sustainable growth in line with national climate goals, and fostering a more diversified economy.



Asset Enhancement Programme to Upgrade Production Capabilities and Expand Product Portfolio

EMSTEEL launched an AED 625 million Asset Enhancement Programme to enhance production capabilities and expand its product portfolio with high-strength, value-added steel solutions. The Programme includes advanced upgrades to rolling mills, focusing on ES600 and ASTM Grade 80/100 rebars, and the future installation of a 500 KTPA new wire rod outlet.



First Industrial-Scale Use of Decarbonised Cement in the Region

EMSTEEL signed a strategic partnership with Finland's Magsort to produce decarbonised cement, following a successful pilot at its Al Ain plant using 10,000 tonnes of materials that reduce carbon, which have been developed by incorporating steel-slag. This milestone strengthens EMSTEEL's circular economy model and supports its 2030 and 2050 decarbonisation targets across the steel and cement value chains.



TrueGreen™, a Landmark Value Proposition Empowering Sustainable Construction

EMSTEEL has launched TrueGreen™, a new sustainability identity uniting its decades of decarbonisation initiatives and setting global benchmarks for transparent, low-carbon steel production. With verified EPDs and digital carbon tracking, TrueGreen™ empowers builders and financiers to meet emissions goals and compete in sustainability-driven market.



Recognised as an ESG Leader with "AA" provisional rating from MSCI

EMSTEEL received a provisional "AA" ESG rating from MSCI, positioning the company at the forefront of environmental and social risk management. The rating highlights EMSTEEL's responsible carbon reduction efforts and exceptional workforce health and safety practices, with performance across majority of the ESG categories ranked above global industry averages.



EMSTEEL Expands Regional Collaboration with UAE-Oman Raw Material Logistics Agreement

Signed strategic agreements with Hafeet Rail Infrastructure LLC and Minerals Development Oman ("MDO") to enable sustainable cross-border transportation of up to 4.2 million tons of raw materials annually from Oman to the UAE.



Launch of Green Finance Framework to Accelerate Sustainable Growth and Advance Net Zero Ambitions

EMSTEEL launched its first Green Finance Framework, enabling the issuance of green bonds, and loans to fund low-carbon steel and cement projects. Aligned with global standards, the initiative reinforces EMSTEEL's sustainability strategy and supports its long-term net-zero ambitions.



Comprehensive Decarbonization Strategy, Aligned with the UAE's Net-Zero by 2050 Strategic Initiative

The Group announced its comprehensive decarbonization strategy, targeting a 40% reduction in GHG emissions in its Steel Business Unit and a 30% reduction in its Cement Business Unit by 2030, with a goal of net-zero emissions by 2050.



Major Safety Milestone with 30+ Million LTI-Free Man-Hours and Launch of HSE AI Advisor

EMSTEEL signed a landmark 20-year natural gas supply agreement with ADNOC Gas, valued between USD3.5 and USD4.2 billion and effective from January 2027, securing a stable, long-term energy supply to underpin operations and future growth.



First Company in MENA to Earn Global ResponsibleSteel™ Certification

EMSTEEL became the first company in MENA to earn the global ResponsibleSteel™ certification, underscoring its leadership in sustainable and responsible steel production.



Landmark 20-Year Gas Supply Agreement with ADNOC Gas

EMSTEEL signed a landmark 20-year natural gas supply agreement with ADNOC Gas, valued between USD3.5 and USD4.2 billion and effective from January 2027, securing a stable, long-term energy supply to underpin operations and future growth.



World's First Pilot of Electric Process Gas Heaters in Steelmaking

EMSTEEL launched the world's first Electric Process Gas Heater (ePGH) pilot in steelmaking – replacing gas-fired heaters with electric alternative at its DRI plants, eliminating over 2,200 tonnes of CO₂ annually.



Hydrogen-Based Rebar to Develop Abu Dhabi's First Net-Zero Mosque

EMSTEEL delivered the region's first hydrogen-based rebar for Abu Dhabi's first net-zero carbon mosque by Aldar in Sustainable City, Yas Island - a milestone in green construction and sustainable architecture.

Geographic Footprint

With global attention focusing on decarbonisation efforts, EMSTEEL is well-positioned to capitalise on the unprecedented demand growth for low carbon steel and sustainable building materials.



90%

Domestic steel sales volume





70+

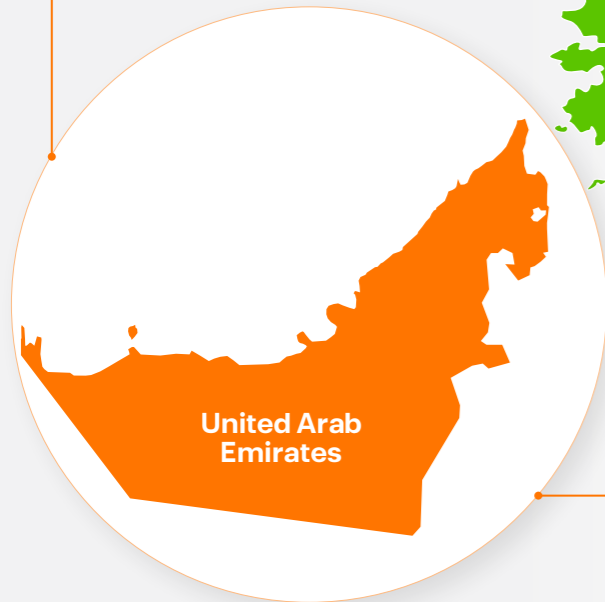
Countries



10%

Export steel sales volume

-  **Emirates Steel Division**
Abu Dhabi
-  **Emirates Cement Division**
Al Ain

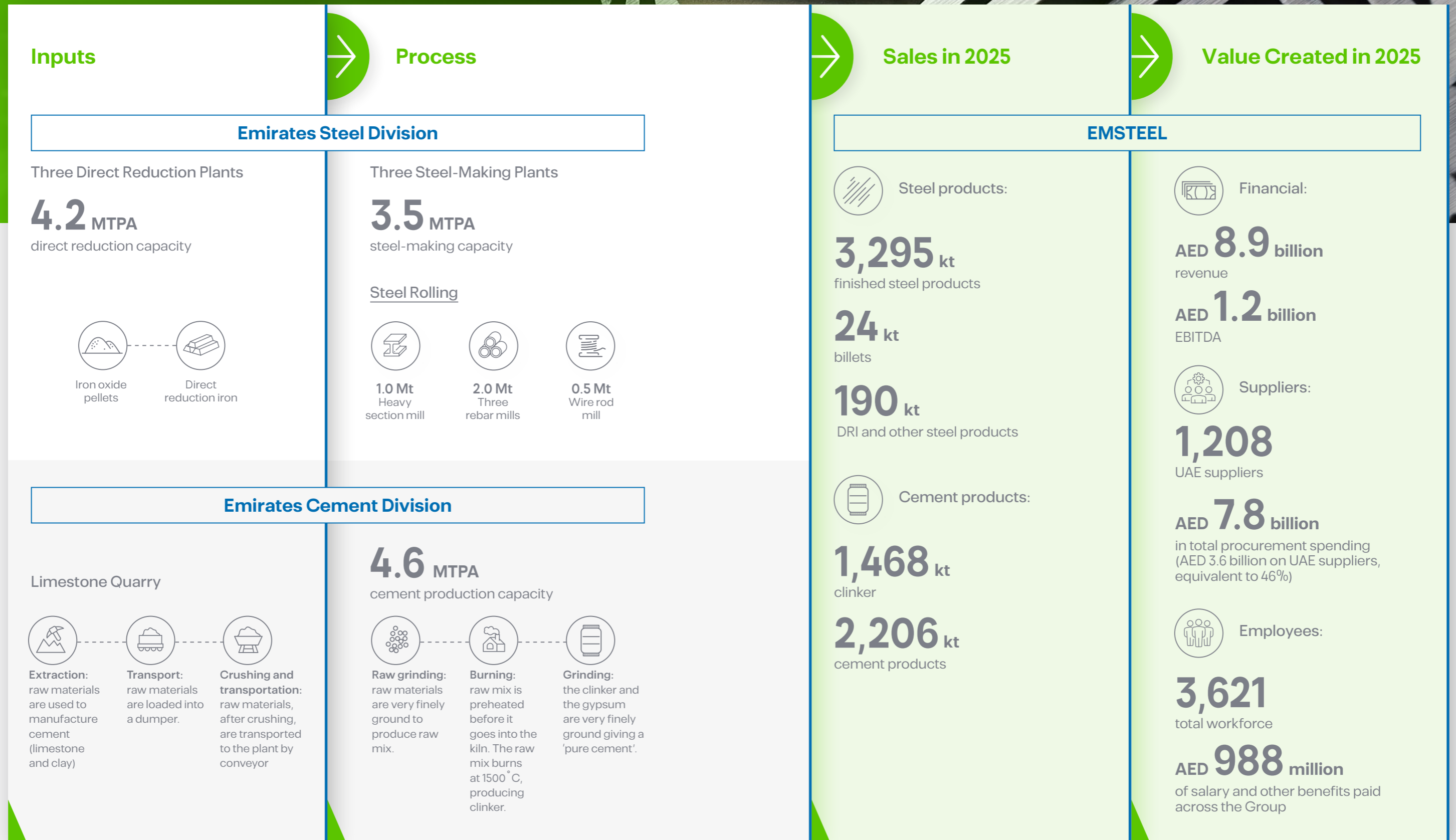


The Group supplies a range of products within the UAE and has experience in exporting to more than 70 countries, including Europe, America, Asia, Middle East, and North Africa.



Our Value Chain

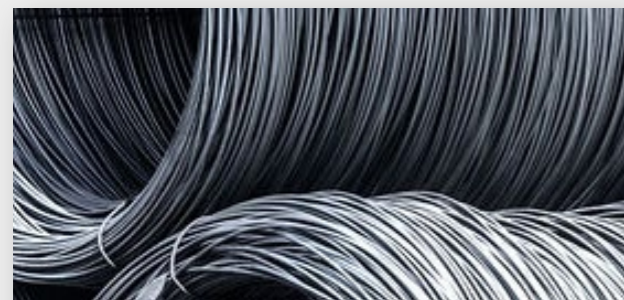
Production Process



Our Products

EMSTEEL delivers an extensive range of products, services and solutions that cater to a wide variety of sectors and industries, including construction, energy, and transportation.

The Group's finished products, manufactured in Abu Dhabi, have been shipped to more than 70 countries worldwide and are used in applications including maritime engineering, skyscrapers and building construction, and various infrastructure projects in the United States.



Prominent wire rod producer in the GCC

Production capacity of
550 thousand
tonnes annually



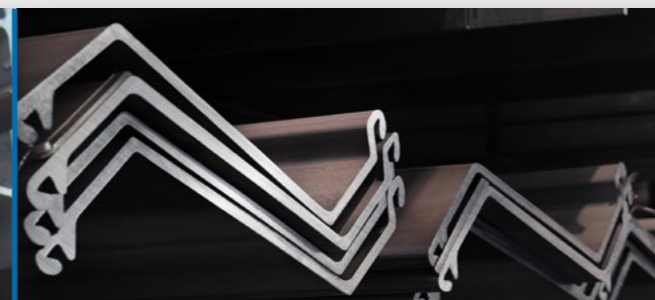
Leading producer of high-quality rebar

Production capacity of
2 million
tonnes annually

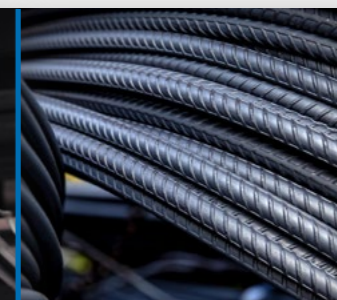


Largest producer of heavy and jumbo sections in the GCC

Production capacity of
1 million
tonnes annually



Only producer of hot rolled sheet piles in the MENA region



Rebar in coils provides greater efficiencies and cost savings



Steel billets which are processed into rebar, wire rod or coil in the Group's rolling mills



High-quality clinker and cement production

Clinker production capacity of
3.1 million
tonnes annually

Cement production capacity of
4.6 million
tonnes annually



Concrete blocks and dry mortar used in local construction

Production capacity of
85 million
concrete blocks annually

Applications

EMSTEEL products are used to create some of the most important and iconic structures and developments worldwide, serving clients both in the UAE and across the globe.



Zayed National Museum



NEOM
'Trojena Ski Village',
Saudi Arabia



Burj Khalifa



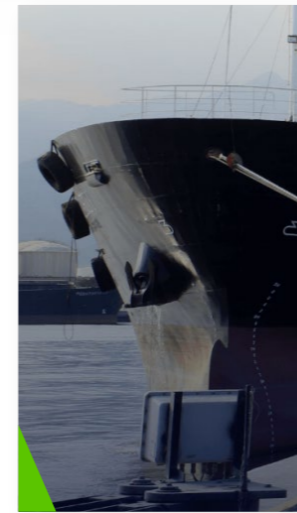
Museum of the Future



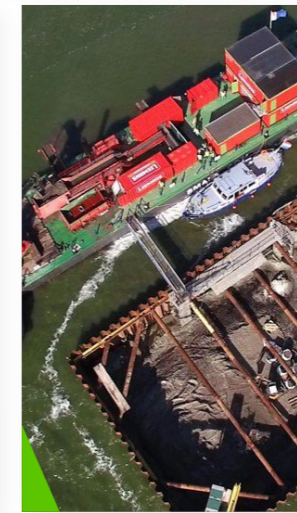
Dubai Frame



Guggenheim Abu Dhabi



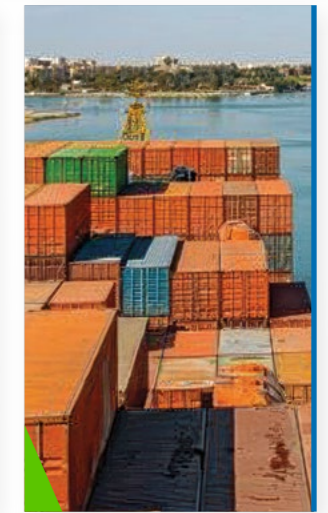
Service Harbour
Fujairah, UAE



Excavation in
IJsselmeer
Netherlands



Khalifa Port (Kizad)
Abu Dhabi, UAE



Second Suez Canal
Egypt



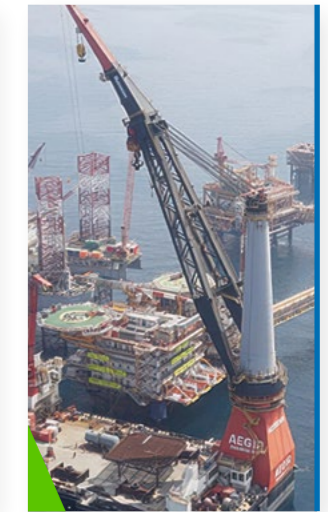
Golden Pass LNG
Texas, USA



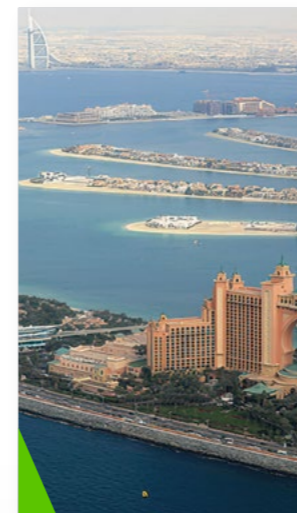
Hanmaek Power Plant
South Korea



Dubai EXPO 2020
Dubai, UAE



McDermott Aramco
KSA MCCL



Dubai Island
Dubai, UAE



Baraka Nuclear
Power Plant



SUSTAINABILITY SNAPSHOT

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KEY HIGHLIGHTS 2025

↓ Decreasing trend
↑ Increasing trend
→ Same as last year

● Steel
● Cement
○ Group

Decarbonisation & Environmental Stewardship

Emissions Performance

● 34% ↓
 absolute emissions reduction from 2019
 (2025 GHG emissions intensity of 0.637 tCO₂e/t - lowest since 2019)

● 9% ↓
 absolute emissions reduction from 2019
 (2025 GHG emissions intensity of 0.638 tCO₂e/t - lowest since 2019)

Energy & Resources

● 88.7% / ● 28.6% ↑
 of electricity and sourced from clean and renewable energy
 (highest ever)

● 4.4% ↓ energy intensity (Y.o.Y)
 ● 6% ↓ water intensity (Y.o.Y)

Circular Economy

● 23.6% ↓ total waste directed to landfill (Y.o.Y)
 ● 105% ↑ by-product utilisation/recycling

Commitment to Our People & Communities

Health and Safety

● ZERO
 LTIs

● 20% ↓
 in TRIFR (Y.o.Y)

● >30 millions
 LTI-free manhours achieved since September 2024

Capability Building

● 25% ↑
 employee and contractor HSE training compared to the training plan

● 3% ↑
 total HSE training hours (Y.o.Y)

Inclusion & National Development

● 14% → women in management
 ● 48% ↓ in-focus Emiratisation rate

A Trusted & Responsible Partner

Governance

● ZERO
 incidents of non-compliance with ethical, regulatory, or moral requirements

● 29% →
 female representation on the Board of Directors

Local Value

● 46% ↓
 total procurement spent directed to local suppliers

● 47% / ● 32% ↑
 new suppliers certified under the ICV programme

Digital Transformation

● 14+
 AI-driven solutions successfully implemented

● 100%
 new suppliers screened using ESG criteria

Advancing Global ESG Excellence

MSCI ESG Rating provisional AA - among highest in the global steel industry

ResponsibleSteel™ Core Site Certification - first company in MENA to get certified

Green Finance Framework - Moody's Ratings SQS2 Sustainability Quality Score

Energy ISO 50001 and Water ISO 46001 certification for Steel business

Advancing decarbonization through strategic projects in clean electrification and circularity

Full EPD portfolio for Steel business (7 products)

Co-chair of Alliance for Industry Decarbonisation (AFID)

For details, see [EMSTEEL 2025 Sustainability Report](#)

CORPORATE GOVERNANCE REPORT

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Based on the Securities and Commodities Authority's Board Resolution No. (03/RM) of 2020 Pertaining to Corporate Discipline and Public Joint Stock Companies' Governance.

1. Corporate Governance Overview

The Board of Directors ("BoD"), entrusted by the shareholders, oversees the affairs of EMSTEEL Group, which comprises EMSTEEL Building Materials PJSC, its subsidiaries (including Emirates Steel Industries Co. PJSC) and associate investments (collectively referred to as "EMSTEEL Group").

EMSTEEL Group embraces its responsibility as a corporate citizen by upholding the highest standards of corporate governance. Through its firm commitment to transparency, accountability, and ethical business practices, EMSTEEL Group aims to create enduring value for its shareholders. EMSTEEL Group consistently strives to align its activities with best practices in corporate governance, fostering a culture of integrity and operational excellence.

The corporate governance framework at EMSTEEL Group is designed to empower management to direct and control the Group's operations efficiently, ensuring sustainable value creation. This approach is guided by the core values of people, innovation and accountability, the principles that form the foundation of EMSTEEL Group's vision.

EMSTEEL Group firmly believes that robust corporate governance and ethical leadership are critical to maintaining its competitive edge and realizing the full potential of the EMSTEEL Group. This commitment is driven by disciplined oversight from the Board of Directors, a leadership team of unwavering integrity, having a focus on meaningful engagement with all shareholders and stakeholders.

By integrating strong business fundamentals, corporate social responsibility, and health, safety, and environmental stewardship into its operations, EMSTEEL Group aims to create sustainable value that benefits not only its stakeholders but also the wider community.

EMSTEEL Group complies with the requirements of the 'Chairman of Authority's Board of Directors' Resolution No. 3 of 2020 concerning the approval of joint-stock companies and any subsequent amendments thereto.

