NAVIGATING OPPORTUNITIES DELIVERING RESULTS

Annual Report 2024

Ittihad

RESILIENCE AND GROWTH

Ittihad is a privately held business that develops, manages, and operates a diversified portfolio of non-oil and gas businesses focused on the industrial, infrastructure, healthcare, and environmental services sectors. Based in the UAE, the Company delivers products and services to public and private sector customers in over 50 countries. Rated by MSCI as one of the most sustainable conglomerates in the UAE and globally, Ittihad is committed to growing responsibly alongside long-term resilience.

Ittihad develops, manages, and operates a diverse portfolio of businesses, structured across four strategic divisions: Consumer Goods Manufacturing, Infrastructure and Building Materials Manufacturing, Business Services, and Healthcare and Other. Since its inception in 2008 as a holding company based in Abu Dhabi, the Group has pursued a strategy centered on investing in businesses that directly contribute to everyday life—addressing population needs related to consumer essentials, healthcare, and the enhancement of community quality of life through municipal works, utility operations, and maintenance services.

Our focus is on companies with resilient business models, strong domestic and regional positions, and scalable export potential. At the core of our strategy is the commitment to delivering high-quality, premium products and services that improve living standards while creating positive social and environmental impact. We take a long-term investment approach, aiming to generate enduring value by managing assets that align commercial performance with responsible stewardship, and by consistently driving meaningful outcomes for our customers, communities, and broader stakeholders.

Vision

Our aspiration is to be the foremost investment holding company in the Middle East and North Africa (MENA) region, setting the benchmark for excellence and becoming the preferred partner for domestic and international stakeholders. We are dedicated to upholding the highest standards of professionalism, expertise, and corporate governance in all aspects of our operations.

Mission

We aim to provide sustainable, recurring income and generate long-term value for our shareholders. We achieve this by prioritizing transparency, accountability, and diligence at every stage of the investment process.

View this report online: www.ittihadinvestment.ae

Strategic report

Corporate governance

Financial statements

HIGHLIGHTS OF THE YEAR

POWERING THROUGH WITH STRENGTH

Ittihad is forging a formidable legacy as the premier private investment conglomerate in the UAE by facilitating opportunities and fostering responsible wealth creation across diverse sectors.

2024 Financial highlights

For the year ending 31 December 2024, the Company achieved a revenue of USD 3.3 billion and a gross profit of USD 202.6 million, with operating profit at USD 102.2 million. Adjusted EBITDA was USD 147.1 million, with a 12.4 per cent. adjusted EBITDA margin and free cash flow at USD 153.2 million. Operating cash flow stood at USD 187.8 million, with adjusted net debt at USD 426.3 million. Gross debt/Adjusted EBITDA was reduced from 6.0x in 2022 to 5.3x in 2023 and subsequently 4.7x in 2024. The Company maintained a strong cash conversion cycle of just 16 days.

In July 2024, Ittihad completed a USD 100 million tap on its original USD 350 million sukuk certificates. The proceeds were utilized to refinance existing debt, extending the Company's debt maturity profile and enhancing its financial flexibility. With Ittihad's Group exports constituting 8 per cent. of Abu Dhabi's non-oil exports and 4 per cent. of the UAE's industrial exports, the Company is aligned with the UAE 2031 Vision of prioritizing diversification and enhancing the UAE's stature as a global economic hub and strategic partner.

In February 2025, Ittihad successfully closed a USD 450 million senior unsecured sustainability-linked revolving credit facility (RCF), significantly strengthening its liquidity position and optimizing its capital structure.

This leverage-neutral transaction marks a strategic milestone, supporting its long-term growth plans, and aligning with its commitment to responsible finance through the inclusion of sustainability-linked features.

2024 Operational highlights

The **Consumer Goods Manufacturing** division saw a recovery in EBITDA to USD 58.1 million (up from USD 56.5 million in 2023) due to a gradual improvement in market conditions, and a more favorable price-volume mix. Margin recovery remained constrained, due to rising shipping costs fueled by geopolitical tensions in the Red Sea region.

Meanwhile, the **Infrastructure and Building Materials Manufacturing** division posted EBITDA growth of 9.7% to USD 48.7 million, fueled by demand linked to the energy transition, EVs, and AI data centers. The division also benefited from a surge in regional infrastructure investments and the commencement of operations at its new copper upcycling facility.

Business Services saw 23.5 per cent. EBITDA growth to USD 48.5 million, driven by new long-term infrastructure and sewerage network contracts, totaling USD 104.6 million.

The **Healthcare and Other** division EBITDA declined to USD 1.6 million, driven by competitive pressures and a strategic scale-back of capital equipment distributorships in the UAE, resulting in short-term financial impacts and provisions related to expired consumables.

2024 Sustainability highlights

In 2023, Ittihad introduced a Group-wide ESG framework, including an ESG Policy Statement demonstrating its dedication to ESG integration across the organization. In 2024, the Company published its first Sustainability Report for 2023, setting out a clear sustainability strategy and roadmap for ESG integration.

A strong financial profile

Group Revenue (USD)
$3.3bn

Gross Profit (USD)
$202.6m

Operating Profit (USD)
$102.2m

Adj. EBITDA[(1)] (USD)
$147.1m

Adj. EBITDA margin[(1)]
12.4%

OCF (USD)
$187.8m

Adj. Net Debt[(2)] (USD)
$426.3m

Free Cash Flow (USD)
$153.2m

S&P Global Ratings
B+
(stable)

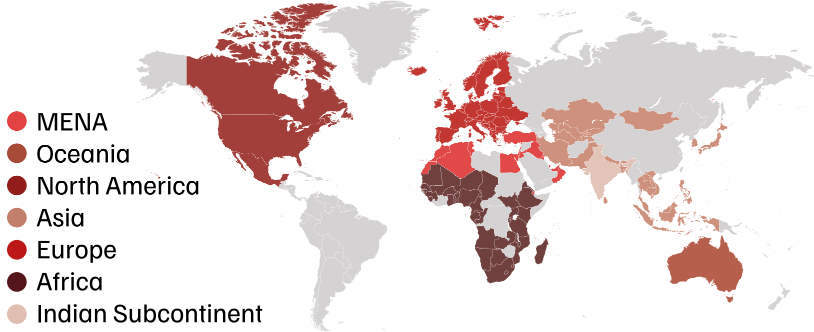
Fitch Ratings
B+
(stable)

USD/AED = 3.6725 AED

1. Adjusted EBITDA margin excludes the effect of hedged copper
2. Adjusted with Readily Marketable Inventories (RMI) – copper

AT A GLANCE

DOMINANT LOCALLY, COMPETITIVE GLOBALLY



Founded on a vision of excellence and innovation, Ittihad has grown into a dynamic and diversified group, operating across key sectors that drive regional and global progress. Built on integrity, sustainability, and performance, Ittihad continues to shape industries and empower communities.

About us

Established in 2008, Ittihad is a provider of largely non-cyclical products and services to domestic, regional, and global markets. With total invested assets of USD 1.5 billion, Ittihad holds market-leading positions in its domestic sectors and is one of the UAE's largest non-oil and gas exporters. Accounting for 4 per cent. of the UAE's overall manufacturing sector exports, Ittihad is a significant contributor to the UAE's Operation 300bn strategy, which seeks to advance the UAE's industrial sector and elevate its GDP contribution from AED 133 billion to AED 300 billion by 2031.

