



EMSTEEL Building Materials PJSC



Reports and Interim Condensed Consolidated
Financial Statements

For the three-month period ended 31 March 2026

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Board of Directors' Report to the shareholders **for the three-month period ended 31 March 2026**

On behalf of EMSTEEL Building Materials PJSC ("EMSTEEL" or the "Group"), I present the Board of Directors' report for the three-month period ended 31 March 2026, together with the interim condensed consolidated financial statements.

Operating with national responsibility amid regional uncertainty

EMSTEEL Building Materials plays a central role in the UAE's construction and infrastructure sector, with a clear responsibility to ensure the steady availability of essential building materials while supporting national development priorities, particularly during times of disruption.

During the first quarter of 2026, the regional environment became more uncertain following developments in late February, creating external pressures across logistics and trade. In response, the Group focused on maintaining uninterrupted operations, securing reliable supply for the domestic market, and addressing emerging challenges in a measured and coordinated manner.

The Group's integrated building materials platform provided the scale and flexibility needed to manage short-term pressures while continuing to support construction and infrastructure activity across the UAE. Decisions taken were guided by operational stability, risk awareness, and the Group's wider role within the national economy, rather than short-term considerations.

Looking ahead, EMSTEEL Building Materials is positioned to pursue selective growth while strengthening its role within the UAE's industrial and construction base and supporting long-term economic diversification. The Group continues to advance a strategy focused on resilience, national responsibility, and its role as a national building-materials champion across economic cycles.

Financial performance in the three-month period ended 31 March 2026

The Group's revenue in the first three months of 2026 was AED 2,168 million compared to AED 2,156 million in the same period in 2025. The Group's profit for the period was AED 299 million, compared to AED 86 million in the first three months of 2025.

Review of operations

- **Emirates Steel**

Revenue from Emirates Steel totalled AED 1,899 million for the first three months of 2026 against AED 1,951 million in the equivalent period in 2025. Operating profit for the Steel Division for the first three months of 2026 was AED 262 million as compared to AED 87 million for the same period in 2025.

- **Emirates Cement and Blocks**

Revenue from the Cement and Blocks division was AED 269 million for the first three months of 2026, compared to AED 160 million in the equivalent period in 2025.

Operating profit for this segment for the first three months of 2026 was AED 67 million as compared to a profit of AED 18 million for the same period in 2025.

The Group completed the divestment of the Anabeeb division on 31 December 2025, comprising the PVC Pipes, GRP Pipes, and Bags business units. These operations reported revenue of AED 45 million and operating profit of AED 10 million in the first three months of 2025.

Board of Directors' Report to the shareholders (continued) **for the three-month period ended 31 March 2026**

Liquidity

Bank borrowings totaled AED 227 million as at 31 March 2026 (31 December 2025: AED nil million). In addition, the Group held cash and cash equivalents of AED 1,524 million as of 31 March 2026 (31 December 2025: AED 1,165 million).

Taxation

The provision of AED 28 million (2025: AED 8 million) for taxation in the three-month period reflects an effective tax rate of 8.68% (2025: 8.22%).

Total assets and shareholders' equity

The total assets of the Group equalled AED 11,775 million at 31 March 2026 (31 December 2025: AED 11,177 million). The value of shareholders' equity was at AED 9,543 million as of 31 March 2026 compared to AED 9,244 million as of 31 December 2025.

On behalf of the Board of Directors



Hamad A. Al Hammadi

Chairman

12 May 2026

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS TO THE SHAREHOLDERS OF
EMSTEEL BUILDING MATERIALS PJSC**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of EMSTEEL Building Materials PJSC (the “Company”) and its subsidiaries (the “Group”) as at 31 March 2026, comprising of the interim condensed consolidated statement of financial position as at 31 March 2026 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three months then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

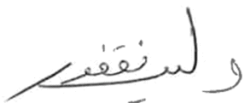
Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting”.