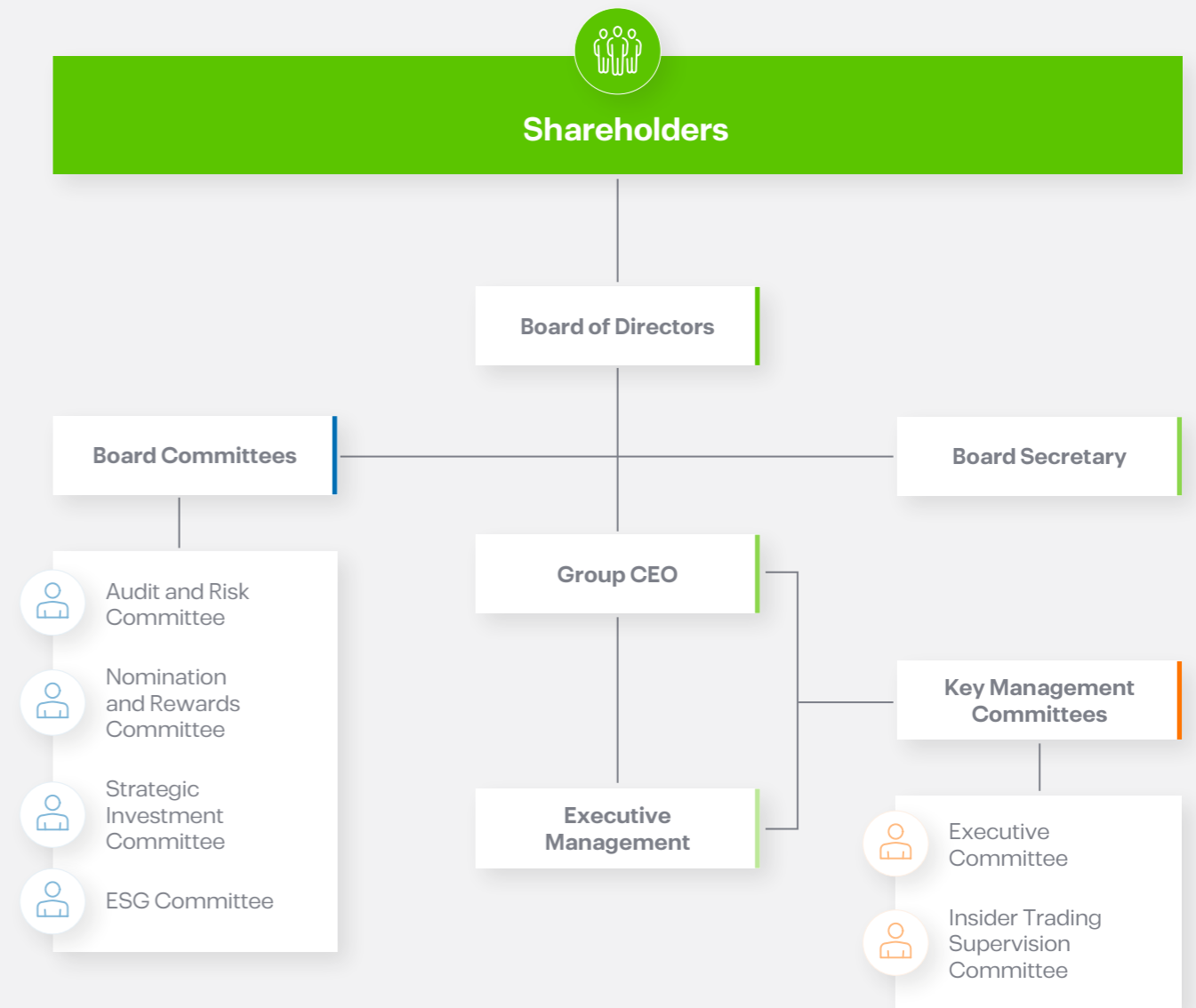
Pillars of Corporate Governance

The following Corporate Governance Pillars serve as the foundation for ethical decision-making, operational integrity, and sustainable business growth at EMSTEEL Group:



Group Governance Structure

An overview of the corporate governance structure of the EMSTEEL Group is set out below:



Elements of Corporate Governance

- Board Governance:** The Board of Directors demonstrates a strong commitment to independence, with 86% of its members classified as independent. This high percentage of independence ensures that board decisions at EMSTEEL Group are made with objectivity, free from undue influence, and aligned with the best interests of the EMSTEEL Group. A board charter has been developed defining the roles, responsibilities, and operating procedures of the Board of Directors, setting out clearly the BoD mandate to provide strategic guidance for the EMSTEEL Group and effective oversight of its management and operations in attaining the EMSTEEL Group's business objectives.
- Board Committees:** The Board of Directors has established the Audit and Risk Committee, Nomination and Rewards Committee, Strategic Investment Committee, and Environment, Social, and Governance Committee. These Board Committees include independent board members and operate under clearly defined Committee charters.
- Management Committees:** Applicable charters / policies / procedures are in place for the effective operation of the Management Committees.
- Delegation of Authorities:** A comprehensive Delegation of Authorities Manual, approved by the BoD, outlines the authority structure for the Board and EMSTEEL Group's management across all significant transactions.
- Policies & Procedures:** Key business functions, such as finance, information technology, people, legal, risk management, supply chain, and commercial, are governed by Board-approved policies. In addition, supporting procedures are in place to ensure effective and structured mandates for each key business function. Each of such supporting procedures prescribes mandatory review of procedure documents every two years.
- Ethics & Compliance:** EMSTEEL Group has established a dedicated Ethics and Compliance function, which has oversight over compliance matters, such as whistleblowing, compliance with the EMSTEEL Group's code of conduct, anti-bribery and corruption, conflict of interest and related party transactions, fraud control, trade sanctions and other compliance-related matters.
- Risk Management and Business Continuity:** The Risk Management and Business Continuity function operates under a Risk Policy and procedures aligned with ADX and SCA standards for public listed companies. The function is mandated by the BoD which has oversight responsibilities pertaining to EMSTEEL Group's risk management framework. In particular, the Board is mandated to approve the Risk Policy including the Risk Appetite and Risk Tolerance Limits of EMSTEEL Group, ensure that risk management is incorporated into the culture of EMSTEEL Group and delegate power to the Audit and Risk Committee for executing responsibilities assigned for risk management activities.
- Internal Audit:** The Internal Audit (IA) function is well structured and robust, ensuring effective oversight and accountability. The Group Head of Internal Audit directly reports to the Audit and Risk Committee, reinforcing independence and transparency. IA activities are conducted in accordance with a risk-based Internal Audit Plan, with additional advisory services provided upon stakeholder request. The executive management closely monitors the implementation of IA findings to ensure timely and effective action.
- Business Plan:** The annual business plan is developed and formally approved by the Board of Directors.

Developments During 2025

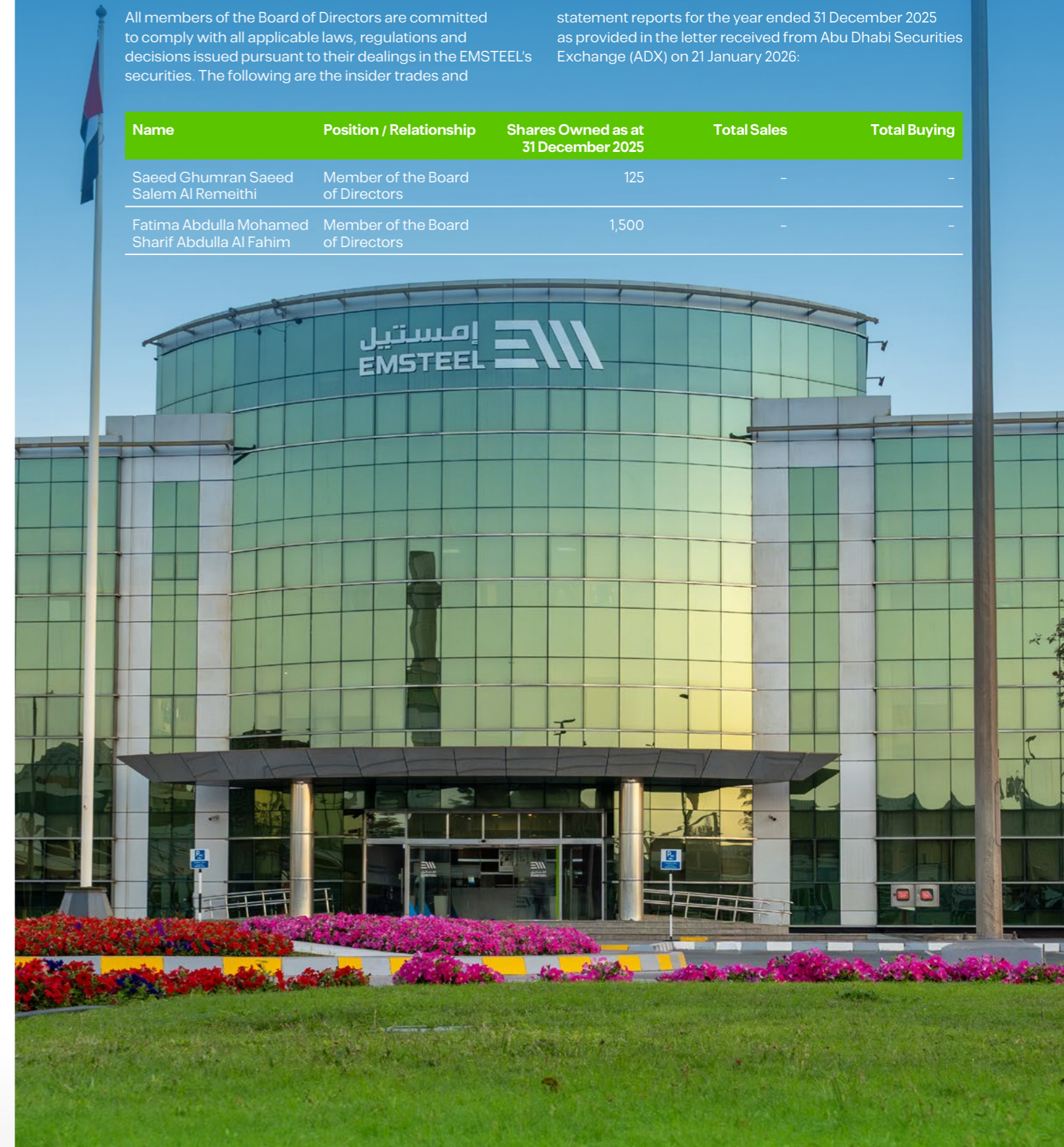
EMSTEEL has a well-developed Governance Structure aligned with applicable regulations and best market practice. There were no new developments in 2025.

2. Share Dealings of Board Members

All members of the Board of Directors are committed to comply with all applicable laws, regulations and decisions issued pursuant to their dealings in the EMSTEEL's securities. The following are the insider trades and

statement reports for the year ended 31 December 2025 as provided in the letter received from Abu Dhabi Securities Exchange (ADX) on 21 January 2026:

Name	Position / Relationship	Shares Owned as at 31 December 2025	Total Sales	Total Buying
Saeed Ghumran Saeed Salem Al Remeithi	Member of the Board of Directors	125	-	-
Fatima Abdulla Mohamed Sharif Abdulla Al Fahim	Member of the Board of Directors	1,500	-	-



3. Formation of the Board of Directors

Composition of Board of Directors

The composition of the Board of Directors of EMSTEEL Group was reformed during the Extraordinary General Assembly Meeting held on 22 October 2024.



Hamad Abdulla Mohamed Alshorafa Al Hammadi

Independent non-executive member



Experience

- 20+ yrs



Qualifications

- Bachelor's Degree in Business Administration (Accounting and Finance)



Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024



Membership and Designations in any Other Joint Stock Companies

- Vice Chair of the Board of Directors of the Emirates Nuclear Energy Company (ENEC)
- Member of the Board of Directors of the Emirates Water and Electricity Company (EWEC)
- Member of the Board of Directors of the Abu Dhabi National Energy Company (TAQA)
- Member of the Board of Directors of Modon
- Member of the Board of Directors of Abu Dhabi Chemical Derivatives Company RSC Ltd (TA'ZIZ)



Designations in any Other Supervisory, Government or Other Commercial Offices

- Deputy Group CEO of Abu Dhabi Developmental Holding Company (ADQ)
- Member of the Board of Trustees of Institute of Applied Technology



Ahmed Ali Mohamed Ali Al Shamsi

Independent non-executive member



Experience

- 16+ yrs



Qualifications

- Bachelor's Degree in Economic and Social Studies
- Master's Degree in International Development: Public Policy & Management



Tenure as Company Board Member from First Election

- Elected on 22 October 2024



Membership and Designations in any Other Joint Stock Companies

- Member of the Board of Directors of Tadweer
- Member of the Board of Directors of the Emirates Water and Electricity Company (EWEC)
- Member of the Board of Directors of Zero Two



Designations in any Other Supervisory, Government or Other Commercial Offices

- EWEC CEO (Acting)



Abdulaziz Abdulla Ismail Mohamed Al Hajri

Independent non-executive member



Experience

- 36+ yrs



Qualifications

- Bachelor's Degree in Chemical Engineering from the University of Texas at Austin



Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024



Membership and Designations in any Other Joint Stock Companies

- Member of the Board of Directors of the Abu Dhabi National Energy Company (TAQA)



Saeed Ghumran Saeed Salem Al Remeithi

Executive member



Experience

- 25+ yrs



Qualifications

- Bachelor's Degree in Electrical Engineering from California State University



Tenure as Company Board Member from First Election

- From 27 April 2017 to 21 April 2021 and from 4 November 2021 to date
- Re-elected on 22 October 2024



Membership and Designations in any Other Joint Stock Companies

- Chairman of the Board of Directors of Al Gharbia Pipe Company (UAE)
- Chairman of Emirates Steel Industries Co. PJSC
- Member of World Steel Association and Member of Audit Committee
- Vice Chairman of the Board of Directors of the Arab Iron and Steel Union



Designations in any Other Supervisory, Government or Other Commercial Offices

- Group CEO of EMSTEEL Building Materials PJSC
- Head of the Economic Committee of the World Iron and Steel Organization



Fatima Abdulla Mohamed Sharif Abdulla Al Fahim

Independent non-executive member



Experience

- 18+ yrs



Qualifications

- Bachelor of Science in Business Administration (Management and Marketing) from American University of Sharjah
- Master of Business Administration in Finance and Operations from University of Pennsylvania



Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024



Membership and Designations in any Other Joint Stock Companies

- Director - Technology at Mubadala Investment Company
- Board Member, Acumatica



Farah Abdulla Mohamed Ali Al Mazrui

Independent non-executive member



Experience

- 16+ yrs



Qualifications

- Bachelor's Degree in Economics from Queen Mary University of London
- Master's Degree in Risk Management and Financial Engineering from Imperial College London



Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024



Membership and Designations in any Other Joint Stock Companies

- Member of the Board of Directors of Etihad Aviation Group
- Member of the Board of Directors of RAK Ceramics
- Member of the Board of Directors of National Bank of Umm Al Quwain (NBQ)



Designations in any Other Supervisory, Government or Other Commercial Offices

- Chief Investment Officer Private Family Office



Nabeel Qadir

Independent non-executive member



Experience

- 23+ yrs



Qualifications

- Chartered Financial Analyst - CFA
- Bachelor of Administrative Studies York University, Canada



Tenure as Company Board Member from First Election

- From 4 November 2021 to date
- Re-elected on 22 October 2024



Membership and Designations in any Other Joint Stock Companies

- Member of the Board of Directors of Abu Dhabi Chemicals Derivatives Company RSC Ltd (TA'ZIZ)



Designations in any Other Supervisory, Government or Other Commercial Offices

- Senior Partner, Lunate

Representation of Women

The female representation on the Group's Board of Directors as of 31 December 2025 was 29%.

Board Remuneration

Remuneration Paid to BoD Members for 2024

The remuneration of Board members is determined as per Article 29.8 of EMSTEEL's Articles of Association which sets out that the remuneration of the Chairman, and the Board members, shall be a percentage of the net profits that shall not exceed 10% of the net profits of EMSTEEL Group for the concerned financial year. Additional amounts can be paid as expenses, fees, additional remuneration or a monthly salary in amounts determined by the BoD for any of its members if such member is also a member of any of the Board Committees or exerts any special

efforts or carries out any additional work for the benefit of EMSTEEL Group that is in addition to his/her normal duties as a member of the Board of Directors. No allowance shall be paid to the Chairman or any member of the Board of Directors for attending board meetings.

The Annual General Assembly at its meeting held on 22 April 2025 approved a total remuneration for the board and its committees in an amount of AED 4,875,000 for the year ended 31 December 2024.

Proposed Remuneration for BoD in 2025

The Board is scheduled to meet on 11 March 2026 where the remuneration fees for the Board and Board Committees' members will be discussed for the year

ending 31 December 2025 and duly presented for the approval of the shareholders of EMSTEEL Group at the Annual General Assembly meeting.

Allowance for Attending Meetings of the Committees

The details of allowances for attending the meetings of the Board Committees that took place during 2025 are set out below:

Name of Committee	Allowance (AED)	Number of meetings
Audit and Risk Committee	200,000	6
Nomination and Rewards Committee	190,000	6
Strategic Investment Committee	330,000	6
Environment, Social and Governance Committee	165,000	5

Details of Additional Allowances, Salaries, or Fees Paid to the Board of Directors

There are no additional allowances, salaries or fees paid to the Board members other than the allowance for attending Board and board committees' meetings.

Board of Directors' Meetings

#	Meeting Date	No. of Attendees	No. of Members Represented by Proxy	Names of Absent Members
1	11 February 2025	6	1	-
2	11 March 2025	7	-	-
3	13 May 2025	7	-	-
4	29 July 2025	7	-	-
5	11 November 2025	7	-	-

Board Resolutions by Circulation

Eight (8) Board resolutions were passed by circulation during the financial year of 2025 as set out below:

Date	Details of the resolutions
27 January 2025	Revised Bank Mandate
18 April 2025	Early retirement of Emirates Steel CEO
23 September 2025	Concession agreement to develop captive solar project to generate renewable electricity
30 September 2025	Agreement for the Sale and Purchase of Natural Gas to Emirates Steel for the operation of its facilities in ICAD-1 and ICAD-2
24 October 2025	Award the Contract of technology and equipment supply and the CAPEX commitment for the Sprint-2 in ICAD-1 project
20 November 2025	ESI entering the amendment of the Contract for Affreightment for Ocean Transportation of Bulk Iron Ore
21 November 2025	Anabeb SPA Approval and Execution of Transaction Documents and Arbitration Procedures
08 December 2025	EMSTEEL Organization structure

4. Committees of the Board of Directors and Insider Trading Supervision Committee

Audit and Risk Committee (ARC)

Acknowledgment

Abdulaziz Abdulla Ismail Mohamed Al Hajri, the Chairman of the Audit and Risk Committee, acknowledges his responsibility for the ARC's role and mandate within the corporate governance structure of EMSTEEL Group and for the review of efficiency of the Committee's operations.

Members of the Audit and Risk Committee

The current Audit and Risk Committee was reformed on 28 October 2024. The Audit and Risk Committee currently comprises the following three (3) members who are all independent and non-executive Board members:

1. Abdulaziz Abdulla Ismail Mohamed Al Hajri - Chairman
2. Fatima Abdulla Mohamed Sharif Abdulla Al Fahim - Member
3. Nabeel Qadir - Member

Meetings of the Audit and Risk Committee

During 2025, the Audit and Risk Committee convened seven (6) meetings, as set out below:

Name	6 Feb 25	7 Mar 25	2 May 25	25 Jul 25	5 Nov 25	25 Nov 25	Attendance
Abdulaziz Abdulla Ismail Mohamed Al Hajri	●	●	●	●	●	●	6/6
Fatima Abdulla Mohamed Sharif Abdulla Al Fahim	●	●	●	●	-	●	5/6
Nabeel Qadir	●	●	-	●	●	●	5/6

Key Responsibilities

The roles and responsibilities of the Audit and Risk Committee are defined in its Charter which is approved by the Board of Directors. The Charter defines the roles and responsibilities of the Audit and Risk Committee in terms of:

- Review of financial statements.
- Internal controls, governance and Risk Management Framework.
- Reports from external agencies including Government.
- Compliance, whistleblowing and fraud.
- Internal Audit.
- External auditor.
- Risk management.
- Self-evaluation of the Committee's performance on an annual basis.

Reporting to the Board of Directors.

Annual Audit Committee Report

Significant matters considered in relation to the financial statements

Key Audit Matters (KAMs) are those matters that, in the auditor's professional judgment, were of significant importance in the finalization of the financial statements. These matters were discussed in detail during the quarterly ARC meetings, involving both management and external auditors, ensuring that they were appropriately addressed. For further details, please refer to the Independent Auditors report in the Financial Statements for 2025.

Independence and effectiveness in approach for the appointment and reappointment of external auditors and tenure of the current audit firm

The appointment and reappointment of the external auditor is conducted in compliance with regulatory guidelines and best practices. The ARC evaluated reappointment based on their expertise, experience, industry knowledge, and compliance requirements. A recommendation was made to the Board of Directors and

shareholders for final approval at the General Assembly meeting based on a techno-commercial assessment, considering independence aspects.