What we do

Ittihad's portfolio comprises four divisions: Consumer Goods Manufacturing, Infrastructure and Building Materials Manufacturing, Business Services, and Healthcare and Other. Across all our divisions and our portfolio companies, we are focused on:

- Establishing and operating economically diversified businesses independently or with leading global partners
- Investing across various growth sectors in the MENA region and other emerging markets
- Generating sustainable, resilient growth

Growing sustainably

Ittihad has integrated ESG across all business portfolios and subsidiaries. The overall strategy is governed by an ESG Committee to ensure key decisions take environmental and social issues into consideration. Read more in our ESG section page 40.

Major initiatives include:

- Paper – integration of water treatment and reuse plant; purchasing FSC-certified pulp for paper production; onsite waste recycling
- Copper – increased use of recycled copper in line with commitment to the circular economy
- Cement – use of slag from steel manufacturing and paper sludge to produce lower-emission cement
- People – carried out first Group-wide employee survey with positive results

Consumer Goods Manufacturing

Three product lines: printing and writing paper, tissue paper, and chemicals used in detergents and personal care products.

40%* of adj. EBITDA

490.5 Revenue (USD)

Key markets:
Middle East, Africa, North America, Europe, and Asia

See more on page 16

Infrastructure and Building Materials Manufacturing

Three product lines: refined copper rods, steel bars, and cement.

33%* of adj. EBITDA

2,548m Revenue (USD)

Key markets:
Middle East, North Africa, Europe, Asia, Indian Subcontinent and Australia

See more on page 19

Business Services

Three services: healthcare services, waste and environmental services, and infrastructure operation and maintenance services.

33%* of adj. EBITDA

205.0m Revenue (USD)

Key markets:
Middle East

See more on page 21

Healthcare and Other

Consists of healthcare distribution, fund management, logistics and transportation, and interior design for public and private sectors.

1%* of adj. EBITDA

93.1m Revenue (USD)

Key markets:
Middle East and North Africa

See more on page 23

* Holding companies and eliminations contributes -6% of the Company EBITDA

NAVIGATING OPPORTUNITIES, DELIVERING RESULTS

STRATEGIC EVOLUTION IN CONSUMER GOODS...

...from B2B mastery to B2C ambition

Over the past decade, Ittihad has established itself as a dominant force in the B2B manufacturing landscape across the MENA region. With a disciplined investment approach, operational excellence, and strong sectoral insight, the Group has demonstrated a consistent ability to transform underperforming or small-scale businesses into market-leading operations. This capability has become a defining feature of Ittihad's industrial investment model—built on deep vertical integration, regional scale, and executional agility.

Nowhere is this track record more evident than in its Consumer Goods Manufacturing (CGM) division. Leveraging synergies within the Group, Ittihad has grown to hold the largest printing and writing paper production capacity in the region, and is set to become the leading producer of tissue jumbo rolls with its expansion into Saudi Arabia. Additionally, Ittihad is the largest manufacturer of LABSA and SLES detergents, key ingredients in personal and home care products. These achievements reflect not just scale, but the Group's ability to integrate, expand, and dominate strategically important sectors across borders.

With an ambition to further strengthen its business profile, expand market share, and enhance profitability. Ittihad is now preparing for the next strategic phase of its journey: a transformation from a pure B2B model to achieve B2C market penetration for its CGM division. This strategic pivot aims to build brand equity, unlock higher-margin opportunities, and capture end-consumer loyalty in fast-growing segments such as personal care and tissue products.

This transition is underpinned by a proven track record. Over the past two years, Ittihad has successfully launched and scaled its own branded printing and writing paper offerings. Branded sales in this segment grew by 51 per cent. in the last two years. The Group has increased its market share in the UAE to 60 per cent., while achieving notable penetration across the broader MENA region. It has enjoyed particularly strong traction in markets such as Egypt—demonstrating its ability to effectively expand and compete in new territories.

Strong UWF paper share in UAE

60%

NAVIGATING OPPORTUNITIES, DELIVERING RESULTS

A DIVERSIFIED PORTFOLIO...

...aligned to strong and growing markets

Ittihad takes a long-term, strategic view of expansion to ensure every portfolio decision contributes to balanced and sustainable growth, without compromising on our attitude to risk. Careful consideration of both supply and demand dynamics, helping the Company avoid overexposure to any single market, supplier, or customer, preserves portfolio resilience and enables successful diversification.

The benefits of this approach can be seen in the growth of copper exports to the Indian market. The UAE and India entered into a free trade agreement, the Comprehensive Economic Partnership Agreement (CEPA) in 2022. Customs duties were progressively reduced from 5 per cent. to 1 per cent. in 2024 and will be eliminated entirely in 2025, opening a new and significant market opportunity to Ittihad's copper business, UCR. In a short period of time, the Company has been able to establish a foothold and gain traction in this previously difficult market. In 2020, the market contributed virtually zero revenue to UCR. In 2024, this has grown to account for 15–20 per cent. of revenue for the copper business, with 10 per cent. of that volume re-exported from India to international markets.

The UAE is actively negotiating several additional CEPAs expected to come into effect in the coming year. These agreements will open access to new markets and create further growth opportunities for UCR, supporting its strategy of geographic diversification and reducing reliance on any single export destination.

The Company also continues to leverage the UAE's position as a safe storage location for expensive materials like copper, which are often mined in Africa and shipped quickly to the UAE for security purposes.

UCR export %

+85%

of revenue for the copper business

NAVIGATING OPPORTUNITIES, DELIVERING RESULTS

BUILDING ON EXPERIENCE TO INNOVATE...

...across our specialist business areas

Ittihad's Utility Services division, represented by its subsidiary Emirates Link Nitco (ELN), is utilizing its long-term expertise, continuous learning, and strategic foresight to deliver innovative solutions and evolve its offering. With more than 20 years of experience managing underground services, the company has progressively evolved beyond typical operations and maintenance to offer a broader range of services, including inspection, rehabilitation, and construction of underground networks. These long-term contracts are contributing to a recurring and predictable revenue stream, which enhances the Group's portfolio stability and reduces overall risk.

This evolution was part of a wider Group strategy focused on sustainable long-term growth,which prioritized measured and iterative expansion. This strategy was informed by deep industry knowledge, an understanding of client needs, and a commitment to maintaining industry-leading service quality. The Utility Services team recognized early on that many municipal clients are looking for a trusted partner who could consistently deliver high-quality work, prioritize safety, and demonstrate exceptional responsiveness in emergencies. Using this insight, Ittihad has grown its offering in step with those needs, creating added value through convenience, continuity, and operational efficiency.

As part of this ongoing evolution, ELN is also entering the potable water and water management sector. This timely move reflects both market opportunity and social responsibility, as efficient water usage and preservation become increasingly important across the region. The expansion not only opens new avenues for growth, but also strengthens Ittihad's role in delivering critical infrastructure services aligned with environmental stewardship and long-term sustainability goals.

One of the most impactful shifts has been taking strategic advantage of technological innovations such as the integration of CCTV camera inspection into the service model. This innovation is helping streamline diagnostics, reduce manual labor, and improve our ability to manage work orders at scale. It adds to the Company's track record of exploring new opportunities in a way that boosts our margins while enhancing the overall client experience.