For Ernst & Young



Walid J Nakfour
Registration No: 5479

12 May 2026
Abu Dhabi, United Arab Emirates

Interim Condensed Consolidated Statement of Financial Position as at 31st March 2026

	Notes	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,211,323	6,241,098
Right-of-use assets	12	198,603	206,946
Investment property	6	10,960	11,137
Intangible assets	7	67,258	62,257
Total non-current assets		6,488,144	6,521,438
Current assets			
Inventories	8	2,121,149	1,940,293
Trade and other receivables	9	1,641,596	1,550,362
Cash and bank balances	10	1,523,825	1,164,615
Total current assets		5,286,570	4,655,270
Total assets		11,774,714	11,176,708
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		6,850,000	6,850,000
Statutory reserve		318,035	288,162
Merger reserve		1,092,817	1,092,817
Capital reserve		3,783	3,783
Other reserves		44,239	44,239
Retained earnings		1,233,628	964,775
Total equity		9,542,502	9,243,776
Non-current liabilities			
Lease liabilities	12	315,368	323,075
Provision for employees' end of service benefits		160,631	159,846
Deferred tax liability		17,224	17,224
Total non-current liabilities		493,223	500,145
Current liabilities			
Bank borrowings	13	227,176	-
Trade and other payables	14	1,242,267	1,166,532
Current tax payable	18	78,887	50,497
Due to related party	11	177,504	202,866
Lease liabilities	12	13,155	12,892
Total current liabilities		1,738,989	1,432,787
Total liabilities		2,232,212	1,932,932
TOTAL EQUITY AND LIABILITIES		11,774,714	11,176,708

To the best of our knowledge, the interim condensed consolidated financial statements included in the report present in all material respects the consolidated financial condition, consolidated results of operation and consolidated cash flows of the Group as of 31 March 2026, and for the periods presented in the report.



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 interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Profit or Loss

for the three-month period ended 31 March 2026

	Notes	Three-month period ended 31 March	
		2026	2025
		AED'000 (unaudited)	AED'000 (unaudited)
Revenue	15	2,167,958	2,155,975
Direct costs		(1,741,604)	(1,915,589)
Gross profit		426,354	240,386
Selling and distribution expenses		(10,111)	(11,372)
General and administrative expenses		(97,501)	(120,262)
Other income (net)		10,557	6,743
Operating profit		329,299	115,495
Finance costs		(9,331)	(25,345)
Finance income		7,148	3,873
Profit before tax for the period		327,116	94,023
Income tax expense	18	(28,390)	(7,734)
Profit for the period		298,726	86,289
Basic and diluted earnings per share	19	0.044	0.013

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

Interim Condensed Consolidated Statement of Comprehensive Income

for the three-month period ended 31 March 2026

	Three-month period ended 31 March	
	2026 AED'000 (unaudited)	2025 AED'000 (unaudited)
Profit for the period	298,726	86,289
Other comprehensive income	-	-
Total comprehensive income for the period	298,726	86,289

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

Interim Condensed Consolidated Statement of Changes in Equity

for the three-month period ended 31 March 2026

	Share capital AED'000	Statutory reserve AED'000	Merger reserve AED'000	Capital reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Net equity AED'000
As at 1 January 2025 (audited)	6,850,000	235,900	1,092,817	3,783	43,566	494,421	8,720,487
Total comprehensive income for the period	-	-	-	-	-	86,289	86,289
Transfer to statutory reserve	-	8,629	-	-	-	(8,629)	-
As at 31 March 2025 (unaudited)	6,850,000	244,529	1,092,817	3,783	43,566	572,081	8,806,776
As at 1 January 2026 (audited)	6,850,000	288,162	1,092,817	3,783	44,239	964,775	9,243,776
Total comprehensive income for the period	-	-	-	-	-	298,726	298,726
Transfer to statutory reserve	-	29,873	-	-	-	(29,873)	-
As at 31 March 2026 (unaudited)	6,850,000	318,035	1,092,817	3,783	44,239	1,233,628	9,542,502