The ARC also monitors the length of tenure of the external auditor, to ensure compliance with mandatory auditor rotation requirements, and maintains transparency in the selection process. The Company's external audit services are currently provided by Ernst & Young, which has been engaged since 30 June 2024 and has been reappointed for the year ending 31 December 2025.

Committee's recommendation regarding the appointment, reappointment, or dismissal of the external auditor

It was emphasized that the evaluation was conducted in accordance with the Statutory Auditors Appointment Rules issued by the Abu Dhabi Accountability Authority. Following this, the ARC endorsed the reappointment of Ernst & Young as the Company's auditors for the year 2025.

Independence of the external auditor when providing non-audit services to the Company

External auditors are required to confirm their independence annually through a formal declaration. Further, the ARC regularly reviews the nature and extent of non-audit services provided by the external auditor. For details on non-audit services provided by auditors, please refer to section 8 of this Annual Corporate Governance Report 2025.

Internal control and risk management

Internal Audit: The Annual Audit Plan for the Company has been developed based on the risk assessment conducted by the Internal Audit (IA) team and approved by the ARC. Significant findings from relevant reports are presented to the ARC on a quarterly basis to keep them informed and seek their guidance on enhancing control measures.

Compliance: The Audit and Risk Committee (ARC) actively oversee the organization's compliance processes to ensure adherence to regulatory requirements, internal policies, and industry best practices. Any compliance gaps identified through audits, regulatory inspections, or monitoring mechanisms are promptly addressed through targeted remediation action plans. The key initiatives and achievements pertaining for year 2025 are:

- The Compliance Policy, Whistleblowing Policy, Conflict of Interest, Related Party Policy, Anti-Bribery & Corruption Policy, Sanctions and Export Control Policy have been reviewed and updated to ensure alignment with current regulatory requirements, industry best practices, and organizational objectives. EMSTEEL maintains proactive measures to manage fraud risks, supported by established policies, monitoring mechanisms, and periodic reviews to ensure alignment with regulatory requirements and leading governance practices. This comprehensive review process included an assessment of existing controls, the identification of gaps, and the implementation of necessary enhancements to strengthen the overall ethics and compliance framework.

- The Ethics and Compliance Function has developed comprehensive Ethics and Compliance Awareness and an annual Training Plan for 2026.
- The Ethics and Compliance Function actively conducts trade sanction screening on counterparties as an integral part of the vendor and customer onboarding process, ensuring compliance with regulatory requirements and mitigating risks.
- The Ethics and Compliance Function conducts investigations and reports on the findings of whistleblowing cases that are being reported through the dedicated whistleblowing channels, and which are being investigated and concluded as per the Group Compliance policies and procedures, including Whistleblowing Policy, Investigation Manual, and the Compliance Policy.

Risk Management: The ARC proactively oversees the identification, assessment, and mitigation of potential enterprise risks that may impact the achievement of organization's objectives. Regular risk reviews and scenario analysis exercises are conducted to enhance resilience, anticipate emerging threats and ensure the organization remains adequately prepared. The key Risk and Business Continuity Management activities for year ending on 31 December 2025 are:

- Review of the revised Risk Policy to ensure alignment of risk and business continuity activities with Group's objectives and strategy. The process included a detailed evaluation of existing risk management landscape, processes, identification of areas for improvement, and implementation of necessary enhancements to reinforce risk mitigation strategies.
- The Risk and Business Continuity Function has successfully completed its planned annual activities for 2025, including a comprehensive review of the key risks. Structured plans and periodic reviews are maintained to support the continuity of critical operations and strengthen the Group's resilience in line with regulatory requirements and best practices.

Review of Internal Audit reports with medium and high risks and corrective action plans to address substantial deficiencies in risk management and internal control systems

The ARC reviewed the findings, recommendations and action plans agreed by management in response to matters raised by Internal Audit related to the audit reports issued in 2025 in accordance with the Internal Audit Plan as approved by the ARC. A total of 11 reports were issued during the year with 132 High, and 115 Medium 49 Low agreed action plans.

Corrective Action plans

The ARC also received and reviewed the follow-ups relating to the actions agreed in response to Internal Audit reports issued during the period of Jan-2023 to Dec 2025. 342 agreed actions including 82 identified to be of High Significance were closed during 2025. The overall closure

rate for the referred period is 92%. Risk management is proactively identifying potential areas for improvement and continuously enhancing risk management practices.

Review of related party transactions

The ARC had reviewed related party transactions presented; no significant conflicts of interest were identified.

Nomination and Rewards Committee (NRC)

Acknowledgment

Ahmed Ali Mohamed Ali Al Shamsi, the Chairman of the Nominations and Rewards Committee, acknowledges his responsibility for the NRC's role and mandate within the corporate governance structure of EMSTEEL Group and for the review of efficiency of Committee's operations.

Members of the Nominations and Remuneration Committee

The current Nomination and Rewards Committee was reformed on 28 October 2024. The Nomination and Rewards Committee currently comprises the following three (3) members who are all independent and non-executive Board members:

1. Ahmed Ali Mohamed Ali Al Shamsi - Chairman
2. Farah Abdulla Mohamed Ali Almazrui - Member
3. Fatima Abdulla Mohamed Sharif Abdulla Al Fahim - Member

Meetings of the Nomination and Rewards Committee

During 2025, the Nomination and Rewards Committee convened 6 meetings/interviews as set out below:

Name	3 Mar 25	6 Mar 25	3 Oct 25	7 Nov 25	21 Nov 25 (Interview)	Attendance
Ahmed Ali Mohamed Ali Al Shamsi	●	●	●	●	●	6/6
Farah Abdulla Mohamed Ali Al Mazrui	●	●	●	●	●	5/6
Fatima Abdulla Mohamed Sharif Abdulla Al Fahim	●	●	●	●	●	6/6

Key Responsibilities

The roles and responsibilities of the Nomination and Rewards Committee are defined in its Charter which is approved by the Board of Directors. The Charter defines the roles and responsibilities of the NRC Committee in terms of:

- Nomination of membership of the BoD and executive management.
- Formulation and annual review of EMSTEEL policy on granting rewards/remuneration, benefits, incentives and salaries for Board Members and employees and make recommendations regarding the general compensation philosophy for EMSTEEL Group, as well as the budget for annual incentives to be awarded.
- Annual performance evaluation of the BoD and Board Committees.
- Verification of independence of Board Members.

- Development and awareness/induction programs for BoD members.
- Review of the performance measurement framework for EMSTEEL Group and its Business Units, reviewing/endorsing the Group's scorecard results, and determining targets for performance-related compensation schemes.
- Endorsement and overseeing the implementation of the Group's People Policy, as well as endorsing changes in People Policy and high-level organizational structure.
- Self-evaluation of the Board Committee's performance on an annual basis.
- Reporting and updating the Board on significant Board Committees' activities.

Strategic Investment Committee (SIC)

Acknowledgement

Nabeel Qadir, the Chairman of the Strategic Investment Committee, acknowledges his responsibility for the SIC's role and mandate within the governance structure of EMSTEEL Group and for the review of efficiency of Committee's operations.

Members of the Strategic Investment Committee

The current Strategic Investment Committee was reformed on 28 October 2024. The Strategic Investment Committee currently comprises the following five (5) members:

1. Nabeel Qadir - Chairman
2. Abdulaziz Abdulla Ismail Mohamed Al Hajri - Member
3. Ahmed Ali Mohamed Ali Al Shamsi - Member
4. Farah Abdulla Mohamed Ali Al Mazrui - Member
5. Sami Najati - Member

Meetings of the Strategic Investment Committee

During 2025, the Strategic Investment Committee convened 6 meetings as set out below:

Name	28 Jan 25	7 Feb 25	2 May 25	16 Jul 25	8 Oct 25	26 Nov 25	Total Participation
Nabeel Qadir	●	●	●	●	●	●	6/6
Abdulaziz Abdulla Ismail Mohamed Al Hajri	●	●	●	●	●	●	6/6
Ahmed Ali Mohamed Ali Al Shamsi	●	●	●	●	●	●	6/6
Farah Abdulla Mohamed Ali Al Mazrui	●	●	●	●	●	●	6/6
Sami Najati	●	●	●	●	●	●	6/6

Key Responsibilities

The roles and responsibilities of the Strategic Investment Committee are defined in its Charter which is approved by the Board of Directors. The Charter defines amongst other things:

- Endorsing the corporate strategy, medium- and long-term business plans including the 5-year business plan.
- Endorsing annual plan and budget and amendments thereto (including assumptions).
- Endorsing project feasibility studies and budgets.
- Endorsing the changes in capital structure - incremental bank/credit facilities and guarantees, issue of shares and issue of bonds/sukuk.

- Investment protocols (investment in equity or debt instruments, derivatives, associates, REIT and others).
- Self-evaluation of the Committee's performance on an annual basis.

The SIC Charter, as approved by the Board of Directors, outlines the scope of the SIC's activities by detailing its roles and responsibilities pertaining to investment activities across 3 main categories: organic growth investments, inorganic growth investments, and treasury investments. The SIC is not a permanent Board Committee and is to be convened on a 'need to have' basis at the discretion of the Board.

Environment, Social & Governance Committee

Acknowledgement

Fatima Abdalla Mohamed Sharif Abdulla Al Fahim, the Chairperson of the Environment, Social & Governance Committee, acknowledges her responsibility for the ESG Committee's role and mandate within the corporate governance structure of EMSTEEL Group and for the review of efficiency of Committee's operations.

Members of the Environment, Social & Governance Committee

The current ESG Committee (ESGC) was reformed on 28 October 2024. The ESG Committee currently comprises the following three (3) members:

1. Fatima Abdalla Mohamed Sharif Abdulla Al Fahim - Chairperson
2. Abdulaziz Abdulla Ismail Mohamed Al Hajri - Member
3. Majid Al Zarooni - Member

Meetings of the Environment, Social & Governance Committee during 2025

During 2025, the ESG convened 5 meetings as set out below:

Name	28 Feb 25	30 Apr 25	28 Jul 25	03 Nov 25	10 Dec 25	Attendance
Fatima Abdulla Mohamed Sharif Abdulla Al Fahim	●	●	●	●	●	5/5
Abdulaziz Abdulla Ismail Mohamed Al Hajri	●	●	●	●	●	5/5
Majid Al Zarooni	●	-	●	●	●	4/5

Key Responsibilities

The ESG Committee has been formed by the Board of Directors to assist in overseeing EMSTEEL Group's programs, policies, and practices related to ESG, health and safety, sustainability, and corporate social responsibility (CSR). The ESG Committee ensures these matters align with EMSTEEL's mission and vision, addressing issues such as climate change impacts, energy conservation, biodiversity, human rights, diversity, responsible sourcing, and more. The Committee's responsibilities include:

- Reviewing and recommending ESG and sustainability policies and practices.
- Monitoring key political and regulatory trends related to ESG.
- Providing oversight on ESG and CSR strategies and their implementation, including climate change mitigation, resource conservation, and biodiversity.
- Assessing performance on ESG-related metrics, including diversity, equity, inclusion, and responsible sourcing.
- Overseeing environmental, health, and safety performance.

- Reviewing significant ESG-related incidents or litigation.
- Reviewing ESG-related disclosures and sustainability reports.
- Supporting communication and engagement with stakeholders on ESG and sustainability matters.
- Approve annual Decarbonization and CSR budget as it pertains to ESG matters.
- Ensuring management allocates sufficient resources to achieve ESG goals.
- Self-evaluation of the Committee's performance on an annual basis.
- Other material ESG topics.

The ESGC Charter, as approved by the Board of Directors, outlines the scope of the ESG Committee's activities by detailing its roles and responsibilities pertaining to ESG activities. The ESG Committee is not a permanent Board Committee and is to be convened on a 'need to have' basis at the discretion of the Board.

Insider Trading Supervision Committee (ITSC)

Acknowledgment

Mark Tonkens, the Chairman of the Insider Trading Supervision Committee, acknowledges his responsibility for the ITSC's role and mandate within the corporate governance structure of EMSTEEL Group and for review of efficiency of Committee's operations.

Members of the committee tasked with monitoring and supervising transactions of stakeholders

The Insider Trading Supervision Committee is a management committee and currently comprises the following three (3) members:

1. Mark Tonkens - (Group Chief Financial Officer) Chairman
2. Kartikeyay Nath - (Group Head of Internal Audit) Member
3. Gleb Diachkov - Gertcev (Director Investor Relations) Member and Secretary

Meetings of the Insider Trading Supervision Committee

Please see below a summary of the activities undertaken during 2025.

During 2025, the Insider Trading Supervision Committee duly performed all of its responsibilities, as outlined under "Key Responsibilities" below, and convened 3 meetings as set out below:

Name	26 May 25	2 Jul 25	29 Oct 25	Attendance
Mark Tonkens	●	●	●	3/3
Kartikeyay Nath	●	●	●	3/3
Zhanara Bateson ¹	●	-	-	1/1
Gleb Diachkov-Gertcev	●	●	●	3/3

Key Responsibilities

The ITSC is responsible for establishing, publishing and enforcing effective procedures applicable to the purchase and sale of EMSTEEL's securities by insiders, designed not only to prevent improper trading, but also to avoid any question of the propriety of insider purchases or sales. The ITSC shall undertake the following roles and responsibilities:

- Preserve the reputation and integrity of EMSTEEL Group as well as that of all persons affiliated with EMSTEEL Group.
- Ensure no person with material, non-public information about EMSTEEL Group can purchase or sell any of EMSTEEL's securities.
- Maintain and monitor the Insiders' Register on a quarterly basis (i.e., an updated list of insiders/covered persons and their owned securities, investor numbers (if available), undertakings, pre-clearance of trade).

- Provide an updated list of insiders/covered persons to relevant authorities at the beginning of the fiscal year and whenever amendments are made.
- Review changes to the applicable laws frequently and update the Insider Trading Policy accordingly.
- Establish a pre-clearance procedure of all trades by all officers, directors and certain employees to protect employees from insider trading liability.
- Define trading blackout periods during which employees trading is prohibited (especially during announcements of financial results or transaction-based events, such as a merger).
- Communicate the requirements of Insider Trading Policy (if applicable) to all employees regularly and conduct routine trainings.
- Define the non-compliance consequences for violating Insider Trading Policy (i.e., disciplinary action up to termination of employment, relationship or lawsuit).

¹ Served as member of ITSC Committee until May 2025.

5. Board Duties and Mandates Performed by Board Members or Management

There were no special tasks delegated to any of the Board members or executive management during 2025, other than those delegated in the normal course of business.

6. Review of Transactions with Related Parties

Related party transactions were presented to the ARC by the Group Chief Financial Officer (GCFO). GCFO confirmed that proper internal controls over financial

reporting are established to ensure completeness and compliance. Related party transactions and the associated controls have been audited by the external Audit provider.

Related Parties Transactions

Statement of Related Party	Nature of relationship	Type of Transaction	Value of Transaction (AED)
INTERCOMPANY TRANSACTIONS			
Abu Dhabi Distribution Company PJSC	Sister Company	Electricity and water expenses	585,726,595
Abu Dhabi Ports Company PJSC	Sister Company	Clearance and export charges	12,581,772
Abu Dhabi Marine Services Safeen LLC (ADPMS)	Sister Company	Trans-shipment charges	97,472,536
Zones Corp Infrastructure Fund	Sister Company	Purchase - natural gas and rent	58,950,041
General Holding Corporation PJSC ("SENAAT")	Parent Company	Transfer of natural gas pipeline	202,865,415 ¹
Al Ain Foods & Beverages PJSC	Sister Company	Drinking water	557,822
Contango Management Consultancy LLC ICP	Sister Company	Consultancy fees	23,931,505
TRANSACTIONS WITH RELATED PARTIES			
Abu Dhabi National Oil Company	Under common control	Purchase - natural gas	566,831,461
National Health Insurance Company PJSC (Daman)	Under common control	Medical insurance cost	36,500,032
Abu Dhabi National Oil Company	Under common control	Transfer of natural gas pipelines	278,854,508 ²
Abu Dhabi Retirement and Pension Fund (UCC)	Under common control	Pension contribution	27,359,735
Abu Dhabi National Exhibitions Company PJSC (ADNEC)	Under common control	Exhibitions	975,792

¹ This transaction pertains to transfer of gas pipeline from "SENAAT" to EMSTEEL.

² This transaction pertains to transfer of gas pipelines from EMSTEEL to Abu Dhabi National Oil Company.

7. Assessment of the Board of Directors

Annual Assessment of the Performance of the Board of Directors, its Members and Committees

The Nomination and Rewards Committee has successfully completed the annual performance assessment of the Board, its members and its Committees for the year 2025. The comprehensive review process was designed to evaluate the effectiveness of governance practices, adherence to strategic objectives, and the overall contribution of the Board and its members.

The assessment identified several areas of strength, while also highlighting opportunities for further enhancement to ensure continued excellence in governance and oversight. These insights will inform targeted initiatives to strengthen the Board and its Committees' performance, foster greater engagement, and align with the Group's long-term strategic goals.

Assessment of the BoD by an Independent Professional Entity

An evaluation of the performance of the Board, its members, and its committees conducted by an independent professional entity is performed once every three years. Last assessment of the Board of Directors has been performed during 2024. There was no assessment by independent external party in 2025.

8. Organizational Structure and Executive Management

Organisation Chart¹

The Internal Audit reports directly to the Board for independent oversight and avoidance of conflict.



¹ This Organisation Chart was implemented on the 21st June 2023 and was valid as of 31st December 2025.

Senior Executive Management and Remuneration

#	Name	Designation	Nationality	Joining Date	Total Salaries and Allowances Paid for 2025 (AED)	Total Bonuses Paid in 2025 (AED)
1	Saeed Ghumran Saeed Salem Al Remeithi	Group Chief Executive Officer	UAE National	7 Jan 2001	3,314,800	3,221,907
2	Hassan Salim Rawhi Sha'sha'a	Group Chief Projects Officer	Jordan	1 Aug 2007	1,896,000	379,688
3	Vladimir Arshinov	Group Chief Technology Officer	Slovenia	18 Apr 2023	1,654,304	309,572
4	Hugo Losada	Chief Executive Officer - Building Materials	Spain	2 Oct 2023	1,771,200	708,750
5	Mark Tonkens	Group Chief Financial Officer	Netherlands	2 Sep 2024	2,100,000	123,740

All values are actual cash paid in the year 2025 excluding gratuity, employer contribution to pension, and medical and life insurance for continuing senior executives. There are no any other cash/in-kind bonus paid in 2025.



9. External Auditor

About the External Auditor

Ernst & Young (EY) MENA has been operating in the region since 1923. The headquarters of EY are in London, United Kingdom. It employs more than 395,000 professionals in over 700 offices in more than 150 countries. They provide global services in four main areas: Assurance, Consulting,

Tax and Strategy & Transactions. During 2025, the external auditor did not provide any services other than reviewing the quarterly financial statements of the Group, auditing the Group consolidated financial statements for year end and providing assurance report on internal controls over financial reporting.

Fees of the Audit or the Services Provided by the External Auditor

Name of the firm	Ernst & Young Middle East
Audit Engagement Partner Name	Ahsan Shahzad
Number of years lapsed as Group's external auditor	2 years
Number of years lapsed for auditing of the Group accounts by the same audit partner	1 year
Total audit fees including quarterly review fees for 2025	AED 1,107,500
Fees and costs of other special services other than auditing financial statements for 2025	AED 257,000
Details and nature of other rendered services	A report on the effectiveness of the Internal Control Systems for the preparation of financial statements in accordance with the requirements of the Abu Dhabi Accountability Authority, at a cost of AED 257,000
Statement of other services provided by another external auditor other than the Group's external auditor during 2025	None

Qualifications that the Group's Auditor Included in the Interim and Annual Financial Statements

- Q1, 2025: There are no qualifications included in the auditor's review report on the Group's interim consolidated financial statements for the first quarter of 2025
- Q2, 2025: There are no qualifications included in the auditor's review report on the Group's interim consolidated financial statements for the second quarter of 2025.
- Q3, 2025: There are no qualifications included in the auditor's review report on the Group's interim consolidated financial statements for the third quarter of 2025.
- 2025 Annual Report: The auditor's report for 2025 has been issued with a clean opinion.