Each new service is introduced with care, ensuring it aligns with the company's core strengths and contributes to long-term resilience. This approach protects Ittihad's competitive edge while preparing for the needs of tomorrow's infrastructure landscape and laying the foundation for long-term value creation.

With over

25+

years of experience

NAVIGATING OPPORTUNITIES, DELIVERING RESULTS

STRATEGIC CAPITAL ALLOCATION...

...our disciplined approach

Ittihad's strategy and financial targets are governed by a well-defined Capital Allocation Framework. This prioritizes the deployment of cash in a way that balances growth, returns, and financial resilience. This framework is designed to meet the investment needs of the business, ensure consistent shareholder returns, and maintain a strong capital structure. It also reflects Ittihad's ongoing commitment to enhancing its credit profile and achieving a higher credit rating over time.

The first pillar of the capital allocation strategy is reinvestment in the core businesses, particularly in the Consumer Goods Manufacturing (CGM) and Infrastructure and Building Materials Manufacturing (IBMM) divisions. Capital is directed toward expanding production capacity, modernizing manufacturing facilities, and developing new product lines, ensuring Ittihad continues to meet evolving market demands and strengthen its competitive positioning across the MENA region.

The second pillar focuses on inorganic strategic investments through selective acquisitions. These are carefully targeted within existing divisions and designed to reinforce the Group's operational expertise, capture synergies, and drive long-term value creation. All acquisitions are evaluated within the context of preserving balance sheet strength and enhancing overall return on capital.

Throughout, Ittihad remains firmly committed to deleveraging, targeting a comfortable net leverage level below 2.5x. As of now, adjusted net leverage stands at 2.9x, and we are on track to reduce this further.

The third pillar is the dividend policy, Ittihad does not anticipate paying out dividends beyond the minimum of AED 11 million. This ensures Ittihad can continue to provide consistent income to shareholders, while retaining an appropriate level of capital to deliver on the Group's growth strategy.

Target net leverage level below

2.5x

CHAIRMAN'S STATEMENT

LEVERAGING STRONG FOUNDATIONS

In 2024, Ittihad delivered its strongest performance since inception, despite a challenging environment. This outcome reflects the strength of our long-term strategy, disciplined execution, and the robust foundations we have built across our portfolio."

In 2024, Ittihad delivered its strongest performance since inception, despite a challenging global economic environment. This outcome reflects the strength of our long-term strategy, disciplined execution, and the robust foundations we have built across our portfolio. Our diversified business model has enabled us to remain agile and resilient amid market volatility.

Ittihad continues to play a leading role in advancing the UAE's industrial sector. In alignment with the national vision to diversify the economy, we contribute meaningfully to strengthening local manufacturing and enhancing the global competitiveness of Emirati products, representing 4 per cent. of the country's non-oil exports.

Our success is driven by our people, whose commitment and professionalism remain central to everything we do. I extend my sincere appreciation to the entire Ittihad team for their continued contribution to our progress.

We take a long-term, structured approach to growth, recognizing that our businesses are at different stages of development. Our strategy is tailored to scale each platform appropriately, directing capital and resources toward the segments with the highest growth potential.

As a result, Ittihad is well positioned to expand in sectors of strategic importance. Our activities in copper align with the growing global demand for essential resources, particularly those tied to energy and infrastructure. Similarly, our investments in consumer goods respond to regional market trends, while our commitment to utility and environmental services supports vital infrastructure and improved quality of life across communities.

Over the past ten years, Ittihad has grown consistently, supported by a clear strategy and sound governance, underpinned by competent board leadership. Our evolution continues as we strengthen capabilities, grow our market presence, and respond to new opportunities. With strong fundamentals and a forward-looking approach, we remain focused on delivering sustainable performance and long-term value.

Jawaan Al Khaili, Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Q&A WITH OUR CEO

I am pleased to report that the year under review has been one of resilience and growth."

Q. How would you describe Ittihad's year?

I am pleased to report that the year under review has again been one of growth and increased resilience at Ittihad. This is now the third year in which the portfolio has demonstrated strength, a period marked by global supply chain challenges, and heightened tensions across the world. The year ended 31 December 2024 saw further geopolitical turbulence and macroeconomic volatility but, despite this, our portfolio of non-oil and gas businesses has delivered year-on-year growth at both the revenue and earnings levels. For the 12-month period ending 31 December 2024, our revenues increased 20.6 per cent. to USD 3.3 billion (FY 2023: USD 2.8 billion), generating a gross profit of USD 202.6 million (FY 2023: USD 172.4 million), operating profit of USD 102.2 million (FY 2023: USD 87.7 million) and adjusted EBITDA of USD 147.1 million (FY2023: USD 138.7 million).

Ittihad's success is testament to our successful, diversified portfolio. Our businesses centered around the three divisions of Consumer Goods Manufacturing (CGM), Infrastructure and Building Materials Manufacturing (IBMM), and Business Services. The year under review demonstrates the benefits of diversification. Even though performance varied at the individual division level, EBITDA still grew at the Group level. Divisionally, IBMM recorded double-digit growth, driven by a surge in demand for copper, propelled by regional government-led infrastructure upgrade initiatives. This was further bolstered by global trends such as the accelerating transition to renewable energy, electric vehicles, and the rapid expansion of data centers, all of which rely heavily on copper. Additionally, rising demand for steel and cement, key building materials, supported by an upswing in the local real estate market, contributed significantly to IBMM's performance.

Business Services also delivered strong EBITDA growth, stemming from our strategic expansion into the rehabilitation and upgrade of sewerage networks, an area where we established a strong operational presence in 2023. This strategic move has enabled us to significantly scale up both the number of projects and work orders in 2024, reinforcing our position in this essential infrastructure domain.

These gains offset margin compression in the paper business, where we consciously chose to preserve market share by partly absorbing elevated shipping costs, in addition to lower revenues in the Healthcare and Other segment due to increased competition.

The overall performance of our portfolio reflects our prudent investment strategy. Having a well-balanced diversified portfolio is just one component of this. Strong liquidity and efficient cash conversion, robust management of risks such as commodity price volatility and a strong governance framework are among others.

The success of any strategy depends on those who implement it, which is why people remain critical to our performance. Without their expertise and professionalism, we would not be reporting growth for the full year or discussing our resilience over the last three years. It is our people who make the difference, and I thank them all for their hard work during this past year.

Q. Ittihad's four divisions and businesses are focused on a range of activities and markets. Can you explain the rationale behind holding a portfolio of disparate businesses?

The portfolio has been built by design to deliver resilience and growth. The underlying businesses within each division and the products and services they deliver may appear unrelated, but they share common characteristics and generate synergies on a number of levels. These include exposure to long-term structural drivers. Within our CGM division, demand for our paper and tissue products benefits from rising per capita consumption driven by population growth, improving literacy rates and disposable incomes, and rise in hygiene awareness. In the IBMM division, demand for our premium copper rods, straight steel bars, and high-quality cement benefits from long-term themes such as the energy transition for copper and urbanization for copper, steel, and cement. A growing population is also a driver within our Business Services division, which provides a range of services such as waste management, and for our Healthcare services division. Ittihad's businesses serve markets where demand is strong and expected to remain so in the years ahead.