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

Interim Condensed Consolidated Statement of Cash Flows

for the three-month period ended 31 March 2026

		Three-month period ended 31 March	
		2026	2025
		AED'000	AED'000
Notes		(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the period		327,116	94,023
Adjustments for:			
– Depreciation of property, plant and equipment	5	150,275	140,137
– Depreciation of right-of-use assets	12	3,647	6,073
– (Reversal) amortisation of intangible assets	7	(131)	4,224
– Depreciation of investment property	6	177	177
– Reversal of impairment loss on financial assets	9	(8)	(3,179)
– (Reversal) / allowance for impairment of inventories, net	8	(1,871)	10,891
– Employees' end of service benefits charge		3,729	4,018
– Finance costs		9,331	25,345
– Finance income		(7,148)	(3,873)
Operating cash flows before movements in working capital		485,117	277,836
Movements in working capital:			
– Increase in inventories		(178,985)	(221,183)
– Increase in trade and other receivables		(91,226)	(176,091)
– Increase / (decrease) in trade and other payables		75,735	(75)
– Decrease in due to related party		(25,362)	-
Cash generated from / (used in) operations		265,279	(119,513)
Employees' end of service benefits paid		(2,944)	(5,788)
Net cash generated from / (used in) operating activities		262,335	(125,301)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		(120,500)	(65,651)
Payments for purchase of intangible assets		(4,870)	(11,147)
Interest received		7,148	3,873
Net cash used in investing activities		(118,222)	(72,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		227,176	618,273
Repayment of borrowings		-	(340,906)
Interest paid		(4,180)	(18,783)
Payment of lease liabilities		(7,899)	(2,491)
Net cash generated from financing activities		215,097	256,093
NET INCREASE IN CASH AND CASH EQUIVALENTS		359,210	57,867
Cash and cash equivalents at the beginning of the period		1,164,615	823,294
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,523,825	881,161

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

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026

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.

General Holding Corporation PJSC ("SENAAT" or 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 its 100% interest in the issued share capital of Emirates Steel Industries PJSC to the Company for the issue of 5.1 billion additional EMSTEEL 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.

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.

These interim condensed consolidated financial statements include the performance and financial position of the Company and its subsidiaries (collectively referred to as the "Group").

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 May 2026.

2. New Standards, Interpretations and Amendments adopted by the Group

2.1 New and amended standards issued and effective

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amendments effective as of 1 January 2026. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments;
- Annual Improvements to IFRS Accounting Standards — Volume 11. The pronouncement comprises the following amendments:
 - IFRS 1: Hedge accounting by a first-time adopter;
 - IFRS 7: Gain or loss on derecognition;
 - IFRS 7: Disclosure of deferred difference between fair value and transaction price;
 - IFRS 7: Introduction and credit risk disclosures;
 - IFRS 9: Lessee derecognition of lease liabilities;
 - IFRS 9: Transaction price;
 - IFRS 10: Determination of a 'de facto agent'; and
 - IAS 7: Cost method;
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity.

These amendments had no significant impact on the interim condensed consolidated financial statements of the Group.

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

2. New Standards, Interpretations and Amendments adopted by the Group (continued)

2.2 New and amended standards issued but not yet effective

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

- IFRS 18 Presentation and Disclosures in Financial Statements (effective from 1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective from 1 January 2027);
- Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency (effective from 1 January 2027)
- Amendments to IFRS 10 and IAS 28 regarding Sale or Contribution of Assets between an investor and its associate or joint venture (effective date not yet decided);
- Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 (effective date not yet decided)

The Group does not expect that the adoption of these new and amended standards and interpretations, other than IFRS 18, will have a material impact on its interim condensed consolidated financial statements. The Group is currently working to identify the impacts of IFRS 18 will have on the interim condensed consolidated financial statements and its notes.