10. Internal Control Systems

Acknowledgment

The Group's Internal Control System is designed to support the Board of Directors and management to achieve the Group's business goals and contribute to protecting shareholders' investments and the Group's assets. The objective of the Group's Internal Control Framework is to ensure that internal controls are established, policies and procedures are properly documented, maintained, and adhered to, and are incorporated by the Group within its normal management and governance processes. It also acknowledges that this system is designed to reduce the risks of failure to achieve the Group's business goals and not eliminate them permanently and thus provides reasonable and not absolute assurance of the error of financial statements or serious losses. The Group has also established formal procedures whereby the main risks faced by the Group are continuously identified and managed with an estimate of their potential impact. The Board of Directors acknowledges its responsibility for the Internal Control System, its independence in the Group, and its review and effectiveness.

Complementing the Internal Control System, EMSTEEL's risk management and governance framework, is reinforced by the Three Lines of Defense model, adopted from the Institute of Internal Auditors. This model serves as a fundamental pillar in ensuring robust oversight, accountability, and effective risk management. The first line of defense comprises operational management, responsible for identifying, assessing, and managing risks within their day-to-day activities. The second line of defense includes risk management and compliance functions, which provide oversight, guidance, and support to ensure risks are managed in alignment with EMSTEEL's policies and regulatory requirements. The third line of defense is the internal audit function, which independently evaluates the effectiveness of the first and second lines, providing assurance to the Board and senior management on the adequacy of risk management, control, and governance processes. Together, these three lines work cohesively to safeguard EMSTEEL's objectives, enhance decision-making, and ensure compliance with legal and regulatory standards, thereby strengthening our overall corporate governance framework.

Group Head of Internal Audit

Kartikeya Y Nath has been appointed as the Group Head of Internal Audit, effective October 2024, following the authority granted to the Audit and Risk Committee by the Board of Directors. Prior to this role, he served as the Head of Global Internal Audit and Chief Risk Officer for major steel manufacturing companies with a global presence. Kartikeya Y Nath has over two decades of professional experience with Big 4 consulting firms and steel manufacturing companies. Throughout his career, he has gained extensive expertise in various areas, including

internal audits, internal controls, risk management, corporate governance, IFRS, financial reporting, assurance, transaction services, corporate finance, regulatory compliance, financial advisory, investigations, policy development, and management audits and consulting. His experience spans a broad range of industries. In addition to being a qualified Chartered Accountant of India (CA), Kartikeya Y Nath holds a Bachelor of Law (LLB) and a Bachelor of Commerce (B. Com) degree.

Ethics and Compliance Officer

Atif Waheed was appointed as Compliance Officer of the Company, a position he has held since 1 November 2022. He is an Associate Member of the Institute of Chartered Accountants in England and Wales (ICAEW)

and a Fellow Member of the Association of Chartered Certified Accountants (ACCA). He has more than 15 years of experience in the field of audit, risk, and compliance.

Dealing with Important Problems / Issues

Internal Audit

The Internal Audit department provides independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control and governance processes across the Group's operations. It also aims to assist management in achieving its goals by making the necessary effort to positively improve the efficiency and effectiveness of operations. The Internal Audit department abides by the rules and regulations that define its work and exercises independence that enables it to perform its duties and work in accordance with the relevant requirements of the Authority Board Resolution number (03/RM) of 2020 and any subsequent amendments thereto.

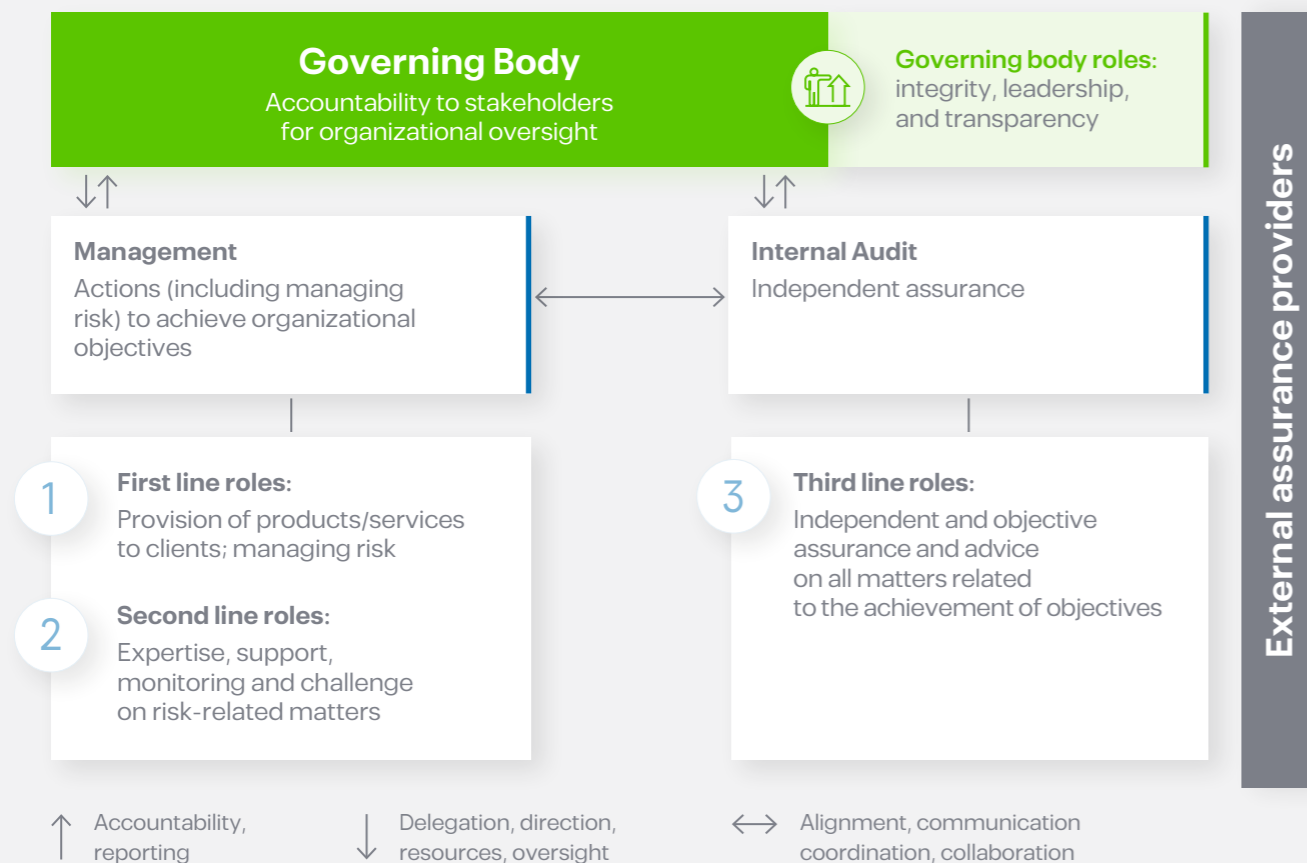
The scope and frequency of audits depend on several factors, including, for example: the results of previous years' audits, the results of the business risk assessment related to the various activities in the Group, the materiality, the efficiency of the Internal Control Systems, and the resources available to implement internal audits. The Internal Audit department works in accordance with the directives of the Audit and Risk Committee, and the ARC plays a fundamental role in matters related to auditing and governance through review, approval of the risk-based annual audit plan and the participation of the Chairman, the Board of Directors and executive

management in discussing the audit results. On the administrative side, the Group Head of Internal Audit reports to the Group CEO.

Ethics and Compliance

The Ethics and Compliance function is responsible for overseeing and monitoring EMSTEEL Group's and its employees with the applicable laws, regulations, statutory requirements, resolutions, policies and procedures, and business rules, through effective coordination with relevant internal and external stakeholders. The Ethics and Compliance function has a direct reporting line to the Audit and Risk Committee. The Ethics and Compliance function is responsible for:

- Reviewing employees' compliance with the Code of Business Conduct.
- Assessing the adequacy and appropriateness of practices and procedures to ensure compliance with applicable laws, regulations, and resolutions.
- Reviewing and evaluating the effectiveness of the Ethics and Compliance System, including inclusion and disclosure obligations and other legal and regulatory requirements relevant to the Group's activities.
- Developing, implementing and periodically updating key compliance procedures, including those related to Anti Money Laundering (AML) and sanctions screening of key counterparties.



The Group has developed a comprehensive Ethics and Compliance process to monitor and manage key compliance risks associated with our dynamic business environment. The Ethics and Compliance team ensures

that the process is adequately designed and adapted to our business and operational needs. Below are the key areas of the Framework with details in the following respective sections:

<p>Anti-Bribery & Corruption</p> <p>Ensuring compliance with all Anti-Bribery and Corruption laws and regulations applicable on our business and operations.</p>	<p>Conflicts Of Interest and Related Party</p> <p>Ensuring that all conflicts of interest are properly identified and managed.</p>	<p>Gifts, Hospitality and Entertainment (GHE)</p> <p>Ensuring ethical and transparent practices for receiving and giving Gifts, Hospitality and Entertainment.</p>
<p>Sanctions & Export Controls</p> <p>Ensuring compliance with applicable and evolving sanctions and export controls and screening key counterparties before any business transactions.</p>	<p>Third-Party Risk Management</p> <p>Ensuring that all third-party risks are managed with effective understanding of third-party operations.</p>	<p>Whistleblowing, Investigation and Ethics Review Committee</p> <p>Maintaining anonymity and safeguarding whistleblowers in compliance matters to maintain trust among employees and other stakeholders.</p>

Cybersecurity and data protection are integral components of the governance and risk management framework of EMSTEEL. The Group maintains structured controls and proactive monitoring mechanisms to safeguard its information assets, ensure data confidentiality, integrity,

and availability, and mitigate evolving cyber threats. These measures are supported by established policies, awareness initiatives, and periodic assessments to ensure ongoing alignment with applicable regulatory requirements and recognized best practices.

Risk Management

EMSTEEL Group has established and implemented an effective Risk Management Policy that supports the achievement of its corporate objectives by systematically identifying, assessing and managing risks across the Group. Risk Management deals with understanding, documenting, and managing the Group's risk exposure and taking mitigation measures, where necessary, to ensure that the risks are contained to acceptable levels consistent with the Group's Risk Appetite. Risk Management is a critical function within EMSTEEL Group. The Risk Management (RM) section has been established to facilitate the implementation of the Risk Management Policy and processes that are applicable to all

business lines, departments, contractors and sections. It is also applicable for strategic and corporate governance activities that are undertaken by Executive Management. The Board of Directors (BoD) has an oversight responsibility pertaining to the Group's Risk Management Policy and have approved the Risk Policy. The BoD provides the necessary direction and support to ensure that robust and effective risk management practices are embedded in the culture of EMSTEEL Group. The Audit and Risk Committee oversees the risk management section with the risk function maintaining a direct reporting line to the Audit and Risk Committee and an operational reporting line to the Group General Counsel.

Reports Issued by the Internal Audit Department to the Group's Board of Directors

During 2025, reports related to 11 engagements were issued by the Internal Audit department based on the Group Internal Audit Plans approved by the Audit and Risk Committee

11. Violations During 2025

EMSTEEL Group ensures compliance with applicable laws, resolutions and regulations. During the year 2025, the Group was not subject to any sanctions, limitations, or violations whether from the Securities and Commodities Authority (SCA) or any other UAE regulatory authority.

12. Community Support & Environmental Contributions

Below is a statement of monetary and in-kind contributions made by the Group during 2025. These initiatives reflect EMSTEEL Group's continued commitment to environmental stewardship, community wellbeing, employee welfare, and sustainable development. Throughout the year, EMSTEEL Group implemented a diverse portfolio of Corporate Social Responsibility (CSR) initiatives across community support, environmental protection, health, education, and biodiversity.

During 2025, EMSTEEL Group's CSR programs directly benefited **112,685 individuals**, with a total monetary and in-kind contribution of **AED 487,000**, supported by **137 employee volunteers**. These initiatives were delivered in collaboration with reputable government entities, non-profit organizations, and strategic partners, ensuring meaningful and measurable social impact aligned with national priorities and ESG best practices.

- In February, as part of its Ramadan initiatives, EMSTEEL Group collaborated with the Emirates Red Crescent to deliver the "We Give You a Smile" food box campaign. Essential food packages were distributed to 300 underprivileged families, benefiting 1,500 individuals, at a total cost of AED 75,000, with the support of 12 volunteers.

- During Ramadan in March, EMSTEEL Group partnered with Al Eskan Al Jamae to sponsor the distribution of 20,000 Iftar meals in ICAD Residential City. This initiative supported 16,000 beneficiaries, incurred a cost of AED 60,000, and was supported by 8 volunteers.
- In March, EMSTEEL Group sponsored the construction of a shaded structure near the ICAD mosque, enhancing comfort and wellbeing for worshippers during peak summer temperatures. This worker-focused infrastructure initiative benefited approximately 65,000 individuals, with a project cost of AED 123,675 from 2024 budget, and the involvement of 6 volunteers.
- In March, as part of its Eid initiative, EMSTEEL Group partnered with the Emirates Red Crescent to deliver the sixth edition of "Keswat El Eid". Eid vouchers were distributed to 40 orphaned and underprivileged children, at a cost of AED 10,000, supported by 5 volunteers, enabling children to celebrate the Eid with joy.
- In April, EMSTEEL Group contributed to marine conservation through an in-kind donation supporting Project REEFrame's coral reef restoration initiative in Fujairah. Steel products unsuitable for conventional construction were repurposed to create artificial reef structures, enhancing marine biodiversity. The donation included 78.220 tons of steel, with an estimated value of AED 86,042, and the participation of 12 volunteers.

- In June and October, EMSTEEL Group organized multiple blood donation campaigns under the theme "Drop of Giving", in collaboration with SEHA. Campaigns were conducted at EMSTEEL Admin Building, Emirates Cement Factory in Al Ain, and EMSTEEL plants in Mussafah. Collectively, these campaigns engaged 103 blood donors, with the support of 15 volunteers, reinforcing EMSTEEL's commitment to public health and lifesaving initiatives.
- During the summer months, EMSTEEL Group implemented "Beat the Heat" campaign to promote worker wellbeing. Initiatives included Ice Cream Day at EMSTEEL sites and ICAD Residential Areas, as well as Juices Day across Mussafah and Al Ain. These activities benefited 5,000 workers, incurred a total cost of AED 22,000, and were supported by 27 volunteers, contributing to hydration, morale, and heat-stress mitigation.
- In October, EMSTEEL Group supported the ICAD Medical Camp in collaboration with Cleveland Clinic Abu Dhabi. The initiative included stroke awareness sessions, health check-ups, and the distribution of 4,000 meal boxes to laborers across ICAD and Mafrqa camps. The campaign benefited 4,000 individuals and was supported by 7 volunteers.
- In November, EMSTEEL Group participated in the Environment Agency - Abu Dhabi clean-up campaign at Al Wathba Wetland Reserve as a member of the Green Business Network. 10 employee volunteers contributed to waste categorization and environmental monitoring using the Sahim application, supporting biodiversity protection and environmental research efforts.
- As part of its long-term environmental strategy, EMSTEEL Group became the Industrial Sustainable Partner of the Smart Digital Planting Platform under the Plant the Emirates initiative. This sponsorship, valued at AED 100,000, supports real-time monitoring of plantation growth and sustainability impact under the Green-Blue-Sustainable program. EMSTEEL will contribute to planting 3000 trees through this platform.
- In November, EMSTEEL Group continued its tree-planting efforts by completing the remaining phase of a previous planting campaign. Volunteers supported the planting of additional trees under the Plant the Emirates initiative in partnership with national entities, with the participation of 15 volunteers.
- In December, EMSTEEL Group hosted an educational site visit for Cranleigh Chemistry students and teachers, engaging 42 participants in learning about steel manufacturing, sustainability, safety, and innovation. The initiative was supported by 15 volunteers and reinforced EMSTEEL's alignment with ADQ, CARES, and ResponsibleSteel standards.
- Under its community development initiatives, EMSTEEL Group provided CSR-funded material cost support to the Delma Island construction project through a 50% discount on cement and blocks valued at AED 750,000. This long-term initiative benefited 8,000 community members, involved 5 volunteers, and supports sustainable infrastructure development through sales revenue deductions.

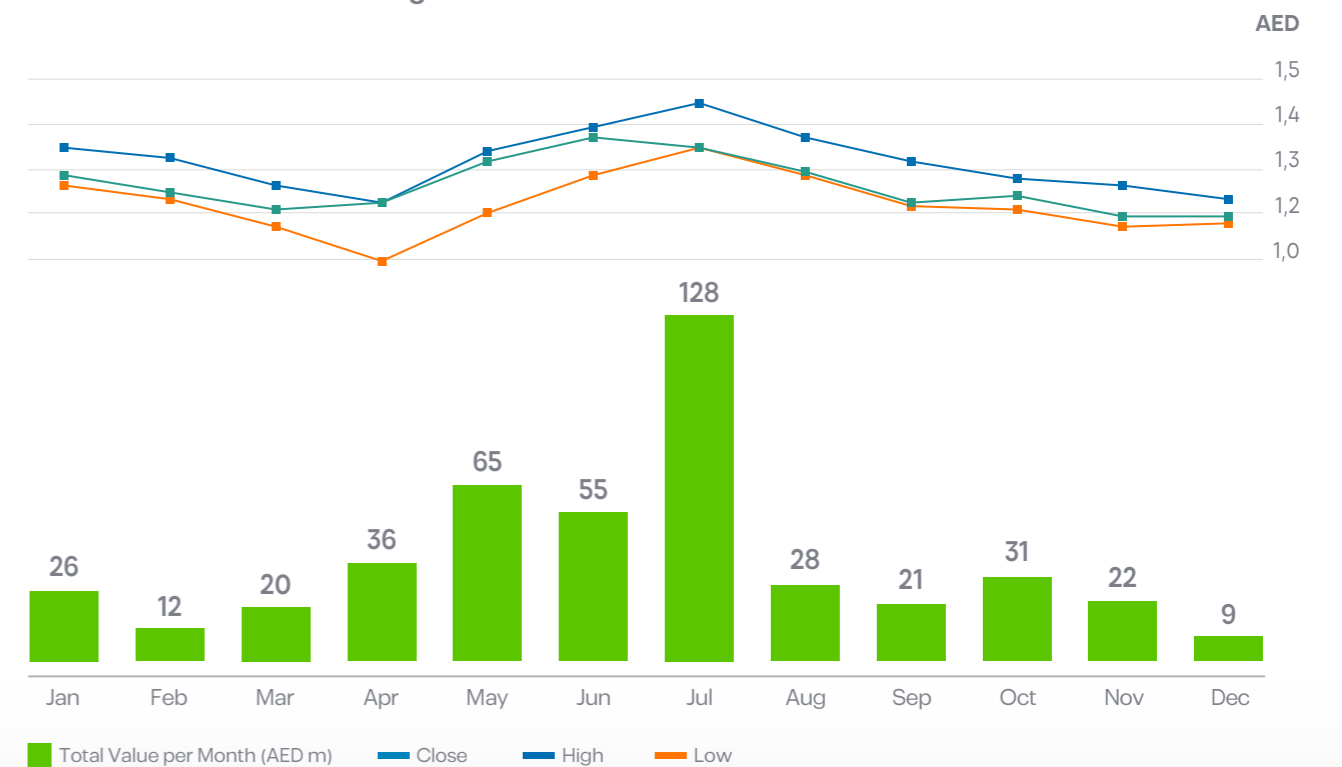
These contributions reflect EMSTEEL Group's structured and accountable approach to community investment, environmental protection, and sustainable value creation, aligned with national priorities and ESG commitments.