A key structural advantage for Ittihad lies in the alignment of our diversified portfolio with the Abu Dhabi Government's strategic shift toward a non-oil economy. Central to the Abu Dhabi Economic Vision 2030 is the ambition to build a sustainable, industrially diversified economy, with significant investments directed toward infrastructure development. This nationwide effort to modernize and expand critical infrastructure, including transportation networks, utility systems, and public facilities, has led to increased demand for foundational materials such as copper, steel, and cement, all of which are core outputs of our IBMM division.

These infrastructure projects not only drive near-term demand for our manufacturing divisions, but also create long-term growth opportunities for our Business Services segment. As newly built or upgraded facilities, such as sewerage networks, desalination plants, and hospitals, become operational, they require ongoing maintenance and specialized services. This has significantly expanded the pipeline of projects within our Business Services division, positioning us as a critical player in supporting the lifecycle of national infrastructure assets.

In this way, Ittihad's business model leverages natural synergies between divisions, capitalizing on both the construction and post-construction phases of development. Our integrated approach ensures we are well-placed to contribute to, and benefit from, the UAE's long-term economic diversification agenda.

The businesses we operate also benefit from synergies and economies of scale. Within CGM, our portfolio companies use the same raw materials, generating procurement savings and economies of scale. In IBMM, Ittihad's steel and cement businesses supply the same customers, providing scope for cost savings and cross-selling opportunities.

Meanwhile, the successful operation of our diverse businesses relies heavily on efficient supply chain management. By operating under the Ittihad umbrella, our companies benefit from shared logistics networks, centralized procurement, and streamlined inventory management. These synergies generate cost savings, faster delivery cycles, and improved resource allocation across the Group. Additionally, the aggregation of volumes across our portfolio, regardless of the type of goods or products being shipped, enhances our purchasing power with key stakeholders such as port operators, shipping companies, and raw material suppliers. This collective scale strengthens our negotiating position, reduces input costs, and reinforces the competitiveness of each business within the Group.

Our prudent Investment Strategy

1 A well-balanced and resilient portfolio
Economically diverse verticals

2 Long-term capital investments
Long-term investment horizons to compound returns across cycles

3 Best-in-class management
Companies led by management teams with established track records and proven capability

4 Growth sectors
Attractive sectors with strong tailwinds and growth trends

5 Economies of scale
Forward and backward integration in sectors to enhance competitive positioning

6 Focus on MENA region and emerging markets
Benefit from regional economic development plans driving growth within the UAE and other GCC nations

For details on our Strategy see page 13

Q. What were the highlights of the year for the Group?

The financial success we enjoyed during the year not just in terms of the headline numbers but also the strengthening of the Group's balance sheet has been a major highlight. This included the completion of a USD 100 million on our existing sukuk and securing a USD 450 million revolving credit facility. As well as strengthening our balance sheet and improving our liquidity, the exercise, particularly tap, has also further diversified our institutional investor base.

At the operational level, several key developments marked our continued growth and strategic execution. We accelerated our expansion into the large and high-potential Saudi waste management market, building on our entry into the country's waste treatment sector. Additionally, within utility services, we broadened our scope beyond the traditional operation and maintenance of sewerage networks to include rehabilitation and upgrade activities of underground infrastructure. Such a strategic shift has materially increased our Business Services backlog and significantly expanded our project pipeline.

Our first foray into the business-to-consumer (B2C) space also gained traction with the roll-out of our own paper brand, which continues to grow market share across the UAE and wider MENA region. In the copper segment, the signing of a free trade agreement between the UAE and India opened new commercial opportunities, which we capitalized on by expanding our copper sales and capturing greater market share in what is one of the world's largest and fastest-growing economies.

During the year, we were also awarded a provisional 'AAA' ESG Rating from MSCI. The rating, which places Ittihad among the most sustainable industrial conglomerates globally and positions us as a leader in the MENA Industrial Sector, reflects our commitment to sustainability and follows the completion of our ESG Framework and Roadmap in line with the UAE Federal Government's vision for a more sustainable future. At Ittihad, we believe in the core values of minimizing the environmental impact stemming from the Company's operations.

As mentioned earlier, none of the above could have been achieved without our people. To enable our teams to perform, deliver, and innovate, we must foster and maintain a working environment that encourages our people to excel. To that end, it is especially encouraging that during the year we were officially certified as a Great Place to Work®, the global authority on workplace culture. We also carried out our first Group-wide employee survey. As with the above certification, we are encouraged by the results, but we recognize there is more work for us to do. Certification shows we are on the right path and serves as an incentive for us to do more for our people.

Q. What challenges did Ittihad face during the year and how did the Company respond to these?

Throughout the year, we faced significant market headwinds in the paper business, most notably price volatility in key inputs, such as pulp and shipping. Pulp markets were disrupted by changing buying patterns in major economies including China, while global shipping costs surged due to the closure of the Red Sea trade route. Navigating price volatility and geopolitical issues represents a challenge for us, our clients, and for the paper sector as a whole.

In response to the surge in shipping costs, we focused on consolidating shipments and optimizing container loads, enabling us to reduce overall freight expenses and improve delivery efficiency. By securing favorable long-term agreements with logistics partners, we ensured greater cost predictability and continuity in supply. These actions were critical in maintaining the availability of our paper products in key markets, preserving the presence and momentum of our paper brand, and ultimately safeguarding our market share. While these measures did place short-term pressure on margins, they reinforced our position as a dependable supplier. We believe this strategic choice will yield long-term benefits by strengthening customer trust and reinforcing our status as a committed, long-term player in the market rather than one driven by short-term gains.

Q. What differentiates Ittihad from its competitors?

What sets the Group apart from its competitors is our unique model as a diversified conglomerate, where our portfolio companies benefit from both cross-division synergies and the strength of Ittihad as a parent organization. Being part of a wider group allows even smaller businesses within our portfolio to scale rapidly by accessing shared resources, centralized procurement, and economies of scale, giving them a stronger market positioning and competitive edge. Our companies are empowered through Ittihad's strategic support, our robust systems and market intelligence, and the Group's strong governance, and risk management expertise. Combined with our established relationships, this foundation enables businesses to accelerate growth and evolve into leaders within their respective industries. This integrated ecosystem has consistently proven its value, as evidenced by our successful track record of acquiring and turning around underperforming or distressed businesses and transforming them into top-tier performers in their sectors, such as our waste management and tissue converting businesses.

Another key differentiator is our commitment to innovation as a core value driver. We go beyond traditional business models to unlock new forms of value, pioneering solutions that reshape industry standards. A standout example is our creation of the region's first healthcare Public-Private Partnership (PPP) model. By evolving a standard healthcare equipment distribution agreement into a fully integrated brownfield project, we not only enhanced operational value but also created a scalable blueprint now positioned for geographic expansion. The combination of strategic execution, innovation, and scalable growth infrastructure enables Ittihad to stay ahead of the curve and deliver sustainable impact across the sectors we operate in.

Q. Can you outline the Group's strategy for the next five years?

As the past five years have shown, Ittihad has successfully executed its strategy amid a backdrop of significant macroeconomic and geopolitical uncertainty. Looking ahead, even if such uncertainty persists, we remain confident in the resilience and continuity of our long-term strategy over the next five years.

In this next phase of growth, we will continue to expand our core portfolio through a balanced approach—organically, by deepening investment in existing operations, and inorganically, by acquiring businesses that fit within our four established divisions. These are areas where we have demonstrated strong integration capabilities and consistently unlocked synergies and economies of scale.