There are no other applicable new standards and amendments, published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the interim condensed consolidated financial statements of the Group.

3. Basis of preparation and Group's material accounting policies

Basis of preparation

Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

These interim condensed consolidated financial statements do not include all of the information all disclosures required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2025. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. In addition, results for the three-month period ended 31 March 2026 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2026.

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

3. Basis of preparation and Group's material accounting policies (continued)

Basis of preparation (continued)

Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost basis.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in 'United Arab Emirates Dirham' (AED), which is the Group's functional and presentation currency. All values are rounded to the nearest thousand (AED'000), except when otherwise indicated.

Basis of consolidation

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar right of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Non-controlling interest represent the portion of profit or loss and net assets of subsidiaries not owned directly or indirectly by the Parent Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the interim condensed consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

3. Basis of preparation and Group's material accounting policies (continued)

Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

Details of the Company's subsidiaries/divisions as at 31 March 2026 and 31 December 2025 were as follows:

Name of subsidiary/division	Country of incorporation	Proportion of ownership interest and voting held by the Group		Principal activity
		31 March 2026	31 December 2025	
Emirates Steel Industries 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 ^{2,3}	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

¹ Emirates Steel Industries PJSC ("Emirates Steel") was acquired on 6 October 2021 from a related party for the issue of 5,100,000,000 ordinary shares.

² These subsidiaries are all 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. Critical judgements and key sources of estimation uncertainty

Changes in judgements and estimation uncertainty

The preparation of the interim condensed consolidated financial statements in conformity with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses, and provisions as well as fair value changes. Actual results may differ from these estimates.

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

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

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

5. Property, plant and equipment

During the three-month period ended 31 March 2026, the Group purchased assets at a cost of AED 120,500 thousand (31 March 2025: AED 64,985 thousand).

There were no asset disposals in the period (31 March 2025: No assets disposed during the period).

The depreciation charge for the period amounted to AED 150,275 thousand (31 March 2025: AED 140,137 thousand).

6. Investment property

No acquisitions or disposals were made to the Group's investment property during the period (31 March 2025: none). The depreciation charge for the period amounted to AED 177 thousand (31 March 2025: AED 177 thousand).

7. Intangible assets

During the three-month period ended 31 March 2026, the Group purchased intangible assets with a cost of AED 4,870 thousand (31 March 2025: AED 11,147 thousand). The amortisation reversal for the period amounted to AED 131 thousand (31 March 2025: amortisation charge of AED 4,224 thousand).

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

8. Inventories

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Finished goods and by-products	566,467	415,800
Semi-finished products: steel billets and direct reduced iron	411,858	463,056
Raw materials	249,040	443,158
Goods in transit	242,655	-
Spare parts and consumables	717,438	686,459
	2,187,458	2,008,473
Less: allowance for impairment of inventories	(66,309)	(68,180)
	2,121,149	1,940,293

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

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Balance at the beginning of the period/year	68,180	98,547
(Reversal)/provision during the period/year	(1,871)	23,762
Write offs	-	(54,129)
Balance at the end of the period/year	66,309	68,180

9. Trade and other receivables

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Trade receivables	1,443,627	1,302,217
Less: allowance for expected credit loss	(109,127)	(109,135)
	1,334,500	1,193,082
Advances to suppliers	189,214	161,912
Outstanding receivable for sale of Anabeeb	27,262	30,429
Prepayments	13,062	19,685
Other receivables	77,558	145,254
	1,641,596	1,550,362

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

9. Trade and other receivables (continued)

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

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Balance at the beginning of the period/year	109,135	114,325
Net remeasurement of loss allowance	(8)	(2,632)
Write offs	-	(2,558)
Balance at the end of the period/year	109,127	109,135

10. Cash and bank balances

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Cash in hand	413	247
Short-term deposits*	200,000	283,625
Cash at banks in current accounts	1,323,412	880,743
Balance of cash and cash equivalents at the end of the period/year	1,523,825	1,164,615

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

11. 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% (31 December 2025: 87.5%) of the Company's outstanding 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 are a large portion of its direct cost, lease rental payments and interest payments on certain facilities.