13. General Information

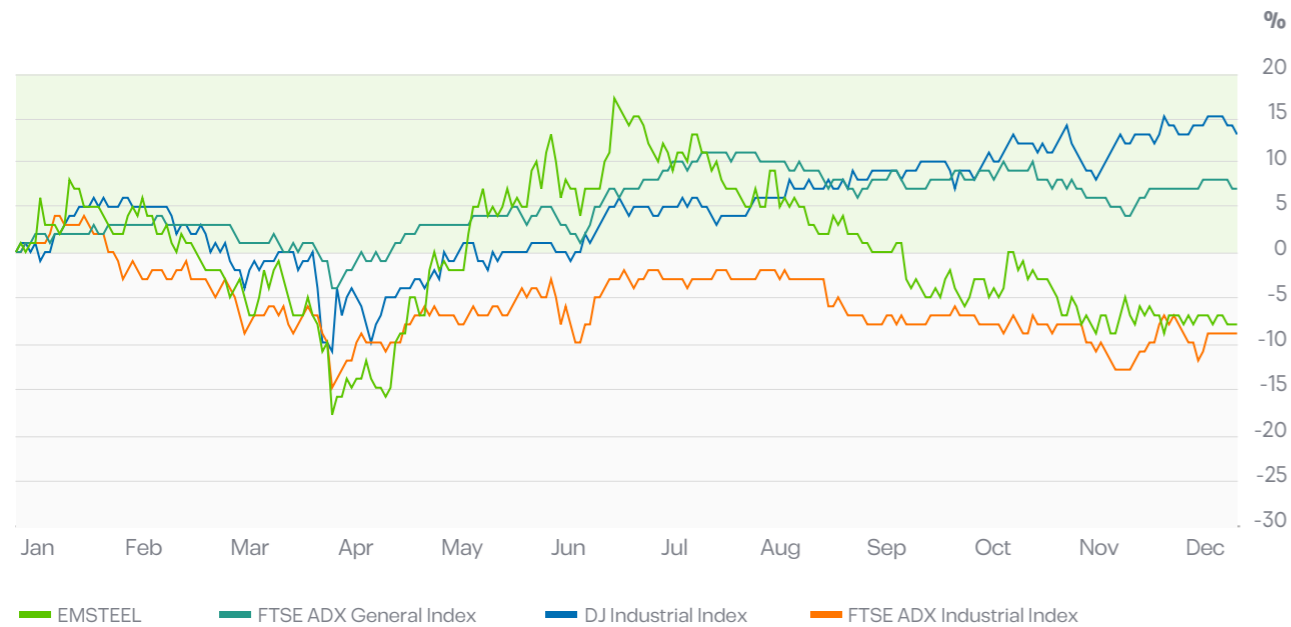
a. Monthly Share Price on the Market

Month	Close AED	High AED	Low AED	Total Value per Month (AED million)	Total Volume per Month (# of shares, million)
January	1.24	1.32	1.21	26	21
February	1.19	1.29	1.17	12	10
March	1.14	1.21	1.09	20	17
April	1.16	1.16	0.99	36	34
May	1.28	1.31	1.13	65	52
June	1.35	1.38	1.24	55	42
July	1.32	1.45	1.32	128	92
August	1.25	1.35	1.24	28	21
September	1.16	1.28	1.15	21	17
October	1.18	1.23	1.14	31	26
November	1.12	1.21	1.09	22	19
December	1.12	1.17	1.10	9	8

EMSTEEL Performance during 2025



b. Comparative Performance of Share to the General Market Index and a Relevant Industrial Index



c. Ownership Distribution of Shareholders on 31 December 2025

No.	Shareholder	% of Shares Held			Total
		Individuals	Corporates	Government	
1	UAE	7.51%	3.10%	88.25%	98.86%
2	Arabs	0.27%	0.06%	-	0.33%
3	Foreigners	0.14%	0.67%	-	0.81%
	Total	7.92%	3.83%	88.25%	100.00%

d. Shareholders Holding 5% or More

No.	Shareholder	Quantity	Citizenship	%
1	General Holding Corporation PJSC ("SENAAT")	5,992,500,000	UAE	87.48

e. Shareholding Distribution According to the Volume of Shares

No.	Shareholding (shares)	No. of Shareholders	Shares Held	Held Shares Ratio to Total Capital
1	Less than 50,000	74,753	156,836,832	2.29%
2	From 50,000 to less than 500,000	435	63,704,703	0.93%
3	From 500,000 to less than 5,000,000	96	129,066,470	1.88%
4	More than 5,000,000	32	6,500,391,995	94.9%
	Total	75,316	6,850,000,000	100%

f. Investors Relations

Investor relations in-charge and contact details:

Gleb Diachkov-Gertcev is Director of Investor Relations. The Investor Relations department can be contacted via ir@emsteel.com

Investor relations web page on the Group's website:

A webpage designated for investors relation has been developed within the EMSTEEL's website, available via the link <https://www.emsteel.com/investor-relations/>. It is updated and maintained to keep abreast with international best practice including investor relations

information and contact details together with all reports and presentations relating to EMSTEEL's financial results, General Assembly minutes, annual corporate governance reports and any other significant information of assistance to existing shareholders and potential investors.

g. Statement of Special Resolutions Proposed at General Assembly

No special resolutions were presented at the General Assembly convened during 2025.

h. Board Secretary

Name of Board's Secretary	Mahmoud El Gharabawy
Appointment Date	3rd March 2023
Qualification and Experience	<p>Mahmoud is a Partner in the Corporate Commercial practice at Hadeef & Partners' Abu Dhabi office.</p> <p>Mahmoud has over 18 years of experience in the legal field, during which he focuses mainly on corporate, commercial, capital markets, M&A and finance transactions.</p> <p>Mahmoud has extensive experience in corporate, merger and acquisitions and capital markets, including restructuring, IPOs, private placement, bonds/sukuk issuance, tender offers and right issues.</p>
Job Description	<p>Proposing the agenda of board meetings, organizing and recording the activities of board meetings and sub-committees.</p> <p>Provide sound and professional advice to the Chairman of the board on matters related to corporate governance.</p> <p>Ensure that the quorum of the board and its committees is achieved and that the related documents are distributed in a timely manner.</p> <p>Ensure effective management of all logistical arrangements related to the board's activities.</p> <p>Ensure accurate and effective records are kept of board decisions in compliance with legal requirements.</p> <p>Record the minutes of all meetings of the BoD, ensuring that all procedures have been duly observed, recording the time and place of the meeting, the names of the attendees or representatives at the meeting in the minutes and retain the original copies of the minutes at the Group's headquarters.</p> <p>Keeping the BoD and EMSTEEL Group executives fully informed of current and new legislative requirements.</p> <p>Prepare for the Annual General Meeting of shareholders.</p> <p>Follow up on board affairs (decision and requests), track and coordinate board requests between the board and management.</p> <p>Maintain strict confidentiality of all tasks performed.</p> <p>Perform all duties that may be required by law, EMSTEEL's Articles of Association or internal regulations, and any other matters which may be assigned to him from time to time by the BoD.</p>

i. Major Events and Important Disclosures Encountered During 2025

No significant events and disclosures to report outside usual business activities.

j. Related Parties' Transactions that Exceeded 5% of Capital

Related parties' transactions that exceeded 5% of capital in 2025:

- Abu Dhabi Distribution Company PJSC** - AED 585,726,595 (6.37% of capital)
- Abu Dhabi National Oil Company** - AED 566,831,461 (6.16% of capital)

k. Emiratization Percentage in the Group

A comprehensive review of the Emiratization strategy for 2024 has been conducted to ensure alignment with best practices followed by Abu Dhabi Government entities, focusing on targeted nationalized positions. The Group's Emiratization approach has been refined with a methodology that prioritizes nationalized roles.

This strategic enhancement reflects a dedication to industry best practices, ensuring that Emiratization efforts contribute meaningfully to organizational goals and the wider sector. Below is the attained Emiratization figures based on the new approach:

Year	Emiratization
2022	52%
2023	54%
2024	51.7%
2025	48.0%



I. Innovative Projects and Initiatives Undertaken

The management presented several initiatives that would add value to EMSTEEL Group's business that are under review and evaluation by the executive management and the Board of Directors. Selected initiatives are set out below:

2025 Initiative	Impact Category	Description	Benefits	Status
Operational Excellences Improvement in Rolling Mill	<ul style="list-style-type: none"> Production of High Tensile ES600 Grade Rebar Productivity Improvement. Quality Improvement 	Revamping/ Replacement of Flying Shear & Cold Shear in Rolling Mill # 1	<ul style="list-style-type: none"> Enhanced Productivity. Improved Quality. 	<ul style="list-style-type: none"> Contract awarded to SARALLE. Erection & Commissioning started/Ongoing during current RM1 Major Shutdown in Dec 2025
Operational Excellences Improvement in Rolling Mill	<ul style="list-style-type: none"> Production of High Strength Beam Blanks Productivity Improvement. Quality Improvement 	HSM/RM4 upgrade for Thermo-Mechanical Control Process (TMCP) by Selective Flange Cooling (SFC) only, or in combination with Quenching & Self-Tempering (QST) treating the whole beam	<ul style="list-style-type: none"> Enhanced Productivity. Improved Quality. 	<ul style="list-style-type: none"> Contract awarded to DANIELI. Erection & Commissioning scheduled by April 2026 during RM4 Major Shutdown.
Operational Excellences Improvement in Rolling Mill	<ul style="list-style-type: none"> Production of High Strength Beam Blanks Productivity Improvement. Quality Improvement 	Design, Engineering and Construction of New RO Plant for water supply for RM4 for QST	<ul style="list-style-type: none"> Enhanced Productivity. Improved Quality. 	<ul style="list-style-type: none"> Contract awarded to CORODEX. Erection & Commissioning scheduled by April 2026 during RM4 Major Shutdown.
Operational Excellences Improvement in Rolling Mill	<ul style="list-style-type: none"> Production of High Strength Beam Blanks Productivity Improvement Quality Improvement 	Revamping/upgrade of HSM Water Treatment Plant for additional water supply for RM4 QST	<ul style="list-style-type: none"> Enhanced Productivity. Improved Quality. 	<ul style="list-style-type: none"> Contract awarded to DANIELI Erection & Commissioning scheduled by April 2026 during RM4 Major Shutdown.
Operational Excellences Improvement in Melt shop	<ul style="list-style-type: none"> SMP1 upgrade for Value added Steel production 	SMP1 Caster Upgrade New VD system in SMP1	<ul style="list-style-type: none"> Enhanced Productivity. Improved Quality. 	<ul style="list-style-type: none"> PRC completed. Ordering formalities in progress. PO expected to be placed in Q1 2026
Operational Excellences Improvement in Rolling Mill	<ul style="list-style-type: none"> Revamping of RM5 to convert from Rebar Mill to Combo Mill with selection for Rebar Mill as well as Wire Rod Mill for rolling Value added grade steel from SMP1 	Design, engineering and commissioning of New WRM line after Stand 16 of RM5	<ul style="list-style-type: none"> Enhanced Productivity. Improved Quality. 	<ul style="list-style-type: none"> Contract awarded to PRIMETALS Erection in 2026 & Commissioning scheduled by JUNE/ JULY 2027 during RM5 Major Shutdown.
Operational Excellences Improvement in Rolling Mill	<ul style="list-style-type: none"> Revamping of RM3 Cooling Conveyor/ Stelmor conveyor for rolling of Value added grade steel from SMP1 	Design, engineering and commissioning of New Cooling Bed Conveyor of RM3/ WRM	<ul style="list-style-type: none"> Enhanced Productivity. Improved Quality. 	<ul style="list-style-type: none"> Contract awarded to PRIMETALS Erection in 2026 & Commissioning scheduled during RM3 Major Shutdown scheduled in AUG 26

Signatures:

Hamad Abdulla Mohamed Alshorafa Al Hammadi
Chairman - Board of Directors

Abdulaziz Abdulla Ismail Mohamed Al Hajri
Chairman - Audit and Risk Committee

Ahmed Ali Mohamed Ali Al Shamsi
Chairman - Nomination and Rewards Committee

Kartikeyay Nath
Group Head of Internal Audit



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Board of Directors' Report to the Shareholders for the year ended 31 December 2025

On behalf of EMSTEEL Building Materials PJSC's Board of Directors ("EMSTEEL", the "Company" or the "Group"), I am pleased to present the Board of Directors' report and the audited consolidated financial statements for the year ended 31 December 2025.

Emirates Steel is a leading integrated steel manufacturer in the Middle East. The combination of the Company's building materials businesses Emirates Cement with

Emirates Steel has created the UAE's largest steel and building materials business with a compelling strategic proposition and strong potential for growth in the UAE and internationally.

The Group is well placed to scale and grow, create new business opportunities and ensure that homegrown manufacturers are at the forefront of driving a sustainable, diversified national economy.

Financial Performance of the Group for Year Ended 31 December 2025

During 2025, EMSTEEL delivered strong operational results, increasing total steel sales volumes by 7% year-on-year (YoY). Robust UAE market demand, combined with increased finished steel output allowed for growth of sales volumes of finished steel products by 16% YoY to 3.3 million tonnes. Additionally, cement and clinker sales volumes rose by 8% YoY to 3.5 million tonnes.

The Group's revenue for year 2025 was AED 8,941.3 million compared to AED 8,337.3 million in 2024. The Group reported profit after tax for the year of AED 522.6 million, compared to AED 392.4 million in 2024.

This performance has been delivered while upholding the highest standards of health, safety, and environmental excellence across all business units. During 2025 the Group achieved a Lost Time Injury Frequency Rate (LTIFR) at a record low of 0.00 (2024: 0.16), sustaining zero lost-time injuries for the year. The Total Recordable Injury Frequency Rate (TRIFR) improved by approximately 19% year-on-year, reducing from 0.36 to 0.29, reflecting continued progress in strengthening the proactive safety culture and operational discipline.

Review of Operations

Emirates Steel

On a stand-alone basis the Steel division generated revenues of AED 7,997.2 million in 2025 compared to AED 7,576.6 million in 2024; and a net profit before tax for the year of AED 424.4 million compared to a net profit before tax of AED 287.3 million in 2024, the latter being stated after the partial reversal of impairment losses, initially recorded in 2020, in an amount of AED 207.3 million.

Emirates Cement and Blocks

Revenue from the Cement and Blocks division was AED 763.4 million in 2025, compared to AED 612.6 million in 2024.

The division comprising the Cement and Blocks recorded a net profit before tax of AED 106.3 million as compared to a profit before tax of AED 126.8 million in 2024 and the Anabeeb business units generated net profit before tax of AED 41.8 million as compared to a profit before tax of AED 17.5 million in 2024.

The Group completed the disposal of the non-core Anabeeb division, comprising the PVC Pipes, GRP Pipes and Bags business units on 31 December 2025 based on Share Purchase Agreement executed on the 30 July 2025.

Liquidity

Bank borrowings totaled AED Nil as at 31 December 2025 (31 December 2024: AED 485.8 million). In addition, the Group held cash and cash equivalents of AED 1,164.6 million as of 31 December 2025 (31 December 2024: AED 823.3 million).

Total Assets & Shareholders' Equity

The Group's total assets were AED 11,177 million as at 31 December 2025 (31 December 2024: AED 11,259 million). The value of shareholders' equity was AED 9,244 million as of 31 December 2025 compared to AED 8,720 million as at 31 December 2024.

Dividend Distribution

The Board of Directors has proposed not to distribute dividend for the year 2025, subject to approval by shareholders at the forthcoming Annual General Assembly Meeting. In reaching this decision, the Board considered the Company's ongoing strategic and operational growth initiatives aimed at enhancing long-term shareholder value, as well as the associated capital

expenditure requirements. The Board believes that the retention of earnings is appropriate to support these initiatives and to maintain financial flexibility.

Directors

The Directors who held office during the financial year subject to review, and through to the date of this report, are detailed below.

- Hamad A. Al Hammadi - Chairman
- Ahmed Ali Al Shamsi - Vice Chairman
- Abdulaziz Al Hajri
- Farah Abdulla Al Mazrui
- Fatima Abdulla Al Fahim
- Nabeel Qadir
- Saeed G. Al Remeithi - Group Chief Executive Officer

Auditor

The Directors release from liabilities the external auditor, Ernst & Young Middle East, in connection with their duties for the year ended 31 December 2025.

For and on behalf of the Board of Directors

Hamad A. Al Hammadi

Chairman
11 March 2026





Shape the future
with confidence

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(Abu Dhabi Branch)**

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CL No. 1001276

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.

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

As at 31 December 2025, the carrying amount of the Group's property, plant and equipment and right of use assets was AED 6,448 million (31 December 2024: AED 6,630 million), representing 58% (31 December 2024: 59%) of total assets. No impairment or reversal of impairment was recorded in the consolidated statement of profit or loss during the year ended 31 December 2025 (2024: reversal of impairment of AED 207 million).

We considered this to be a key audit matter as the determination of the recoverable amount requires management to apply significant judgements and make significant estimates that are affected by expected future market or economic conditions including, inter alia, expected future cash flows, utilisation rates, the associated discount rate applied and long-term growth rates based on management's view of future business prospects.

Refer to notes 5 and 6 to the consolidated financial statements for more details relating to this matter.

The audit procedures performed to address this key audit matter include the following:

- assessed the design and tested the implementation of the Group's controls relating to the determination of the recoverable amount of the steel, cement and blocks business;
- reconciled the net carrying amount of the CGU to the Group's accounting records;
- involved our valuation specialist to assess the discount rate and growth rates applied by benchmarking against independent data;
- evaluated each of the management's key assumptions including budget estimates underlying the cash flows used in the valuation models. For this purpose, we also compared the estimates of cash flow projections of previous periods with actual corresponding results, to assess the pertinence and reasonableness of the process for making forecasts;
- evaluated management's sensitivity analysis in relation to the key inputs used in the model used to determine the recoverable amount, as well as performing our own sensitivity analysis of the factors and assumptions used;
- reperformed the arithmetical calculations of the valuations used by the Group;

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- agreed the results of the impairment models to the amounts reported in the consolidated financial statements; and
- assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

Other information

Other information consists of the information included in the Board of Directors' report and the annual report other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of our audit report and we expect to obtain the annual report after the date of our auditor's report. Management is responsible for the other information.

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

Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021, as amended and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report to the Shareholders of Emsteel Building Materials PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of EMSTEEL Building Materials PJSC ("EMSTEEL" or the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2025, 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 ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further

described in the **Auditor's responsibilities for the audit of the consolidated financial statements** section of our report. We are independent of the Group in accordance with the **International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards)** (IESBA Code) as applicable to audits of financial statements of public interest entities together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have also 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report (continued)
Report on the Audit of the Consolidated Financial Statements (continued)
Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter iii not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

- i) the Group has maintained proper books of account;
- ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended and the Articles of Association of the Company;
- iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;
- v) the Company has not purchased or invested in any shares or stocks during the year;
- vi) note 13 reflects material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the period any of the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended

or of its Article of Association which would materially affect its activities or its financial position as at 31 December 2025; and

viii) during the year, the Group made social contributions of AED 601 thousand.