Phase Three of our growth strategy will see Ittihad deepen its entry into business-to-consumer (B2C) markets. Building on the success of our own paper brand, we are further expanding into the B2C space with new product lines in hygiene, home care, and personal care products—targeting growing household demand and enhancing brand reach across the MENA region. At the same time, we are diversifying and enhancing our copper product offerings to existing customers, allowing us to deliver greater value and improve margins through bundled, value-added solutions.

Consolidation and geographic expansion remain key priorities, particularly in Saudi Arabia and other high-growth regional markets. Our Business Services division is set to scale further by replicating the proven models implemented in the UAE, leveraging our operational expertise to meet rising demand for infrastructure support services across the MENA region.

In parallel, Ittihad's digital transformation journey continues—modernizing processes at both the Group and subsidiary levels to embed innovation and data-driven decision-making. These initiatives are not just about improving efficiency; they aim to create long-term value for our customers, employees, and communities. By cultivating an environment where our people can thrive and our businesses can scale sustainably, we will remain focused on what Ittihad does best: growing responsibly.

Amer Kakish, Chief Executive Officer

> Ittihad is committed to sustainable, responsible growth that creates lasting value for our customers, employees, communities, and stakeholders alike."

OUR STRATEGY

POWERING OPPORTUNITIES

The Company has set a strategy centered around five pillars to capitalize on growth across non-oil sectors by expanding services that directly address the daily needs of individuals and communities, positioning ourselves as a key enabler of inclusive, demand-driven development aligned with national economic transformation agendas. Through the execution of this strategy, Ittihad aims to enhance and grow its businesses by offering innovative, competitive products to a broader, more diverse customer base, while also driving operational efficiency.

Our mission drives our strategy

We aim to provide sustainable, recurring income and generate long-term value for our shareholders. We achieve this by prioritizing transparency, accountability, and diligence at every stage of the investment process.

Strategic pillars

Human-centered innovation

Design and deliver products and services that improve daily life for individuals and communities.

Disciplined capital allocation

Prioritize high-return investments within core divisions to ensure long-term value creation.

Focused sectoral expansion

Expand thoughtfully within existing industries to deepen impact and drive scalable growth.

People at the core

Empower and develop talent through continuous learning, inclusion, and a culture of ownership.

Values and sustainability

Embed sustainability into operations and product design to reduce our footprint and support greener communities.

Strategic priorities

Develop branded consumer goods for the B2C market

Leverage our manufacturing capabilities and sector knowledge to enter the B2C space, investing in high-impact, branded products that address everyday needs and contribute to long-term brand equity.

Expand service portfolio

Build on our core operational expertise to become a leading provider of full facility management and integrated municipal services in the Abu Dhabi market, with targeted expansion into other Emirates and regional markets.

Drive organic and inorganic growth

Pursue disciplined growth through a balanced mix of internal investments and strategic acquisitions within our existing divisions, maintaining financial discipline.

Ensure financial strength and stability

Achieve sustainable growth while remaining committed to reaching our target leverage levels and maintaining an investment-grade liquidity ratio (>1.5x) to support resilience and future opportunities.

See more on sustainability on page 40

2024 INVESTMENT CASE

In FY24, Ittihad achieved 17.6% revenue growth to USD 3.3 billion and 6% EBITDA growth to USD 147.1 million, driven by strong demand in infrastructure materials and expanded business services. Key highlights include a 23.5% EBITDA increase in Business Services, entry into Saudi Arabia's waste management sector, and a new copper recycling plant boosting efficiency. The Group strengthened its balance sheet, reducing net leverage to 2.9x, generating USD 153.2 million free cash flow, and securing a USD 450 million sustainability-linked credit facility. With an MSCI 'AAA' ESG rating, Ittihad is well-positioned for continued growth.

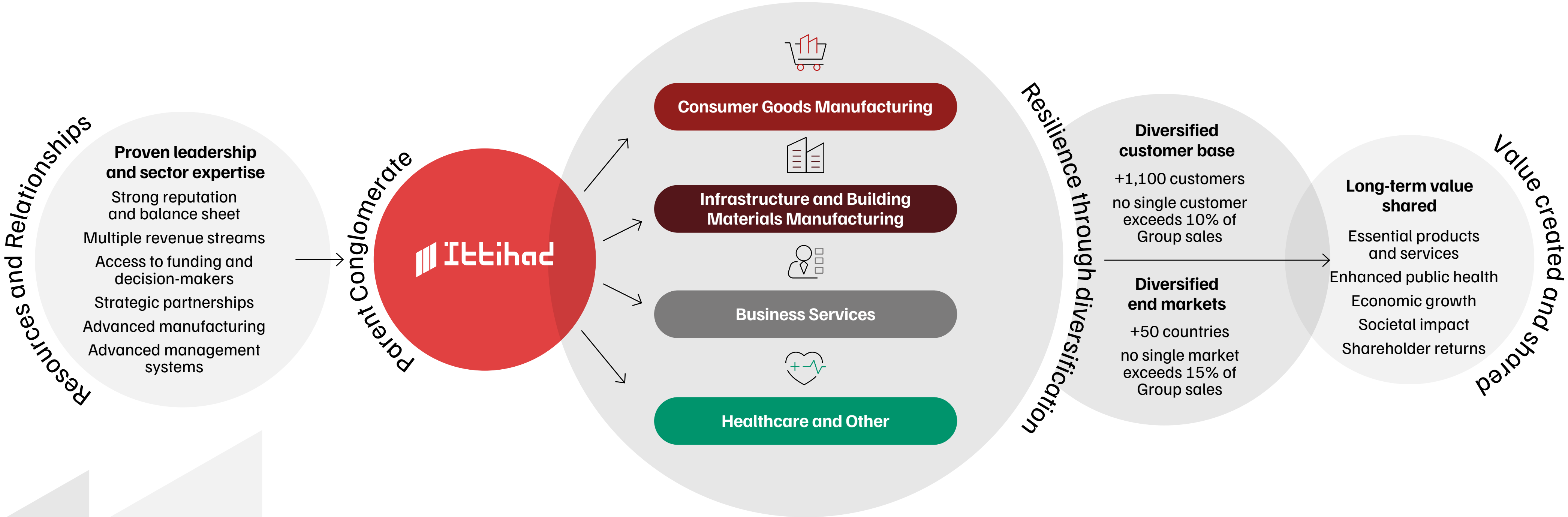
VALUE CREATION BUSINESS MODEL

UNLOCKING VALUE THROUGH DIVERSIFICATION, REACH, AND SCALE

Achieving resilience and growth by delivering essential products and services in high-growth markets.

Across a diversified portfolio, including copper products, paper, detergents, and municipal utility management, Ittihad combines extensive sector knowledge with proven operational expertise to create efficient, scalable businesses with strong competitive advantages. Leveraging the MENA region's growing population and rising GDP, Ittihad aligns its offerings with long-term development trends and the strategic shift beyond the oil and gas sector.

A segmented structure enables targeted strategies, operational efficiency, and optimized resource allocation. A wide customer base and a broad regional presence reduce reliance on any single market, creating resilience to economic and geopolitical shifts. The Group maintains a balanced revenue mix—combining long-term contracts with short cash cycles—ensuring strong liquidity, cash flow, and financial stability.



Underpinned by sustainability

Ittihad is committed to balancing profitability with sustainability and generating positive outcomes for stakeholders, society and the planet.

