

FINANCIAL STATEMENTS

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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

**Ernst & Young Middle East
(Abu Dhabi Branch)**

P.O. Box 136

Nation Towers, Tower 2, Floor 27

Corniche Road West

Emirate of Abu Dhabi

United Arab Emirates

Tel: +971 2 417 4400

+971 2 627 7522

Fax: +971 2 627 3383

abudhabi@ae.ey.com

<https://www.ey.com/>

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.

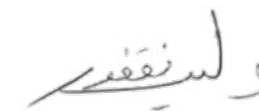
Further, as required by the Abu Dhabi Accountability Authority Chairman Resolution No. 88 of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the information provided to us, nothing has come to our attention that causes us to believe that the Company has 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 Anabeeb 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 Anabeeb division	(3,819)
Net disposal consideration	111,610
Carrying amount of net assets sold	(105,134)
Gain from disposal of Anabeeb 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 Anabeeb 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 AED'000	Steel	Cement, Head Office and Blocks	Pipes and Others	Elimination	Group
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 AED'000	Steel	Cement, Head Office and Blocks	Pipes and Others	Elimination	Group
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

Notes to the Consolidated Financial Statements (continued)
33. Financial instruments (continued)

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.