The Group also has at 31 March 2026 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.

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

11. Related parties (continued)

Balances with financial institutions under the common control of the Government of Abu Dhabi are as follows:

	31 March 2026	31 December 2025
	AED'000	AED'000
Cash balance with banks	1,484,761	946,625
Borrowings	227,176	-

Balance due to related party is as follows:

	31 March 2026	31 December 2025
	AED'000	AED'000
Due to related party		
General Holding Corporation PJSC (SENAAT)	177,504	202,866
	177,504	202,866

Significant transactions with related parties during the period are:

Description	Relationship	Three-month period ended 31 March	
		2026 AED'000 (unaudited)	2025 AED'000 (unaudited)
Utilities - Electricity and water expenses	Sister company	156,097	126,867
Utilities - Gas	Under common control	153,276	142,123
Trans-shipment charges	Sister company	20,183	24,186
		329,556	293,176

Key management personnel	Three-month period ended 31 March	
	2026 AED'000 (unaudited)	2025 AED'000 (unaudited)
- Short term benefits	7,997	11,310
- Post-employment benefits	134	224
	8,131	11,534

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

12. Right-of-use assets and lease liabilities

The Group's obligations are secured by the lessor's title to the leased assets for such leases.

Right-of-use assets

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Balance at the beginning of the period/year	206,946	214,278
Additions during the period/year	-	1,990
Depreciation expense	(3,647)	(9,322)
Remeasurement during the period/year	(4,696)	-
Balance at the end of the period/year	198,603	206,946

Lease liabilities

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Balance at the beginning of the period/year	335,967	333,309
Additions during the period/year	-	1,990
Accretion of interest during the period/year	5,151	19,645
Payments during the period/year	(7,899)	(18,977)
Remeasurement during the period/year	(4,696)	-
Balance at the end of the period/year	328,523	335,967
	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Current		
Within one year	13,155	12,892
Non-current		
After one year	315,368	323,075

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

13. Bank borrowings

Bank borrowings are contractually repayable as follows:

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Within one year	227,176	-

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% over LIBOR/SOFR. These short-term loans are revolving loans facilities.

Changes from financing cash flows related to borrowings:

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Balance at the beginning of the period/year	-	485,789
Settlement of short-term loans	-	(1,720,459)
Proceeds from short-term loans	227,176	1,234,670
Balance at the end of the period/year	227,176	-

14. Trade and other payables

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Trade payables	925,431	813,906
Accruals	149,577	133,762
Provisions related to plant expenses	57,112	50,905
Provision for bonus	31,069	57,171
VAT payable	25,458	26,868
Other payables	53,620	83,920
Balance at the end of the period/year	1,242,267	1,166,532

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

15. 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 17).

	Three-month period ended 31 March	
	2026 AED'000 (unaudited)	2025 AED'000 (unaudited)
<i>Analysis of revenue recognised at point in time</i>		
Steel	1,899,086	1,951,267
Cement and Blocks	268,872	160,000
Pipes and others	-	44,708
	2,167,958	2,155,975

16. Contingent liabilities and commitments

	31 March 2026 AED'000 (unaudited)	31 December 2025 AED'000 (audited)
Bank guarantees and letters of credit	122,215	129,479
Capital commitments	117,460	204,196

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

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

17. Segment reporting

The Group has two (31 March 2025: three) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services 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 others - the division was disposed-off in 2025.