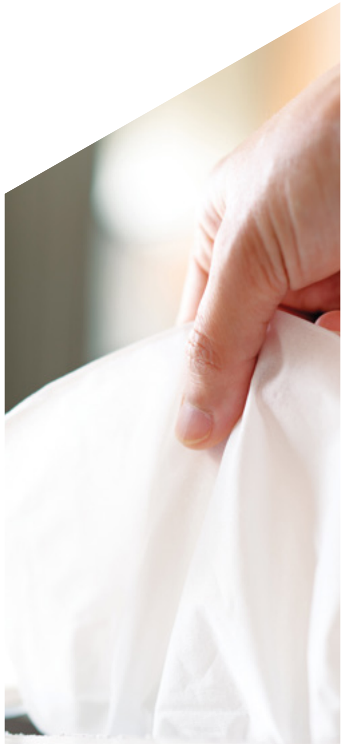
See more on page 40

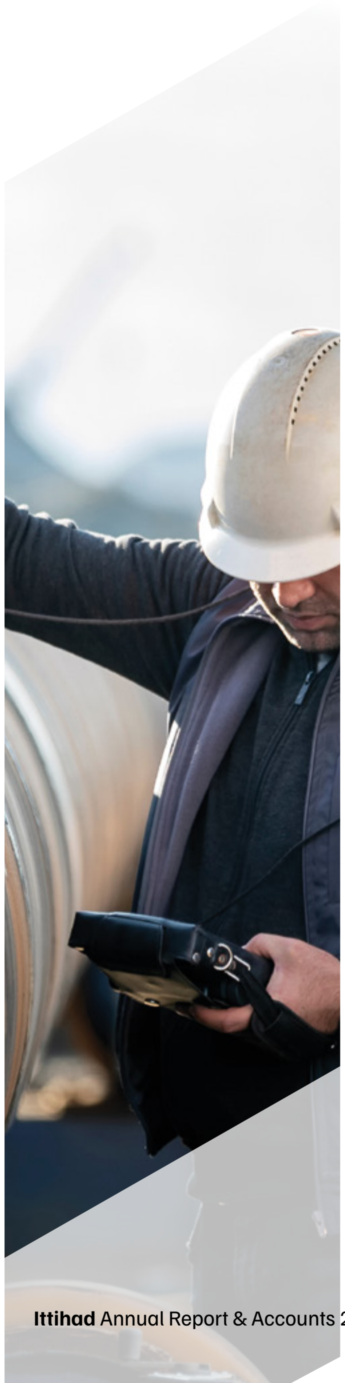
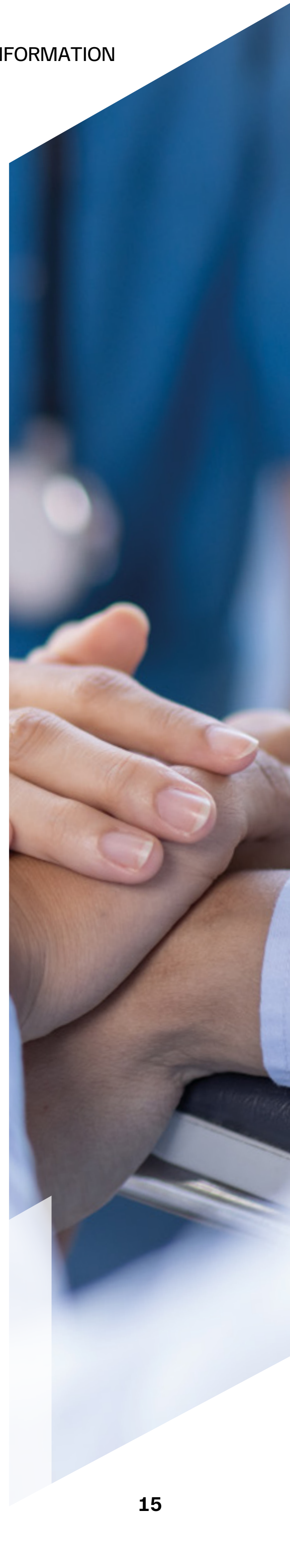
OUR OPERATING REVIEW

OUR FOUR VERTICALS

Ittihad is an investment holding company focused on the development, management and operation of a diverse portfolio of industrial, infrastructure, healthcare and environmental services businesses.

The Company invests in businesses with strong domestic market positions within the United Arab Emirates (UAE), Egypt and the Gulf Cooperation Council (GCC) as well as strong international export potential. Ittihad's businesses span multiple sectors and are organized into four verticals.

CONSUMER GOODS MANUFACTURING

MARKET LEADERS

Ittihad's Consumer Goods Manufacturing (CGM) division comprises three product lines: printing and writing paper, tissue paper, and chemicals used in detergents and personal care products.

The CGM vertical is the most significant contributor to Ittihad's operational profit and adjusted EBITDA. For the 12-month period to 31 December 2024, the division accounted for 15% of the Group's USD 2.8 billion revenues and 40% of adjusted EBITDA of USD 147.1 million. Comprised of four businesses: Ittihad Paper Mill (IPM), Crown Paper Mill (CPM), Metropolic Paper Industries (MPI), and Union Chemicals Factory (UCF): the vertical manufactures three largely non-cyclical consumer goods products (paper, tissue, chemicals).

Revenue (USD)

490.5m

Adj. EBITDA (USD)

58.1m

For details on the financial performance of these businesses, see the MD&A section on page 28

Consumer Goods Manufacturing portfolio businesses

Printing and writing paper

Ittihad Paper Mill (IPM) is the leading non-integrated uncoated paper manufacturer in the UAE, and is globally recognized for its operational efficiency and product quality. Strategically located in Abu Dhabi, IPM operates one of the most advanced and large-scale paper mills in the Middle East, with the capability to serve high-demand markets across the globe.

We specialize in the production of uncoated wood-free paper (UWF) used in a wide range of applications such as cut-size office paper and offset printing. As a non-integrated mill, we source high-grade pulp from international suppliers, which allows us to remain agile, cost-efficient, and responsive to global market trends. In fact, Fastmarkets, in its most recent industry report (as referenced in our Operational Memorandum), has ranked IPM among the top cost-efficient non-integrated mills globally—a testament to our lean operations and competitive positioning.

As part of our strategic growth, we are reinforcing our market presence through the expansion of our proprietary brands, Omnia and Maram. These brands currently represent more than 25% of our total production capacity, and we are actively working to grow this share in the coming years. The increasing preference for Omnia and Maram among end-users and distributors underscores our commitment to quality and reliability.

Our global reach is amplified through strong and strategic distribution partnerships. Our largest marketing partner, Central National-Gottesman (CNG), facilitates broad market access by leveraging its extensive sales and distribution network across North America, Europe, Asia, Latin America, and parts of Africa. Meanwhile, Roxcel and MEPCO complement our global footprint by covering certain parts of the Middle East and North Africa (MENA) region and other selective markets. These partnerships ensure that IPM's paper products are readily available to a wide customer base, with consistent quality and dependable service.

With a robust global distribution network, a growing base of branded products, and continued focus on operational excellence, Ittihad Paper Mill is well-positioned to maintain its growing market share in the uncoated paper segment, both regionally and internationally.