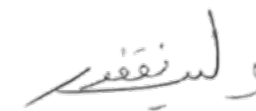
Further, as required by the Abu Dhabi Accountability Authority Chairman Resolution No. 88 of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the law of establishment of the Company and relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations, which would materially affect its activities or the consolidated financial statements of the Company as at 31 December 2025:

- i) its Articles of Association; and
- ii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

For Ernst & Young

Walid J Nakfour

Registration No 5479
11 March 2026
Abu Dhabi, United Arab Emirates



Consolidated Statement of Financial Position as at 31 December 2025

AED'000	Notes	2025	2024
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,241,098	6,415,683
Right-of-use assets	14	206,946	214,278
Investment property	8	11,137	11,846
Intangible assets	9	62,257	44,799
Total non-current assets		6,521,438	6,686,606
Current assets			
Inventories	10	1,940,293	1,543,426
Trade and other receivables	11	1,550,362	2,068,554
Cash and bank balances	12	1,164,615	796,660
		4,655,270	4,408,640
Assets held for sale	18	-	163,278
Total current assets		4,655,270	4,571,918
Total assets		11,176,708	11,258,524
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	6,850,000	6,850,000
Statutory reserve	16	288,162	235,900
Merger reserve	17	1,092,817	1,092,817
Capital reserve	17	3,783	3,783
Other reserve	17	44,239	43,566
Retained earnings		964,775	494,421
Total equity		9,243,776	8,720,487
Non-current liabilities			
Lease liabilities	22	323,075	321,113
Provision for employees' end of Service benefits	19	159,846	154,946
Deferred tax liability	32	17,224	18,659
Total non-current liabilities		500,145	494,718

AED'000	Notes	2025	2024
Current liabilities			
Bank borrowings	20	-	485,789
Trade and other payables	21	1,166,532	1,483,431
Corporate tax payable	32	50,497	20,600
Due to related party	13	202,866	-
Lease liabilities	22	12,892	12,196
		1,432,787	2,002,016
Liabilities directly associated with assets held for sale	18	-	41,303
Total current liabilities		1,432,787	2,043,319
Total liabilities		1,932,932	2,538,037
Total equity and liabilities		11,176,708	11,258,524

To the best of our knowledge, the financial information included in these consolidated financial statements fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of 31 December 2025, and for the year presented in the report. These consolidated financial statements were approved by the Board of Directors on 11 March 2026 and are signed on its behalf by:


**Hamad
A. Al Hammadi**
Chairman



**Saeed
G. Al Remeithi**
Director and Group Chief
Executive Officer



**Mark
J.S. Tonkens**
Group Chief Financial Officer



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

Consolidated Statement of Profit or Loss for the year ended 31 December 2025

AED'000	Notes	2025	2024
Revenue	23	8,941,330	8,337,315
Cost of sales	24	(7,674,740)	(7,577,683)
Gross profit		1,266,590	759,632
Selling and distribution expenses	25	(88,617)	(44,251)
General and administrative expenses	26	(545,787)	(416,760)
Finance income	27	15,392	14,003
Finance costs	27	(83,832)	(96,087)
Other income	28	4,267	2,811
Gain on disposal of assets held for sale	18	4,476	-
Profit on disposal of associates	7	-	4,982
Reversal of impairment loss on property, plant and equipment	5, 6	-	207,321
Profit before tax		572,489	431,651
Income tax expense	32	(49,873)	(39,259)
Profit for the year		522,616	392,392
Basic and diluted earnings per share (AED)	34	0.076	0.057

Consolidated Statement of Comprehensive Income for the year ended 31 December 2025

AED'000	Note	2025	2024
Profit for the year		522,616	392,392
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of provision for employees' end of service benefits	19	673	(4,341)
Total comprehensive income for the year		523,289	388,051

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

Consolidated Statement of Changes in Equity for the year ended 31 December 2025

AED'000	Share capital	Statutory reserve	Merger reserve	Capital reserve	Other reserve	Retained earnings	Total equity
As at 1 January 2024	6,850,000	196,661	1,092,817	3,783	47,907	141,268	8,332,436
Profit for the year	-	-	-	-	-	392,392	392,392
Other comprehensive loss	-	-	-	-	(4,341)	-	(4,341)
Total comprehensive income for the year	-	-	-	-	(4,341)	392,392	388,051
Transfer to statutory reserve	-	39,239	-	-	-	(39,239)	-
As at 1 January 2025	6,850,000	235,900	1,092,817	3,783	43,566	494,421	8,720,487
Profit for the year	-	-	-	-	-	522,616	522,616
Other comprehensive Income	-	-	-	-	673	-	673
Total comprehensive income for the year	-	-	-	-	673	522,616	523,289
Transfer to statutory reserve	-	52,262	-	-	-	(52,262)	-
As at 31 December 2025	6,850,000	288,162	1,092,817	3,783	44,239	964,775	9,243,776

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

Consolidated Statement of Cash Flows for the year ended 31 December 2025

AED'000	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		572,489	431,651
Adjustments for:			
• Depreciation of property, plant and equipment	5	570,104	553,843
• Depreciation of right-of-use assets	14	9,322	14,279
• Depreciation of investment property	8	709	709
• Amortisation of intangible assets	9	21,796	11,679
• Gain on disposal of assets held for sale	18	(4,476)	-
• Reversal of impairment of property, plant and equipment	5	-	(207,321)
• Reversal of impairment loss on financial assets (net)	11	(2,632)	(5,453)
• Employees' end of service benefits charge, net	19	19,720	(28,343)
• Impairment charge on CWIP	5	16,816	-
• Impairment on assets held for sale	18	-	4,818
• Gain on sale of associates	7	-	(4,982)
• Gain on disposal of property, plant and equipment		(231)	-
• Finance income	27	(15,392)	(14,003)
• Finance cost	27	83,832	96,087
• Impairment loss on inventories (net)	10	23,762	13,580
Operating cash flows before movements in working capital		1,295,819	866,544
(Increase)/ decrease in inventories		(412,886)	332,624
Decrease/ (increase) in trade and other receivables		541,794	(372,931)
Decrease in trade and other payables		(320,507)	(133,581)
Increase in due to related party		202,866	-
Cash generated from operations		1,307,086	692,656
Employees' end of service benefits paid	18, 19	(15,278)	(20,092)
Taxes paid	32	(18,022)	-
Net cash generated from operating activities		1,273,786	672,564

AED'000	Notes	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment	5, 18	(413,564)	(237,289)
Payments for purchase of intangible assets	9	(39,254)	(46,133)
Proceeds from sale of property, plant and equipment		231	-
Proceeds from disposal of assets held for sale, net	18	73,683	-
Proceeds from sale of investment in associates	7	-	99,000
Interest received	27	15,392	14,003
Net cash used in investing activities		(363,512)	(170,419)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	20	(1,720,459)	(2,467,354)
Proceeds from borrowings	20	1,234,670	2,463,836
Interest paid		(64,187)	(68,280)
Payment of lease liabilities	22	(18,977)	(32,861)
Net cash used in financing activities		(568,953)	(104,659)
Net increase in cash and cash equivalents		341,321	397,486
Cash and cash equivalents at the beginning of the year		823,294	425,808
Total cash and cash equivalents at the end of the year	12	1,164,615	823,294

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

1. General Information

EMSTEEL Building Materials PJSC ("EMSTEEL" or the "Company") was incorporated in Abu Dhabi, United Arab Emirates ("UAE") as a Public Joint Stock Company pursuant to Ministerial Resolution No. 228 for the year 2006.

The change in the legal name of the Company to EMSTEEL Building Materials PJSC from Arkan Building Materials Company (Arkan) PJSC was approved at the General Meeting of Shareholders held on 10 April 2023.

General Holding Corporation PJSC (SENAAT) (the "Parent Company") owned 51% of the Company's shares; this ownership interest was increased to 87.5% on 6 October 2021 as a result of the sale of SENAAT's 100% interest in the issued share capital of Emirates Steel Industries Co. PJSC to the Company for the issue of 5.1 billion additional ordinary shares. The ultimate parent company

of EMSTEEL is Abu Dhabi Developmental Holding Company PJSC ("ADQ") which is wholly owned by the Government of Abu Dhabi.

These consolidated financial statements include the financial performance and financial position of the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates.

The principal activities of the Group include operating, trading and investing in industrial projects and commercial companies involved in the steel and building materials sectors.

The principal activity, country of incorporation and operation, and ownership interest of the Company in its subsidiaries is set out below:

Name of subsidiary/division	Country of incorporation	Proportion of ownership interest and voting held by the Group		Principal activity
		2025	2024	
Emirates Steel Industries Co. PJSC ¹	UAE	100%	100%	Production and sale of long-steel products
Emirates Blocks Factory ²	UAE	100%	100%	Production and sale of cement block
Emirates Cement Factory ³	UAE	100%	100%	Production and sale of packed and bulk cement
Al Ain Cement Factory ²	UAE	100%	100%	Production and sale of packed and bulk cement
Anabeeb PVC LLC ⁴	UAE	-	100%	Production and sale of pipes, and paper bags

The Group made no purchases or investments in shares during the financial years ended 31 December 2025 or 31 December 2024.

¹ Emirates Steel Industries Co. PJSC ("Emirates Steel") was acquired on 6 October 2021 from a related party for the issue of 5,100,000,000 ordinary shares (note 15). As at 31 December 2024, the Company's only subsidiary, Emirates Iron & Steel Company Ltd. ("ESCL"), a Company incorporated in the Kingdom of Saudi Arabia (a dormant entity), in which the Emirates Steel Industries Co. PJSC held a 100% ownership interest. During 2024, ESCL was liquidated. The closure formalities and regulatory procedures with the relevant government authorities were completed in 2025. No gain or loss resulted from this liquidation.

² These are operating divisions of the Company.

³ The operations of Emirates Cement Factory were discontinued in December 2016 and currently the company is not operational.

⁴ The Anabeeb PVC LLC was considered as held for sale assets on 31 December 2024. Disposal is completed during the year ended 31 December 2025 - refer Note 18.

2. Application of New and Revised International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs)

2.1. New and amended standards issued and effective

The following new and amended standards have been adopted in the consolidated financial information.

- Lack of Exchangeability (Amendments to IAS 21)

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity 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 entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

There has been no material impact on the consolidated financial statements of the Group upon adoption of the above amendments.

2.2. New and amended standards issued but not yet effective

At the date of these consolidated financial statements, the following standards, amendments and interpretations have not been effective and have not been early adopted:

- IFRS 18 - Presentation and Disclosure in Financial Statements;
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures;
- Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7;
- Annual Improvements to IFRS Accounting Standards - Volume 11
- Contracts referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7;
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

These new and amended standards are not expected to have a significant impact on the Group consolidated financial statements except for IFRS 18, for which the Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

3. Material Accounting Policy Information

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRSs) and applicable provisions of UAE Federal Law No. (32) of 2021, as amended.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for provisions for employees' end of service benefits which are measured on an actuarial basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

Notes to the Consolidated Financial Statements (continued)
 3. Material accounting policy information (continued)
 Basis of preparation (continued)

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.

For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which is described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability that are derived from valuation techniques.

The material accounting policies adopted by the Group are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date when the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flow relating to transactions between members of the Group are eliminated in full on consolidation.

Subsidiaries

Subsidiaries are investees that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

Step 1: Identify the contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

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

Step 4: Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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

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

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

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

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue when it transfers control over goods or services to its customers.

Revenue is recorded net of value added tax (VAT).

The Group is in the business of sale of steel and building material products. Building material products include cement, blocks, GRP and PVC pipes and bags.

Revenue is recognized on these sales at a point in time when the performance obligation to deliver the products to the customers has been satisfied.

Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Depreciation is calculated so as to write off the cost of property, plant and equipment over their estimated useful lives using the straight-line method on the following basis:

	Years
Leasehold improvements and buildings	4-40
Plant and equipment	2-25
Furniture and fixtures	4-6
Motor vehicles	4-7

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the asset including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment or intangible asset category and is depreciated or amortised in accordance with the Group's policies.

Investment property

The investment property is a property held to earn rental income and for capital appreciation, but not for sale in the ordinary course of business, for use in the production or supply of goods or services or for administrative purposes. The investment property was evaluated by a third-party professional valuer on initial recognition and subsequently carried at cost less accumulated depreciation. Depreciation on the investment property, excluding the value of the freehold land, is calculated using the straight-line method to bring it to the residual value, assumed at AED nil, over the estimated useful life of 20 years.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets primarily comprise the Group's investment in its SAP based ERP systems and are amortised over 4 years. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

De-recognition of intangible assets

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease

payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option,

the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of tangible and intangible assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the consolidated statement of profit or loss.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price, less the estimated cost of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete and slow-moving inventories.

Provision for employees' end of service benefits

End of service benefits obligation is estimated using the Projected Unit Credit method. Under this method each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases.

Notes to the Consolidated Financial Statements (continued)
 3. Material accounting policy information (continued)
 Provision for employees' end of service benefits (continued)

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(a) Bonus and long-term incentive plans

The Group recognises the liability for bonuses and long-term incentives in profit and loss on an accrued basis. The benefits for the management are subject to the Board's approval and are linked to business performance.

(b) Defined contribution plan

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund.

(c) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' final basic salaries. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the valuation date on US AA-rated corporate bonds, which in the absence of a deep market in corporate bonds within the UAE is the relevant proxy market as determined by the actuaries.

The calculation of defined benefit obligation is performed regularly by a qualified actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans within profit or loss.

Foreign currencies

For the purpose of these consolidated financial statements, UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets include trade and other receivables and cash and bank balances. The Group's financial liabilities include trade and other payables, lease liabilities and bank borrowings.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

Classification of financial assets and liabilities

Initial recognition

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss ("FVTPL").

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss account:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

Business model assessment

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

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity, however; information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities, at initial recognition, may be designated at FVTPL if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis;
- the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains an embedded derivative that would otherwise need to be separately recorded.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit or loss.

Subsequent measurement and gain or losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss.

Financial liabilities at FVTPL

These liabilities are subsequently measured at fair value and net gains or losses are recognised in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)
 3. Material accounting policy information (continued)
 Financial instruments (continued)
 Classification of financial assets and liabilities (continued)

Financial liabilities at amortised cost

Mainly includes borrowings and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Reclassification

Financial assets

The Group reclassifies financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

Financial liabilities

The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not permitted.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is de-recognised, and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of profit or loss.

Financial liabilities

If the terms of a financial liability are modified and the cash flows of the modified liability are substantially different then, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the consolidated statement of profit or loss.

De-recognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not de-recognised.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Measured at amortised cost

Any gain or loss on derecognition of financial assets measured at amortised cost is recognised in the consolidated statement of profit or loss.

Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model under IAS 39 with a forward-looking 'expected credit losses' ('ECL') model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Group recognises loss allowances for ECLs on the following instruments that are not measured at FVTPL:

- financial assets measured that are debt instruments carried at amortised cost or FVOCI; and
- financial guarantee contracts issued.

The Group measures loss allowances either using a general or simplified approach as considered appropriate.

Under the general approach, loss allowances are measured at an amount equal to 12-month expected credit loss except when there has been a significant increase in credit risk since inception. In such cases, the Group measures loss allowances at an amount equal to lifetime expected credit loss.

Under the simplified approach, loss allowances are always measured at an amount equal to lifetime expected credit loss.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

12-month ECL: These losses are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the consolidated statement of profit or loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Disposal group

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and subsidiaries classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Current versus non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/ non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Value added tax ("VAT")

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

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

Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and

the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

While applying the accounting policies as detailed in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The critical accounting judgment and significant estimates made by management are summarised below.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Capital work in progress

In determining the timing of the transfer of property, plant and equipment from capital work in progress to operational assets management consider the principles of IAS 16, Property, Plant and Equipment, Management critically considers the capability of the assets to operate in the manner intended by management, taking into consideration the levels of performance in the commissioning period.

Capitalisation of expenses

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off to the consolidated statement of profit or loss. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss when the expense is incurred.

Leases

Judgement in identifying whether a contract includes a lease

The Group has entered into various contracts with Abu Dhabi Ports Co. PJSC, Abu Dhabi Municipality and Al Ain Municipality for the lease of various plots of land. Management have assessed whether or not the Group has contracted for the rights to substantially all of the land and whether the contracts contain leases such that the Group does have the right to obtain substantially all of the economic benefits from the use of the land. As a result, the Group has concluded that the contracts do contain leases.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Notes to the Consolidated Financial Statements (continued)

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Leases (continued)

Judgement in identifying whether a contract includes a lease (continued)

Determination of the appropriate rate to discount the lease payment

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management estimated the IBR by using its credit spread from similar arrangements and the Emirates Interbank Offered Rate applicable to the remaining lease term as a reference yield.

Significant increase in credit risk

As detailed at note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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

Determining whether the Group's assets, including goodwill, are impaired requires an estimation of the value in use of the cash generating units. The value in use calculations require Group management to estimate the future cash flows for which certain assumptions are required, including management's expectation of:

- long term growth rates in cash flows;
- future sales volumes and price forecasts; and
- the selection of discount rates to reflect the risks involved.

Al Ain Cement Division

In 2021 management assessed the remaining volumes of limestone that could be extracted from its captive quarry in Al Ain. It was estimated that the continuing quarrying operations could be sustained, on a commercially viable basis up to 2024, after which the further extraction of the limestone feedstock would no longer be economically viable. The inventories of limestone and clinker then held at the plant and the continuance of quarrying up to 2024 supported the normal production

volumes through to the end of 2024. In 2025, the business sourced its limestone feedstock from an alternate source and transported it to the Al Ain plant to continue supporting the normal production volumes. From 2026 it is assumed that the business continues with the same plan.

Management assessed the future cash flows of the business, based on this revised business model, and impairments were booked in 2021 on the allocated goodwill, the associated right-of-use assets and the plant's property, plant and equipment (notes 5, 6 and 14) in a total amount of AED 700 million. A similar assessment was completed at the end of 2022 and management concluded that no further impairment losses were required to be recognised over and above the provisions booked in 2021.

The Group has subsequently identified an alternate quarry, in the Al Ain area, and quarrying activities commenced at this location in the final quarter of 2023. It is estimated that this new quarry will supply the requirements of the plant for five years. Management continues to assess alternative sources of feedstock for its longer-term operations.

At 31 December 2023 following an impairment assessment of the Al Ain Cement business by management, it was determined that no additional impairment losses were required and a partial release of AED 83.45 million was made from the impairment provision established in 2021.

A similar assessment was completed at the end of 2024 & 2025 and management concluded that no further impairment losses, or releases from the reserves carried, were required to be recognised.

Blocks Division

Similarly, management assessed the recoverability of the carrying value of the Emirates Block's business assets and the key assumptions used are detailed in notes 5, 6 and 14 of these consolidated financial statements. At 31 December 2022, management determined that given the deterioration in the performance of the business, as a result of significant over-supply to the market married with a failure of the business to be able to pass on the price increases in its feedstock to its customers in increased sales prices, that an impairment loss on the associated allocated goodwill, the business's property, plant and equipment and right-of-use assets should be recorded. An impairment loss of AED 150 million was recorded at 31 December 2022.

At 31 December 2023, following a further assessment of the Emirates Blocks business by management, it was determined that additional impairment was required and a further provision of AED 83.45 million was recognised.

A similar assessment was completed at the end of 2024 & 2025 and management concluded that no further impairment losses, or releases from the reserves carried, were required to be recognised.

Steel Division

As a result of the COVID-19 pandemic, and other economic factors, demand for the Steel division's products in both its regional and international markets was adversely impacted in both 2020 and 2021. As a consequence, decisions were taken to moth-ball certain of the group's plants in 2020 and to reduce production volumes in others.

Management assessed the impairment of property, plant and equipment and right-of-use assets during the year ended 31 December 2020 which led to the full impairment of the moth-balled facilities and a partial impairment provision on certain other assets (notes 5, 6 and 14). These impairment losses were reviewed at 31 December 2021 and 31 December 2022 and, as a result of the continuing uncertainties faced in the market, it was concluded that whilst no additional impairment losses were required the impairment losses as established in 2020 should be retained in full on the moth-balled facilities. The partial provision booked against certain of the division's other assets was retained at 31 December 2021, management however concluded that in the context of the general recovery in performance witnessed in 2022 that this reserve was released in part (a release of AED 150 million being recorded); the balance of the reserve being retained in the context of the continuing element of uncertainty and volatility faced across the global steel sector.

At 31 December 2023, following a further assessment by management it was determined that no additional impairment losses were required and the provision carried should be retained.

At 31 December 2024, following a further assessment, it was determined that no additional impairment losses were required and a partial release of AED 207.32 million was made from the impairment provisions on the increased use of certain of the plants as moth-balled in 2020.

A similar assessment was completed at the end of 31 December 2025 and management concluded that no further impairment losses, or releases from the reserves carried, were required to be recognised.

Allowance for impairment of inventories

When inventories become old or obsolete, an estimate is made of their net realisable value. Inventory items are categorized based on their movements during the year, their physical condition and their expected future use, and accordingly, different proportions of the value of each category are recognised as an allowance for impaired inventory. Management performed a review of the spare parts and consumables which involved a line-by-line physical inspection of each inventory item to assess obsolescence and usability. The allowance for obsolete inventories at 31 December 2025 is AED 68.18 million (2024: AED 98.5 million, stated excluding inventories included in assets held for sale).

Calculation of expected credit loss (ECL) allowance

The Group assesses the impairment of its trade and other receivables based on ECL.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As at 31 December 2025, the Group's allowance for impairment of trade receivables amounted to AED 109.1 million (2024: AED 114.3 million, stated excluding trade receivables included in assets held for sale).

End of service benefits

The determination of the Group's employee defined benefit liabilities depends on certain assumptions, which include selection of the discount rate. According to IAS 19, the rate used to discount liabilities should be determined by reference to market yield at the balance sheet date on high quality bonds. As there is no deep market in corporate bonds in UAE, management decided to rely on US AA rated corporate bonds market as proxy for determining as appropriate discount rate. The discount rate was determined to be 4.85% - 4.95% per annum (2024: 5.00% - 5.45% per annum). The assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's consolidated financial statements within the next year. Further information on the carrying amounts of the Group's defined benefit and the sensitivity of those amounts to changes in discount rate are provided in note 19.