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 period ended 31 March 2026 (unaudited)	Steel AED'000	Cement, Head Office and blocks AED'000	Pipes and others AED'000	Eliminations AED'000	Group AED'000
External revenues	1,899,086	268,872	-	-	2,167,958
Intersegment revenue	-	8,154	-	(8,154)	-
Total Revenue	1,899,086	277,026	-	(8,154)	2,167,958
<i>Timing of revenue recognition</i>					
At a point in time	1,899,086	277,026	-	(8,154)	2,167,958
Gross profit	330,750	95,604	-	-	426,354
Selling and distribution expenses	(6,256)	(3,855)	-	-	(10,111)
General and administrative expenses	(80,706)	(24,489)	-	7,694	(97,501)
Other income (net)	18,307	(56)	-	(7,694)	10,557
Operating profit	262,095	67,204	-	-	329,299
Finance income	5,241	1,907	-	-	7,148
Finance costs	(6,733)	(2,598)	-	-	(9,331)
Profit for the year before tax	260,603	66,513	-	-	327,116
As at 31 March 2026 (unaudited)					
Total assets	9,669,230	2,248,020	-	(142,536)	11,774,714
Total liabilities	(1,890,591)	(484,157)	-	142,536	(2,232,212)

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

17. Segment reporting (continued)

For the period ended 31 March 2025 (unaudited)	Steel AED'000	Cement, Head Office and blocks AED'000	Pipes and others AED'000	Eliminations AED'000	Group AED'000
External revenues	1,951,267	160,000	44,708	-	2,155,975
Intersegment revenue	-	4,682	1,338	(6,020)	-
Total revenue	1,951,267	164,682	46,046	(6,020)	2,155,975
<i>Timing of revenue recognition</i>					
At a point in time	1,951,267	160,000	44,708	-	2,155,975
Gross profit	189,731	35,828	14,827	-	240,386
Selling and distribution expenses	(4,976)	(4,488)	(1,908)	-	(11,372)
General and administrative expenses	(104,353)	(13,576)	(2,333)	-	(120,262)
Other income (net)	6,690	-	53	-	6,743
Operating profit	87,092	17,764	10,639	-	115,495
Finance income	2,323	1,550	-	-	3,873
Finance costs	(22,645)	(2,573)	(127)	-	(25,345)
Profit for the year before tax	66,770	16,741	10,512	-	94,023
As at					
31 December 2025 (audited)					
Total assets	9,117,428	2,165,616	-	(106,336)	11,176,708
Total liabilities	(1,577,219)	(462,049)	-	106,336	(1,932,932)

18. Corporate income tax

The tax charge for period ended 31 March 2026 is AED 28,390 thousand (31 March 2025: AED 7,734 thousand) representing an Effective Tax Rate ("ETR") of 8.68% (31 March 2025: 8.23%).

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	Three-month period ended 31 March	
	2026 AED'000 (unaudited)	2025 AED'000 (unaudited)
Current income tax expense	28,390	7,734

Notes to the Interim Condensed Consolidated Financial Statements for the three-month period ended 31 March 2026 (continued)

19. Basic and diluted earnings per share

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

	Three-month period ended 31 March	
	2026 AED'000 (unaudited)	2025 AED'000 (unaudited)
Profit for the period (AED'000)	298,726	86,289
Weighted average number of shares in issue (thousands of shares)	6,850,000	6,850,000
Earnings per share (AED)	0.044	0.013

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

20. Geopolitical impact

During March 2026, geopolitical tensions intensified in certain parts of the Middle East. Governments and regulatory authorities across the region continued to emphasize economic resilience, financial system stability, and the uninterrupted conduct of business activities across key sectors, supported by established business continuity and risk management frameworks.

The Group conducted an assessment of the potential impact of these developments on its operations, financial position, and performance, with particular focus on supply chain continuity, liquidity, and market volatility. Based on information currently available, management expects that customer deliveries will continue to be fulfilled, albeit at higher costs, primarily due to material increases in inbound logistics costs. Management continues to closely monitor the situation and is implementing mitigating actions, where necessary, to ensure supply continuity and maintain positive cash generation.

Management has also assessed the implications of these developments on the Group's ability to continue as a going concern and concluded that the going concern basis of preparation remains appropriate. In addition, no significant indicators of impairment were identified as at the reporting date.