Tissue

Ittihad's tissue operations, consisting of Crown Paper Mill (CPM) and Metropolic Paper Industries (MPI), are central to the Group's strategy to become a dominant tissue manufacturer in the UAE, Saudi Arabia, and the broader MENA region. These two businesses form a critical part of Ittihad's transition toward a more consumer-focused portfolio.

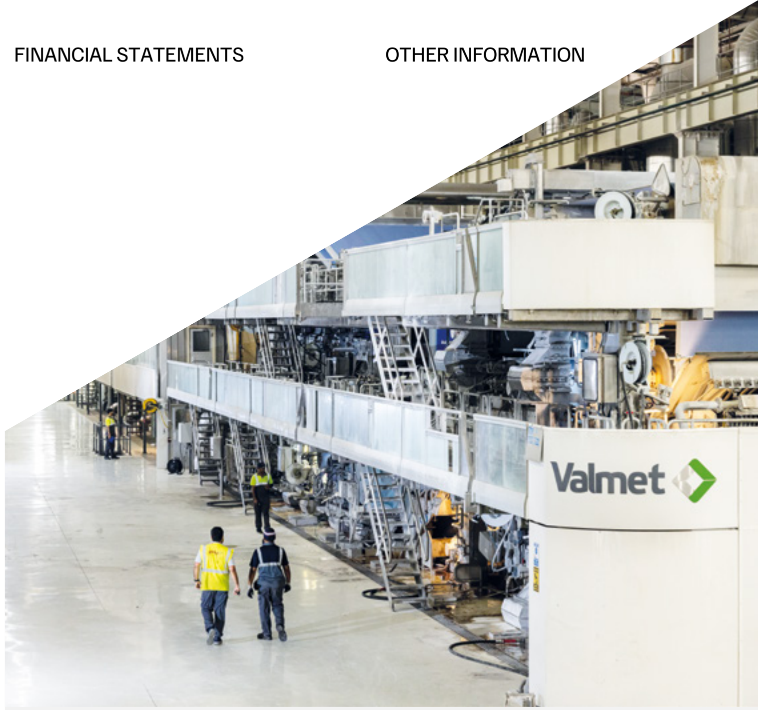
Crown Paper Mill (CPM), established in 1996 and acquired by Ittihad in 2015, employs over 260 professionals and operates state-of-the-art machinery to produce 100,000 metric tons of high-quality jumbo tissue rolls annually.

Metropolic Paper Industries (MPI) was acquired in 2019 as a distressed asset and has since undergone a successful turnaround. As a pioneer in the UAE's tissue converting sector, MPI uses advanced and efficient technologies to transform jumbo tissue rolls into a wide range of absorbent tissue products. As of December 2023, MPI had become the main tissue supplier for leading private label retailers including Carrefour, Lulu, Noon, and others.

Currently, approximately 12% of Ittihad's tissue production capacity is converted into retail-ready products and sold under these private label partnerships. The company is now aggressively moving into B2C markets, expanding its own brand presence. With a clear strategy focused on enhancing margins and growing brand equity. Ittihad aims to increase its converted product capacity to over 40% in the medium term.

Further strengthening this competitive advantage is the synergy between CPM and Ittihad Paper Mill (IPM), both of which use the same raw materials. This allows Ittihad to leverage economies of scale, making it the largest pulp importer in the region with a combined procurement capacity exceeding 330,000 tons. This scale enables cost-effective sourcing and supports consistent production quality across both tissue and paper divisions.

With this integrated approach and a growing presence in both private label and branded consumer markets, Ittihad is on track to become the leading tissue manufacturer in the GCC.



RESPONSIBLE SOURCING: FSC-CERTIFIED PULP

At Ittihad, we are committed to environmental responsibility and sustainable sourcing practices. We exclusively source FSC®-certified pulp, ensuring that all raw materials are derived from responsibly managed forests that provide environmental, social and economic benefits. This not only supports global efforts to combat deforestation but also reinforces our customers' confidence in choosing paper products that align with their own sustainability goals. Our responsible procurement strategy is integral to our long-term vision of reducing our environmental impact while maintaining the highest standards in product quality.

Read more online: www.ittihadinvestment.ae

Chemicals

Established in 2009 and with a workforce of 430 employees, Union Chemicals Factory (UCF) is the Middle East's largest producer, by volume, of LABSA (linear alkylbenzene sulfonate) and SLES (sodium laureth sulfate), both key ingredients in the manufacturing of consumer detergent and personal care products. UCF exports to over 25 countries with its primary markets in the Middle East, Africa, North America, and South Asia. In 2020, UCF expanded its operations with the acquisition of a sulphonation plant in Saudi Arabia, increasing total production capacity to 80,000 metric tons annually.

For details on the financial performance of these businesses, see the MD&A section on page 28

Read more online: www.ittihadinvestment.ae

Market overview: Demand for our consumer goods continues to grow

Uncoated wood-free paper*

In 2024, average prices in the uncoated wood-free (UWF) paper market declined compared to 2023, primarily due to falling global pulp prices. Although UWF paper prices typically track pulp cost movements, non-integrated producers like Ittihad Paper Mill (IPM) managed to capture a slightly wider spread between pulp and paper prices, benefiting from reduced exposure to pulp price fluctuations. However, this improved contribution margin was offset by a sharp rise in logistics costs driven by ongoing geopolitical instability in the Red Sea region. These disruptions significantly raised freight rates for shipments from the UAE to North Africa—one of IPM's key export markets—diminishing the margin improvement. Despite these pressures, IPM has maintained its strong operational performance, running at approximately 90% capacity and holding a leading position in the MENA region, where it contributes around 52% of total UWF production (excluding Iran). The company also remains a dominant exporter, capturing 12% market share in the Middle East and 17% in North Africa, highlighting its competitiveness even amid logistical constraints. The MENA region continues to rely heavily on imports, with more than 1.2 million tons of UWF paper annually sourced from Europe and Asia. Globally, the UWF paper market is gradually stabilizing, supported by capacity reductions in Europe and North America that have tightened supply and lifted industry operating rates. These trends indicate a steady path toward market equilibrium, though the pace of recovery will depend heavily on easing geopolitical tensions and the restoration of normal trade flows.

Tissue*

Tissue paper prices and volumes remained relatively stable compared to the previous year, reflecting the product's low cyclical sensitivity. This stability is underpinned by structural demand drivers in the GCC and MENA regions, including population growth, rising disposable incomes, and increasing awareness of hygiene standards. These trends are expected to sustain momentum, with tissue consumption in the MENA region projected to grow at an average annual rate of 4% between 2026 and 2032.

Ittihad's Crown Paper Mill (CPM) stands out as one of the region's leading tissue producers, accounting for just over 10% of MENA's total tissue production capacity, which reached 978,000 tons in 2024. While new capacity is expected to enter the market in 2025, overall demand growth is forecasted to outpace supply additions through 2026 and 2027. The MENA region remains a net importer of tissue, with the Middle East alone importing over 530,000 tons annually—signaling ample room for capacity expansion without putting downward pressure on prices.

Within the GCC, the UAE serves as the primary tissue exporter, whereas Saudi Arabia is the largest importer. Oman, Qatar and Kuwait continue to rely heavily on imports, while Bahrain maintains a modest net export position, largely supported by the operations of the Olayan Kimberly-Clark facility. To further strengthen its position, CPM is expanding its footprint in Saudi Arabia with a new state-of-the-art tissue facility. This strategic move positions the company to directly serve one of the region's largest tissue markets, reduce logistics costs, improve responsiveness to customer needs, and enhance profit margins—capitalizing on the favorable pricing and high demand environment in the Kingdom.