5. Property, Plant and Equipment

AED'000	Land, leasehold improvements and buildings	Plant and equipment	Furniture and fixtures	Motor vehicles	Capital work in progress	Total
COST						
1 January 2024	1,972,367	13,621,753	207,067	156,155	53,195	16,010,537
Additions	9,594	212,711	5,392	753	8,839	237,289
Transfers	-	4,371	-	-	(4,371)	-
Pertaining to Disposal group Assets held for Sale (note 18)	(70,381)	(185,263)	(7,492)	(3,645)	(490)	(267,271)
1 January 2025	1,911,580	13,653,572	204,967	153,263	57,173	15,980,555
Additions	2,756	291,527	3,531	-	114,521	412,335
Transfers	-	43,049	-	-	(43,049)	-
Disposals	-	(1,131)	-	(497)	-	(1,628)
CWIP Write offs	-	-	-	-	(16,816)	(16,816)
Fully depreciated assets write offs	(155,632)	(695,602)	(34,595)	(6,650)	(1,347)	(893,826)
31 December 2025	1,758,704	13,291,415	173,903	146,116	110,482	15,480,620
ACCUMULATED DEPRECIATION						
1 January 2024	779,367	6,777,948	182,882	152,502	664	7,893,363
Charge for the year	29,275	517,042	5,624	1,902	-	553,843
Pertaining to Disposal group Assets held for Sale (note 18)	(65,467)	(151,934)	(7,310)	(3,645)	-	(228,356)
1 January 2025	743,175	7,143,056	181,196	150,759	664	8,218,850
Charge for the year	31,275	533,336	4,787	706	-	570,104
Disposals	-	(1,131)	-	(497)	-	(1,628)
Reclassification	(4,938)	(11,459)	15,714	-	683	-
Fully depreciated assets write offs ¹	(155,632)	(695,602)	(34,595)	(6,650)	(1,347)	(893,826)
31 December 2025	613,880	6,968,200	167,102	144,318	-	7,893,500
IMPAIRMENT						
1 January 2024	124,568	1,428,775	-	-	-	1,553,343
Release (note 6)	-	(207,321)	-	-	-	(207,321)
1 January 2025	124,568	1,221,454	-	-	-	1,346,022
Impairment charge on CWIP (note 26)	-	-	-	-	16,816	16,816
Fully impaired CWIP Write offs	-	-	-	-	(16,816)	(16,816)
31 December 2025	124,568	1,221,454	-	-	-	1,346,022
CARRYING AMOUNT						
31 December 2025	1,020,256	5,101,761	6,801	1,798	110,482	6,241,098
31 December 2024	1,043,837	5,289,062	23,771	2,504	56,509	6,415,683

At 31 December 2025, no assets were pledged as security (2024: no assets were pledged as security against certain bank loans - note 20).

Plant and equipment include an amount of AED 132.1 million (2024: AED 134.2 million) pertaining to spare parts.

¹ Write offs include an amount relating to property, plant and equipment of Emirates Cement Factory with cost and accumulated depreciation of AED 893.8 million, "net book value: Nil", which was discontinued in 2016 and all formalities completed in 2025.

Capital work in progress

At 31 December 2025, capital work in progress amounting to AED 110.5 million (2024: AED 56.5 million) relates to various upgrades to EMSTEEL's plants.

Depreciation charge for the year is allocated as follows:

AED'000	2025	2024
Cost of sales	564,261	526,730
Selling and distribution expenses	4,958	530
General and administrative expenses	885	26,583
	570,104	553,843

6. Impairment

Cement Division - Impairment

In 2021, the recoverable amount of the Cement cash-generating unit was determined to be less than the carrying amount; accordingly, the associated goodwill was fully impaired. In addition, management also recorded impairment losses against the associated property, plant and equipment amounting to AED 541.14 million and right-of-use assets amounting to AED 44.48 million.

Management reassessed the recoverable amount of the Cement cash generating unit at 31 December 2022 using value in use methodologies. Management concluded that no further impairment losses were required and that impairment provision as established in 2021 be retained in full.

At 31 December 2023, the recoverable amount of the cash generating unit was re-assessed by management using value in use methodologies. Management concluded that no further impairment losses were required and that in the context of the enhanced profitability of the division and the identification of an additional source of limestone in Al Ain locality, a partial release of AED 83.45 million was made from the impairment provision established in 2021. The release was allocated to property, plant and equipment, AED 77.18 million, and right-of-use assets, AED 6.27 million.

At 31 December 2024 & 2025, following further review, the management concluded that no further impairment losses were required.

Blocks Division - Impairment

In 2022, the recoverable amount of the Blocks cash-generating unit was determined to be less than the carrying amount; accordingly, the associated goodwill was fully impaired.

In addition to the full impairment loss against the goodwill, management also recorded impairment losses against the associated property, plant and equipment amounting to AED 97.52 million and right-of-use assets amounting to AED 38.43 million.

At 31 December 2023, following a further review, management have recorded additional impairment losses against the Blocks cash generating unit, in a total value of AED 83.45 million. An amount of AED 59.91 million was recognised against property, plant and equipment and AED 23.54 million against right of use assets.

At 31 December 2024 & 2025, the recoverable amount of the cash generating unit was re-assessed by management and it was concluded that no further impairment losses were required.

Steel Division - Impairment

As a result of the COVID-19 pandemic, and other economic factors, demand for the Steel division's products in both its regional and international markets was adversely impacted in both 2020 and 2021. As a consequence, decisions were taken to moth-ball certain of the Group's plants and to reduce production volumes in others. Accordingly, management assessed the impairment of property, plant and equipment and right-of-use assets.

Management assessed the recoverable amounts of these facilities at 31 December 2020, using value in use methodologies, and the division recorded an AED 1,078.5 million impairment loss on property, plant and equipment together with an impairment loss of AED 55.4 million on associated right-of-use assets. This assessment was also undertaken at 31 December 2021 and management concluded that no further impairment losses were required and that, in the context of the continuing uncertainties faced by the business, that the impairment losses as established in 2020 be retained in full.

Notes to the Consolidated Financial Statements (continued)

6. Impairment (continued)

Steel Division - Impairment (continued)

Similarly, an assessment was completed as at 31 December 2022 and management concluded that no further impairment losses were required and that, in the context of the continuing uncertainties faced by the business, that the impairment losses as established in 2020 on the moth-balled assets be retained in full and that a partial release of the impairment loss recorded on the division's other assets be released: a release of AED 146.5 million on property, plant and equipment together with a release of AED 3.5 million on the associated right-of-use assets.

At 31 December 2023, a similar assessment was completed and management concluded, based on the continuing challenges facing the global steel industry that whilst no impairment losses were required, the impairment losses carried at 31 December 2022 be retained in full.

At 31 December 2024, management assessed the recoverable amounts of the facilities as moth-balled in 2020 using value in use methodologies. In 2024, the Group has substantially increased the use of two of these cash generating units, and management has

released 33% from the impairment reserves carried against such assets. The total amount of such release being AED 207.32 million.

At 31 December 2025, the recoverable amount of the cash generating units was re-assessed by management and it was concluded that no further impairment losses were required.

Sensitivity analysis

The Group has conducted an analysis of the sensitivities of the impairment tests to changes in the key assumptions used to determine the recoverable amounts for each cash generating unit. Management believes that any reasonably possible changes in the key assumptions on which the recoverable amounts of the Cement, Blocks and Steel cash generating units is based would crystallise differences in the aggregate recoverable amounts and accordingly the conclusions drawn on the impairment adjustments recorded. The key assumptions utilised by management are summarised as follows:

	Cement	Blocks	Steel
Projected annual sales volumes	3.6m Mt	62.7k (units)	3.5m Mt
Discount rate applied	10.25%	10.25%	10.25%
Growth rate	2.0%	2.0%	2.0%

Cement Division

- A 10% under-performance against the division's assumed EBITDA is considered possible based on recent experience (and could be caused by a number of factors including reduced sales volumes, reduced prices and/or increased electricity tariff) and would lead to an incremental impairment charge of AED 84.7 million (2024: AED 40 million incremental impairment charge).
- A growth rate of 1.5% would lead to a reduction in headroom by AED 49.5 million but no incremental impairment charge (2024: a reduction in headroom by AED 55 million but no incremental impairment charge).
- A 1% increase in the discount rate applied would lead to a reduction in headroom by AED 80.1 million but no incremental impairment charge (2024: a reduction in headroom by AED 124.8 million but no incremental impairment charge).

Blocks Division

- A 10% under-performance against the division's assumed EBITDA is considered possible based on recent experience (and could be caused by a number of factors including

- reduced sales volumes, reduced prices and/or increased electricity tariff) and would lead to a reduction in headroom by AED 45 million but no incremental impairment charge (2024: a reduction in headroom by AED 34 million but no incremental impairment charge).
- A growth rate of 1.5% would lead to a reduction in headroom by AED 15 million but no incremental impairment charge (2024: a reduction in headroom by AED 14 million but no incremental impairment charge).
- A 1% increase in the discount rate applied would lead to a reduction in headroom by AED 24 million but no incremental impairment charge (2024: a reduction in headroom by AED 30 million but no incremental impairment charge).

Steel Division

The key sensitivity is in relation to the discount rate applied and it is noted that a 1% increase in the assumed WACC, to 11.25%, would lead to a reduction in the headroom by AED 1.091 billion with a AED 79 million incremental impairment charge (2024: increase of 1% WACC to 11.25% would lead to reduction in head room by AED 1.081 billion with AED 120 million incremental impairment charges).

7. Investment in Associates

The movements in the carrying value of the Group's investment in associates is as follows:

AED'000	2025	2024
As at 1 January	-	94,018
Disposal during the year	-	(92,378)
Written off during the year	-	(1,640)
As at 31 December	-	-

Effective 1 January 2024, the Group sold its shares in Deco Vision Company WLL and Vision Furniture & Decoration Factory LLC for a total consideration of AED 99 million.

In 2024, net gain on sale and write off of investment in associates of AED 4,982 thousand was recognised in the consolidated statement of profit or loss.

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activities	Proportion of ownership interest and voting rights held by the Group		Place of incorporation and principal place of business
		2025	2024	
Vision Hotel Apartment LLC	Ownership and management of hotel apartments	-	40%	UAE
Deco Vision Properties LLC	Real estate enterprises investment	-	40%	UAE
Vision Links Hotel Apartments LLC	Deluxe hotel apartments	-	40%	UAE

No dividends were received from the Group's associates during the year (2024: Nil).

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts in associates' management accounts prepared in accordance with IFRSs.

AED'000	Vision Hotel Apartments LLC		Others			Total
	2025	2024	2025	2024	2025	2024
Total assets	-	6,044	-	3,585	-	9,629
Total liabilities	-	1,944	-	14,133	-	16,077
Net assets/ (liabilities)	-	4,100	-	(10,548)	-	(6,448)
Group's share of net assets	-	-	-	-	-	-
Goodwill on acquisition	-	28,821	-	-	-	28,821
Impairment on goodwill	-	(28,821)	-	-	-	(28,821)
Carrying amount	-	-	-	-	-	-

Unrecognised share of losses of an associate:

Notes to the Consolidated Financial Statements (continued)
7. Investment in associates (continued)

AED'000	2025	2024
Unrecognised share of loss of an associate for the year	-	-
Cumulative share of loss of associates	-	7,538

The Group had discontinued recognising any share of losses from its associates Vision Hotel Apartments LLC, Deco Vision Properties LLC and Vision Links Hotel Apartments LLC as the Group does not have any legal or constructive obligation to fund further losses.

8. Investment Property

AED'000	Land	Buildings	Plant and machinery	Total
COST				
At 1 January 2025 and at 31 December 2025	4,000	10,000	4,175	18,175
ACCUMULATED DEPRECIATION				
At 1 January 2024	-	4,000	1,620	5,620
Charge for the year	-	500	209	709
At 1 January 2025	-	4,500	1,829	6,329
Charge for the year	-	500	209	709
At 31 December 2025	-	5,000	2,038	7,038
NET CARRYING VALUE				
At 31 December 2025	4,000	5,000	2,137	11,137
At 31 December 2024	4,000	5,500	2,346	11,846

The investment property represents a rebar processing and distribution facility, comprising freehold land, buildings and equipment. The property was leased to a third party during the year. After the expiry of this lease period, the lease may be renewed on an annual basis subject to mutual agreement between the Company

and the tenant. An independent valuation conducted during January 2024 indicated a market value (same location and condition as the existing assets) of AED 17,319 thousand. Management believes that market value as of 31 December 2025 is not materially different from the value determined during 2024.

9. Intangible Assets

Intangible assets comprise the Group's investment in computer software, in particular its SAP based ERP systems.

AED'000	2025	2024
COST		
As at 1 January	99,757	53,624
Additions	39,254	46,133
As at 31 December	139,011	99,757
ACCUMULATED AMORTISATION		
As at 1 January	54,958	43,279
Charge for the year	21,796	11,679
As at 31 December	76,754	54,958
Net carrying amount	62,257	44,799

10. Inventories

AED'000	2025	2024
Finished goods and by-products	415,800	360,935
Semi-finished products: steel billets and direct reduced iron	463,056	277,934
Raw materials	443,158	236,797
Spare parts and consumables	686,459	766,307
	2,008,473	1,641,973
Less: allowance for impairment of inventories	(68,180)	(98,547)
	1,940,293	1,543,426

The movement in the allowance for impairment of inventories is as follows:

AED'000	2025	2024
As at 1 January	98,547	93,022
Impairment during the year	23,762	13,580
Write off	(54,129)	-
Relating to asset held for sale (note 18)	-	(8,055)
As at 31 December	68,180	98,547

11. Trade and Other Receivables

AED'000	2025	2024
Trade receivables	1,302,217	1,859,514
Less: allowance for expected credit loss	(109,135)	(114,325)
	1,193,082	1,745,189
Prepayments	19,685	32,681
Advances to suppliers	161,912	147,623
Other receivables	145,254	143,061
Outstanding receivable for sale of Anabeeb - note 18	30,429	-
	1,550,362	2,068,554

The normal credit period on the sale of goods or services rendered is 60 - 180 days (2024: 60 - 180 days) depending on the business segment, the security provided and the credit standing of the customer. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix which references to past default experience of the debtor and an analysis of the debtor's current financial position, the security held (letter of credit, bank guarantees, post-dated cheques, etc.) adjusted for factors that are specific to the customers, general economic conditions of the industry in which the customer operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

The Group has adopted a policy of dealing only with creditworthy counterparties. Adequate credit assessments are made before accepting an order for the sale of goods from any counterparty. As of the reporting date, an amount of AED 447 million representing 34% of the trade receivables (2024: 903 million representing 49% of the trade receivables) is due from the Group's five largest customers (2024: five largest customers). The Group considers these customers to be reputable and creditworthy with the balance receivable from the top five customers at 31 December 2025 being supported by irrevocable letters of credit.

The following tables detail the risk profile of trade receivables (for which there are no associated bank guarantees) based on the Group's provision matrix. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished between the Group's different business segments.

Cement and Blocks

31 December 2025	Trade receivables - days past due								
	AED'000	Not past due	< 30	31-60	61-90	91-120	120-365	> 365	Total
Weighted average loss rates		0.4%	1.5%	2.0%	2.8%	4.4%	8.9%	98.3%	28.7%
Estimated total gross carrying amount at default ¹		217,306	20,193	12,972	6,462	3,017	4,746	106,204	370,900
Lifetime ECL		769	310	253	182	133	422	104,393	106,462

¹ Receivable balances are stated including balances secured with bank guarantees. As of 31 December 2025, the receivables secured by guarantees totaled to AED 104,771 thousand (2024: AED 129,040 thousand).

31 December 2024	Trade receivables - days past due							
AED'000	Not past due	< 30	31-60	61-90	91-120	120-365	> 365	Total
Weighted average loss rates	0.3%	1.1%	1.7%	3.3%	2.8%	11.6%	98.3%	32.6%
Estimated total gross carrying amount at default ¹	169,663	25,890	13,638	6,222	7,855	13,812	113,163	350,243
Lifetime ECL	575	297	236	206	222	1,598	111,191	114,325

Steel

The Steel division has not had any instances of significant defaults on its trade receivables in the recent past; principally all current trading is undertaken on the basis of irrevocable letters of credit issued by the customer prior to the dispatch of materials. The following table details the risk profile of the Steel division's trade receivables:

AED'000	Up to 60 days	61-180 days	181-365 days	Over one year	Total
31 DECEMBER 2025					
Expected credit loss rate	0.00%	0.00%	0.00%	68.9%	0.30%
Estimated total gross carrying amount at default	917,930	9,480	27	3,880	931,317
Lifetime expected credit loss	-	-	-	2,673	2,673

Receivable balances are stated including balances secured with bank guarantees. As of 31 December 2025, the receivables secured by guarantees totaled to AED 898,162 thousand.

AED'000	Up to 60 days	61-180 days	181-365 days	Over one year	Total
31 DECEMBER 2024					
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated total gross carrying amount at default	1,494,762	404	8,519	5,586	1,509,271
Lifetime expected credit loss	-	-	-	-	-

The following table details the movement in the allowance for expected credit loss:

AED'000	2025	2024
Balance as at 1 January	114,325	157,830
Net remeasurement of loss allowance	(2,632)	(5,453)
Receivable balances written-off	(2,558)	-
Relating to assets held for sale (note 18)	-	(38,052)
Balance as at 31 December	109,135	114,325

¹ Receivable balances are stated including balances secured with bank guarantees. As of 31 December 2025, the receivables secured by guarantees totaled to AED 104,771 thousand (2024: AED 129,040 thousand).

Notes to the Consolidated Financial Statements (continued)

12. Cash and Cash Equivalents

AED'000	2025	2024
Cash in hand	247	253
Short term deposits ¹	283,625	-
Cash at banks in current accounts	880,743	796,407
Balance as at 31 December	1,164,615	796,660
Add: Cash relating to disposal group held for sale (note 18)	-	26,634
Balance as at 31 December	1,164,615	823,294

13. Related Parties

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24 (IAS 24). Related parties comprise shareholders, directors, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Government of Abu Dhabi indirectly owns 87.5% (2024: 87.5%) of the Company's issued shares. The Group has elected to use the exemption under IAS 24 for government related entities on disclosing transactions and related outstanding balances with government related entities owned by the Government of Abu Dhabi other than

the Parent Company and entities it owns and controls. The Group's significant transactions with the Government of Abu Dhabi and other entities controlled, jointly controlled or significantly influenced by the Government of Abu Dhabi represent a large portion of its direct cost, lease rental payments and interest payments on certain loans.

The Group also has, at 31 December 2025, cash balances with banks under the common control of the Government of Abu Dhabi, lease liabilities with and payables to Government municipalities and payables to a distribution company owned by the Government of Abu Dhabi.

Balances with these related parties generally arise from commercial transactions on agreed terms.

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

Description	Relationship	2025	2024
Utilities - Electricity and water expenses	Sister company	585,727	596,455
Utilities - Gas	Under common control	566,831	541,235
Trans-shipment charges	Sister company	97,472	93,582
		1,250,030	1,231,272

¹ Short-term deposits are placed for periods not exceeding three months and earn interest at prevailing market rates.

AED'000	2025	2024
KEY MANAGEMENT PERSONNEL COMPENSATION		
Short term benefits	25,812	23,560
Post-employment benefits	763	1,058
	26,575	24,618

AED'000	2025	2024
DUE TO RELATED PARTY		
General Holding Corporation PJSC (SENAAT) ¹	202,866	-
	202,866	-

Fees totaling AED 4,875 thousand were paid to the Directors of the Group during the year (2024: AED 6,445 thousand). There were no loans provided to Directors in either the year ended 31 December 2025 or 2024.

14. Right-of-Use Assets

Group as a lessee

The Group leases land on which factories are built. The lease terms of these contracts are as follows:

	Years
Land	15-40

AED'000	Total
CARRYING AMOUNT	
As at 1 January 2025	214,278
Addition during the year	1,990
Depreciation expense ²	(9,322)
As at 31 December 2025	206,946

AED'000	Total
CARRYING AMOUNT	
As at 1 January 2024	228,557
Depreciation expense	(14,279)
As at 31 December 2024	214,278

As part of the Purchase Price Allocation (PPA) exercise relating to the acquisition of the Emirates Blocks Factories in 2006, land rights which pertain to a right

of use of a certain land received on favourable terms of AED 211.5 million was recorded as a right of use of said assets and it is fully amortized.

¹ Amount due to SENAAAT of AED 202,866 thousand pertains to completion of the transfer of gas pipeline.

² This has been adjusted to reflect the reversal of depreciation that was overcharged in prior years of AED 5,673 thousand

15. Share Capital

Share capital comprises of 6,850 million (2024: 6,850 million) authorised, issued and fully paid ordinary shares with a par value of AED 1 each.

In the year ended 31 December 2021, 5,100 million shares were issued at a par value of AED 5,100 million for the acquisition of the entire issued share capital of Emirates Steel Industries PJSC from SENAAT.

This issue of shares for non-cash consideration was in addition to a further 892.5 million shares, which had been issued for in-kind consideration in previous years.

16. Statutory Reserve

In accordance with the Articles of Association of the Company and UAE Federal Law No. 32 of 2021, as amended, the Company is required to transfer annually to a legal reserve account an amount equal to 10% of its

net profit, until such reserve reaches 50% of the issued and fully paid-up share capital of the Company. This reserve is not available for distribution.

17. Reserves

Merger reserve: The merger reserve represents the difference between the nominal value of the ordinary shares issued in for the acquisition of Emirates Steel and the net value of the assets acquired in the company on 6 October 2021.

Capital reserve: Capital reserve represents the excess proceeds collected against offering cost for AED 857.5 million shares issued during 2006 at AED 0.025 per offer share after deducting actual expenses.

Other reserve: Other reserve represents cumulative gain or loss recorded due to re-measurement of provision for employees' end of service benefits resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred).

AED'000	2025	2024
As at 1 January	43,566	47,907
Re-measurement of provision for employees' end of service benefits (note 19)	673	(4,341)
As at 31 December	44,239	43,566

18. Assets and Liabilities Associated Directly with Assets Held for Disposal

EMSTEEL disposed of the Anabeb division comprising a PVC Pipe factory, the GRP Pipe factory and a Bag plant. The related assets and liabilities of the disposal group were classified as held for sale as of 31 December 2024. Impairment losses of AED 4,818 thousand for the write-down of the net assets to their realisable values and the associated costs

of disposal were included in the consolidated statement of profit or loss in 2024. The disposal has been completed as at 31 December 2025.

The assets and liabilities belonging to the disposal group are reported under the 'Pipe and Others' in the segmental reporting note 31 to the consolidated financial statements.

Details of disposal of PVC Pipe factory, the GRP Pipe factory and a Bag plant as at 31 December 2025

AED'000	2025
CONSIDERATION RECEIVED OR RECEIVABLE:	
Cash	85,000
Receivable from buyer - note 11	30,429
Less: amount due from Anabeb division	(3,819)
Net disposal consideration	111,610
Carrying amount of net assets sold	(105,134)
Gain from disposal of Anabeb division	6,476
Less: Transaction cost	(2,000)
Net gain on disposal	4,476

Cash flow information

AED'000	2025
Disposal consideration after transaction cost	85,000
Cash and cash equivalent disposed with Anabeb at completion date	(11,317)
Proceeds from disposal	73,683

The carrying amount of the assets and liabilities as at the date of sale (31 December 2025) was:

Balance Sheet of Disposal Group	2025	2024
Property, plant and equipment	28,793	27,564
Non-current Assets	28,793	27,564
Cash and cash equivalents	11,317	26,634
Trade receivables ¹	74,669	65,423
Inventories	38,474	45,517
Intercompany loans ²	-	391
Other receivables	3,171	2,958
Current assets	127,631	140,923
Total assets	156,424	168,487
Trade payables	(24,829)	(26,765)
Other payables	(7,375)	(5,220)
Current liabilities	(32,204)	(31,985)
Employees' end of service benefit obligation	(10,449)	(9,318)
Intercompany payable ³	(3,819)	(24,366)
Non-current liabilities	(14,268)	(33,684)
Total liabilities	(46,472)	(65,669)
Net asset value	109,952	102,818
Impairment adjustment	(4,818)	(4,818)
Net realisable value	105,134	98,000

¹ Trade receivables are presented net of advances from customers amounted to AED 1.1 million

² In 2024, Related party balance eliminated on consolidation; the disposal group held for sale appearing in the consolidated statement of financial position is further reduced by the impairment for the loss on disposal at AED 163,278 thousand

³ In 2024, Related party balance eliminated on consolidation. Liabilities of the disposal group held for sale appearing in the consolidated statement of financial position was AED 41,303 thousand

19. Provision for Employees' End of Service Benefits

The Group's obligation in respect of unfunded retirement benefits plan is recognised in the consolidated statement of financial position at the present value of the defined benefit at the end of the reporting period, including any adjustments for past service costs.

AED'000	2025	2024
AMOUNTS RECOGNISED IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Balance at 1 January	154,946	200,772
Current service cost (including interest expense)	20,851	25,148
Past service cost	-	(45,905)
Benefit payments	(15,278)	(20,092)
Re-measurement charge/(reduction) (note 17)	(673)	4,341
Transferred to assets and liabilities held for sale (note 18)	-	(9,318)
Balance at 31 December	159,846	154,946
AMOUNTS RECOGNISED IN CONSOLIDATED STATEMENT OF PROFIT OR LOSS		
Current service cost	13,855	17,562
Interest expense (note 27)	6,996	7,586
Total	20,851	25,148
AMOUNTS RECOGNISED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Re-measurement reduction/(charge)	673	(4,341)

The following are the principal actuarial assumptions at the respective reporting date (expressed as weighted averages):

Significant actuarial assumptions		
Discount rate	4.85% - 4.95%	5.40% - 5.45%
Rate of salary increase	5.00%	2.50% - 5.00%
Turnover rate - voluntary rate	5.00%	5.00%

AED'000	Increase	Decrease
SENSITIVITY ANALYSIS:		
2025		
Provision - discount rate (0.5% movement)	(4,346)	4,595
Provision - future salary (0.5% movement)	1,117	(1,054)
2024		
Provision - discount rate (0.5% movement)	(4,101)	4,332
Provision - future salary (0.5% movement)	491	(464)

The calculation incorporates actuarial assumptions relating to discount rates, expected salary increases, and mortality assumptions, which reflect market conditions at the reporting date. The average duration of the defined

benefit obligation and other key actuarial assumptions used in the valuation reflect the nature and profile of the Group's workforce, and management believes these assumptions are appropriate for the reporting period.

20. Bank Borrowings

The details of the bank borrowings, all of which are repayable within one year, are stated as follows:

AED'000	Outstanding at 31 December 2025			Outstanding at 31 December 2024		
	Current	Non-current	Total	Current	Non-current	Total
EMIRATES STEEL						
Working capital facilities	-	-	-	485,789	-	485,789
	-	-	-	485,789	-	485,789

Movement in bank borrowings

AED'000	2025	2024
Balance at the beginning of the year	485,789	489,307
Settlement of term loans	-	(134,934)
Settlement of short-term loans	(1,720,459)	(2,332,420)
Proceeds from short-term loans	1,234,670	2,463,836
Balance at the end of the year	-	485,789

EMSTEEL

Term loan 1 was a 10-year term loan of AED 1,200 million obtained in 2014 by the Group to finance the construction of the Group's Al Ain Cement Plant. The term loan was payable over 9 years semi-annually commencing from March 2016. The loan carried variable interest at EIBOR plus 2.6%. The loan had been fully settled in March 2024.

Short term loan 1 with facility amount of AED 150 million was obtained from an Islamic bank for financing the working capital of the Group. The loan was repayable in 180 days and carried variable interest at three-month EIBOR plus 1.5%. This loan had been fully settled in 2024.

Short term loan 2 with facility amount of AED 50 million was obtained from a commercial bank for financing the working capital of the Group. The loan was repayable in 90 days carried variable interest at EIBOR plus 1.5%. This loan had been fully settled in 2024.

Emirates Steel

Working capital balances relate to facilities extended by two local banks to finance the purchases of certain raw materials and spare parts. These facilities mature within one year and carry effective interest rates of 0.60-0.65% (2024: 0.60-0.65%) over LIBOR / SOFR.

21. Trade and Other Payables

AED'000	2025	2024
Trade payables	813,906	1,269,661
Accruals	133,762	123,544
VAT payable	26,868	19,697
Provision for bonus	57,171	37,699
Provisions related to plant expenses	50,905	15,000
Other payables	83,920	13,284
Interest payable	-	4,546
	1,166,532	1,483,431

The average credit period on purchase of goods and services is 60 to 90 days (2024: 60 to 90 days). The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit timeframe. No interest is charged on trade and other payables.

Trade payables include an amount payable to TAQA Distribution Company of AED 0.12 million (2024: AED 6.8 million), and AED 25.7 million (2024: AED 261.4 million) to ADNOC Gas plc.

22. Lease Liabilities

AED'000	2025	2024
As at 1 January	333,309	344,213
Addition during the year	1,990	-
Accretion of interest during the year (note 27)	19,645	21,957
Payments during the year	(18,977)	(32,861)
As at 31 December	335,967	333,309

AED'000	2025	2024
MATURITY ANALYSIS		
After more than five years	235,149	258,298
Later than one year and not later than five years	87,926	62,815
Due after more than one year	323,075	321,113
Due within one year	12,892	12,196
	335,967	333,309

The Group does not face a significant liquidity risk with regard to its liabilities. The Group's lease liabilities are continuously monitored by the Group's treasury function.

23. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time for the following product lines. This is consistent

with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (note 31).

AED'000	2025	2024
ANALYSIS OF REVENUE RECOGNISED AT POINT IN TIME		
Steel	7,997,249	7,576,637
Cement and Blocks	763,449	612,558
Pipes and others	180,632	148,120
	8,941,330	8,337,315

The transaction values allocated to (partially) unsatisfied performance obligations at 31 December 2025 and 2024 are set out below.

AED'000	2025	2024
REVENUE		
Steel	925,636	641,371

Management expects that the transaction values allocated to the unsatisfied contracts as at 31 December 2025 will be recognised as revenue during 2026.

Primary geographical markets

AED'000	2025	2024
United Arab Emirates	8,232,988	6,998,024
Sultanate of Oman	132,132	198,994
Kingdom of Bahrain	-	6,817
Kingdom of Saudi Arabia	4,910	6,478
Other	571,300	1,127,002
	8,941,330	8,337,315

24. Cost of Sales

AED'000	2025	2024
Materials consumed in production	4,283,376	4,352,573
Utility supplies	1,198,113	1,159,334
Consumable and maintenance expenditure	504,767	451,431
Salaries and related expenditure	639,027	619,279
Depreciation and amortisation expenses	573,855	553,397
Transportation charges	227,034	257,658
Other expenses	248,568	184,011
	7,674,740	7,577,683

25. Selling and Distribution Expenses

AED'000	2025	2024
Salaries and related expenses	25,781	24,412
Depreciation and amortisation expenses	885	530
Media advertising and agency commission	13,597	8,048
Other expenses	48,354	11,261
	88,617	44,251

26. General and Administrative Expenses

AED'000	2025	2024
Salaries and related expenses	323,055	296,247
Reversal of provision for impairment on financial and other assets	(2,632)	(5,453)
Depreciation and amortisation expense	25,533	26,583
Consultancy expenses	65,402	23,716
IT Expenses	29,693	18,660
Other expenses	104,736	57,007
	545,787	416,760

Audit fees amounting to AED 720 thousand and non-audit fees amounting to AED 644 thousand were incurred during the year ended 31 December 2025 (2024: Audit fees of AED 647 thousand and non-audit fees of AED 579 thousand).

Other expenses include charitable donations of AED 601 thousand (2024: AED 606 thousand).

27. Finance Income and Costs

AED'000	2025	2024
FINANCE INCOME		
Interest income on bank deposits	15,392	14,003
FINANCE COSTS		
Interest expenses	57,191	66,544
Interest on lease liabilities (note 22)	19,645	21,957
Interest expense on defined benefit obligation (note 19)	6,996	7,586
	83,832	96,087

28. Other Income

AED'000	2025	2024
Gain on sale of fixed asset	231	-
Foreign exchange loss	-	(969)
Others	4,036	3,780
	4,267	2,811

29. Impairment Losses (Net)

AED'000	2025	2024
Release of impairment loss on plant and equipment (note 6)	-	207,321
CHARGED TO COST OF SALES (NOTE 24)		
Impairment loss on inventories (note 10)	23,762	13,580
Impairment charge on CWIP (note 5)	16,816	-
RELEASED TO GENERAL AND ADMINISTRATIVE EXPENSES (NOTE 26)		
Reversal of provision for impairment on financial and other assets	(2,632)	(5,453)

30. Contingent Liabilities and Commitments

AED'000	2025	2024
Bank guarantees and letters of credit	129,479	387,810
Capital commitments	204,196	122,958

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

The Group, in the normal course of business, is involved in certain litigations and claims from third parties.

The Group undertakes a periodic review of its potential exposure to litigations and claims made against it. The Group believes that no material liability will result from those litigations and claims that require to be accrued for as of 31 December 2025 (2024: no material liabilities).

31. Segment Reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technologies and marketing strategies. For each of the strategic business units, the Board of Directors reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Steel - the manufacture and distribution of long-steel products;

- Cement and Blocks - the production and sale of cement, concrete blocks and dry mortar; and
- Pipes and other- the manufacture and sale of PVC Pipes, GRP Pipes and Paper Bags

Information regarding the results of each reportable segment is included below. Performance is measured on segment profit as included in the internal management reports that are reviewed by the Group's CEO and the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

For the year ended 31 December 2025	Steel	Cement, Head Office and Blocks	Pipes and Others	Elimination	Group
AED'000					
External revenues	7,997,249	763,449	180,632	-	8,941,330
Intersegment revenue	-	27,395	6,031	(33,426)	-
Total Revenue	7,997,249	790,844	186,663	(33,426)	8,941,330
TIMING OF REVENUE RECOGNITION					
• At a point in time	7,997,249	763,449	180,632	-	8,941,330
• Over time	-	-	-	-	-
Gross profit	984,173	224,410	58,007	-	1,266,590
Selling and distribution expenses	(36,844)	(46,947)	(4,826)	-	(88,617)
General and administrative expenses	(466,966)	(67,536)	(11,285)	-	(545,787)
Finance income	10,956	4,424	12	-	15,392
Finance costs	(73,667)	(9,717)	(448)	-	(83,832)
Other income	6,742	(2,475)	-	-	4,267
Gain on disposal of assets held for sale	-	4,476	-	-	4,476
Profit for the year before tax	424,394	106,635	41,460	-	572,489
Total assets	9,117,428	2,165,616	-	(106,336)	11,176,708
Total liabilities	(1,573,092)	(462,049)	-	106,336	(1,928,805)

For the year ended 31 December 2024	Steel	Cement, Head Office and Blocks	Pipes and Others	Elimination	Group
AED'000					
External revenues	7,576,637	612,558	148,120	-	8,337,315
Intersegment revenue	-	21,911	8,313	(30,224)	-
Total revenue	7,576,637	634,469	156,433	(30,224)	8,337,315
TIMING OF REVENUE RECOGNITION					
• At a point in time	7,576,637	612,558	148,120	-	8,337,315
• Over time	-	-	-	-	-
Gross profit	570,971	147,561	41,100	-	759,632
Selling and distribution expenses	(36,750)	(5,888)	(1,613)	-	(44,251)
General and administrative expenses	(379,723)	(15,314)	(21,723)	-	(416,760)
Finance income	7,852	6,139	12	-	14,003
Finance costs	(82,960)	(12,789)	(338)	-	(96,087)
Other income and profit on disposal of associates	622	7,071	100	-	7,793
Reversal of impairment loss on PPE	207,321	-	-	-	207,321
Profit for the year before tax	287,333	126,780	17,538	-	431,651
Total assets	9,297,441	1,894,571	163,669	(97,157)	11,258,524
Total liabilities	(2,146,846)	(422,679)	(65,669)	97,157	(2,538,037)

32. Corporate Income Tax

The tax charge for the year ended 31 December 2025 is AED 49,873 thousand (2024: AED 39,259 thousand) which includes a current tax charge of AED 51,308 (2024: AED 20,600 thousand) and a deferred tax benefit of AED 1,435 thousand (2024: deferred tax charge of AED 18,659 thousand). The latter being associated with a temporary timing difference created due to reversal of an impairment loss on property, plant and equipment. The Effective Tax Rate ("ETR") for current year is 8.7% (2024: 9.1%).

Aligning with the OECD's Global Minimum Tax effort (Pillar Two), the UAE MoF has announced certain amendments to the CT Law introducing a Domestic Minimum Top-Up Tax of 15% for Multinational Enterprises (MNEs) with effect from financial years starting on or after 1 Jan 2025. The Group is not within the scope of Pillar Two legislation and hence it is not subject to the Pillar Two rules.

AED'000	2025	2024
THE MAJOR COMPONENTS OF INCOME TAX EXPENSE FOR THE YEAR ENDED 31 DECEMBER:		
Current income tax:		
• Current income tax charge	51,308	20,600
Deferred tax:		
• Deferred tax (benefit)/ charge	(1,435)	18,659
Income tax expense reported in the consolidated statement of profit or loss	49,873	39,259

Tax reconciliation:

AED'000	2025	2024
Profit before tax for the year	572,489	431,651
Tax charge at standard rate of 9.0%	51,524	38,849
EFFECTS OF:		
Standard rate exemption	34	34
Non-taxable income	(402)	(448)
Tax effect of expenses not deductible for tax purposes	49	151
Impairment not subject to tax due to participation exemption	-	434
Other adjustments	(1,332)	239
Income tax expenses reported in the consolidated income statement	49,873	39,259
Effective tax rate	8.7%	9.1%

Movement in deferred tax liability:

AED'000	Deferred tax on property, plant and equipment
As at 1 January 2025	18,659
Deferred tax benefit	(1,435)
As at 31 December 2025	17,224

AED'000	Deferred tax on property, plant and equipment
As at 1 January 2024	-
Deferred tax charge	18,659
As at 31 December 2024	18,659

33. Financial Instruments

Capital risk management

The Group manages its capital to be able to continue as a going concern while maximising the return to shareholders. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives.

The Group has materially reduced its level of borrowings since the acquisition of Emirates Steel in 2021; this will allow flexibility for future fund raising for the further expansion of the Group's operations. In addition, the Group monitors its leverage levels on a continuing basis, ensuring that its capital structure is generally aligned with that of its peer group in the steel and building materials sectors.

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group has not framed formal risk management policies, however, the risks are monitored by management on a continuing basis. The Group does not enter into or trade in financial instruments or invest in securities, including derivative financial instruments, for speculative or risk management purposes.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group.

Key areas where the Group is exposed to credit risk are trade and other receivables and bank balances (liquid assets).

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from default. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes

in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Details on concentration of trade receivable balances are disclosed in note 11. Management believes that the concentration of credit risk is mitigated by high credit rating and financial stability of its trade customers.

Balances with banks are assessed to have low credit risk of default since these banks are among the major banks operating in the UAE and are highly regulated by the UAE Central Bank. Trade receivables are secured by bank guarantees and letter of credits totaling AED 1,003 million (2024: AED 1,692 million) and post-dated cheques of AED 0.7 million (2024: AED 40.7 million). Balances with banks are not secured by any collateral. The amount that best represents the maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations generally approximates to their carrying value.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The table below summarises the maturity profile of the Group's non-derivative financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period at the end of reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the non-derivative financial liabilities at the end of reporting period based on contractual repayment arrangements are as follows:

Liquidity risk management

AED'000	Less than 1 year	1-5 Years	More than 5 years	Total
2025				
Non-interest bearing	1,369,398	-	-	1,369,398
Interest bearing instruments	12,892	87,926	235,149	335,967
	1,382,290	87,926	235,149	1,705,365
2024				
Non-interest bearing	1,359,886	-	-	1,359,886
Interest bearing instruments	531,260	139,691	381,796	1,052,747
	1,891,146	139,691	381,796	2,412,633

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Group's exposure to the currency risk is principally from the Group's transactions in Euro ("EUR") and Great British Pound ("GBP") as AED is currently pegged to USD at a fixed rate of exchange.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, excluding USD at the reporting date are as follows:

AED'000	Liabilities			Assets
	2025	2024	2025	2024
EUR	2,611	1,827	48,375	28,216
GBP	2,286	-	2,729	3,298
	4,897	1,827	51,104	31,514

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk that carry both fixed and floating interest rates which are detailed in note 19 & 20.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates mainly arising from bank borrowings, assuming the amount of liability at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would decrease/increase by AED 4.3 million (2024: decrease/increase by AED 1.7 million).

Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

34. Basic and Diluted Earnings per Share

The following reflects the profit and share data used in the earnings per share computations:

AED'000	2025	2024
Profit attributable to equity holders of the parent (AED'000)	522,616	392,392
Weighted average number of shares in issue (thousands of shares)	6,850,000	6,850,000
Earnings per share (AED)	0.076	0.057

The Group does not have potentially dilutive shares and, accordingly, the diluted earnings per share is equivalent to the basic earnings per share as detailed above.

35. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 March 2026.