* Source data: Fastmarkets

INFRASTRUCTURE AND BUILDING MATERIALS MANUFACTURING

FAST-GROWING MARKETS

Ittihad's Infrastructure and Building Materials Manufacturing (IBMM) division comprises three businesses: Union Copper Rod (UCR), Union Rebar Factory (URF), and National Cement Factory (NCF) – and three product lines: refined copper rods, steel bars, and cement.

The IBMM vertical benefits from regional development programs, such as Neom in Saudi Arabia and Hudairat and Taziz in the UAE, that are driving growth in the UAE and other GCC countries. Similar to the Consumer Goods Manufacturing division, IBMM shares common supplier bases and overlapping markets, generating economies of scale and cross-selling opportunities.

Revenue (USD)

2,548m

Adj. EBITDA (USD)

48.7m

For details on the financial performance of these businesses, see the MD&A section on page 28

An overview of the Infrastructure and Building Materials Manufacturing portfolio businesses

Copper rods

With a capacity of over 220,000 metric tons, Union Copper Rod (UCR) has the largest premium copper rod production line in the Middle East. Established in 2008, the Company primarily manufactures 8mm and 12.5mm copper rods using Grade A cathode and industry-leading Southwire Continuous Rod (SCR). The business, which has 143 employees, serves four key markets: MENA, Europe, Asia, and Australia. Currently, more than 80% of copper products manufactured by Ittihad are exported globally. Operating at 90% capacity, UCR commands an estimated 30% market share in the MENA region. The business's newly established copper upcycling facility is expected to enhance margins and operational efficiencies in 2025. The upcycling facility is also aligned with Ittihad's commitment to sustainability. By increasing the use of recycled materials in UCR's copper rod production, the plant will contribute to a greener environment as well as drive performance.

Read more online: www.ittihadinvestment.ae

Steel bars

Founded in 2005, the Union Rebar Factory (URF) offers a range of reinforced steel solutions, including straight steel bars and cut-and-bend steel. The business primarily supplies the UAE market, where it holds a 12% share. URF specializes in mechanical coupling systems, epoxy coating, and other engineering services. With two production facilities spanning 50,000 square meters in Abu Dhabi and 30,000 square meters in Dubai, URF has the capacity to produce 500,000 metric tons of steel bars annually. Given the prominence of real estate and infrastructure development in the UAE, demand for steel bars remains robust.

Cement

Established in 2008, the National Cement Factory (NCF) pioneered the introduction of 'green cement' to the UAE. As the UAE's leading comprehensive cement manufacturer, NCF's cutting-edge grinding mill supplies the country's buoyant real estate and infrastructure sectors with 2.2 million metric tons of premium cementitious material each year. The 12,000 square meter facility is equipped with an advanced laboratory and a silo storage capacity of 20,000 metric tons.

Market overview: Continued strong demand for copper, steel, and cement

Copper sector

Between 2024 and 2035, global demand for refined copper is projected to grow at a Compound Annual Growth Rate (CAGR) of 3.1%, marking a notable acceleration from the 2.4% CAGR recorded between 2012 and 2022. In the MENA region—one of our key markets—consumption of copper bars and wires rose by 5.3%, marking the fourth consecutive year of growth. However, supply continues to lag behind rising demand. This persistent imbalance is driven by underinvestment in mining capacity, unexpected production disruptions, and the long development timelines required for new mining projects. As a result, the copper market has experienced recurring annual supply deficits since 2010. With global refined copper supply expected to grow at a slower CAGR of 2.5% between 2022 and 2032, these deficits are anticipated to continue throughout the coming decade.

The surge in copper demand is being driven largely by the global energy transition, particularly from sectors such as renewable energy and electric vehicles. Over the next ten years, the electric vehicle, solar power, and wind power sectors are forecast to grow at CAGRs of 16.4%, 10.2%, and 7.0% respectively. As a leading wire rod producer supporting wire and cable applications, UCR is well positioned to benefit from this rapid expansion. Projections suggest the global market will require an additional 6.864 million tons of copper wire rod over the next decade to meet growing demand.

In the MENA region, the copper wire rod market is forecast to grow at a CAGR of 7.1%—a significant increase compared to historical trends. This growth is underpinned by government-led efforts to upgrade and expand power transmission and distribution infrastructure, promote renewable energy adoption, encourage public-private investment, and diversify economies away from oil dependence. These initiatives are set to drive robust and sustained demand for copper wire products across the region.

Building Materials (steel and cement)

In 2024, profit margins for building materials like steel bars and cement in the UAE saw an uplift, largely supported by the ongoing momentum in the country's real estate sector. Elevated construction activity was underpinned by strong demand from both domestic and foreign buyers, driven by rapid population growth, favorable visa reforms such as the Golden Visa, and a growing preference for homeownership in response to rising rental costs. Major government programs—including the D33 economic strategy and Real Estate Strategy 2033—have further encouraged investment in residential projects. This surge in development has increased the demand for essential construction inputs, sustaining higher pricing levels and boosting margins for materials suppliers. Looking ahead, the near-term outlook remains positive, with a steady flow of projects and stable pricing expected to maintain the strength and resilience of the construction materials market.

BUSINESS SERVICES

PIONEERING BUSINESSES AND CUTTING-EDGE TECHNOLOGIES

The Business Services division delivers a wide array of services and solutions, from city cleaning and municipal waste collection, operation and maintenance services for infrastructure networks, sewerage networks and treatment plants, irrigation networks, landscaping, and potable water networks, to long-term procurement, maintenance and operation of radiology departments.

Comprised of three main businesses: SOLV Group (SLV), Emirates Link Nitco (ELN), and Unison Capital Investment (UCI) – Business Services provides specialized services and solutions to both the public and private sectors. The vertical focuses on long-term operation and maintenance service contracts signed with AA-rated government entities that generate stable revenues and EBITDA. The division is asset-light and benefits from customer overlaps across its businesses, enabling efficiencies to be captured through shared overhead costs, maintenance teams, spare parts, and diesel procurement.

For details on the financial performance of these businesses, see the MD&A section on page 28

Revenue (USD)

205.0m

Adj. EBITDA (USD)

48.5m

An overview of the Business Services portfolio companies

Public-Private Partnerships and radiology operations

Established in 2016 to provide innovative solutions to the UAE's Ministry of Health, Unison Capital Investment (UCI) pioneered the Public Private Partnership (PPP) model in the country after it secured a contract to manage radiology departments across the UAE. Under the contract, UCI connected all government hospitals in Dubai and Northern Emirates to one platform, thereby delivering cost savings to the government. UCI owns and operates the radiology department of all hospitals under the UAE's Ministry of Health.

Read more online: www.ittihadinvestment.ae

Through its workforce of over 300 full-time healthcare professionals and an image exchange and management system, UCI oversees the maintenance and operation of radiology departments in government-owned hospitals and six centers of excellence. UCI is also involved in training the algorithms of various clients' digital systems to identify a wide range of diseases.

Waste and environmental services

SOLV Group is the leading city cleaning and environmental services company in Abu Dhabi with a workforce of 4,800 employees. Under long-term contracts with Tadweer and Abu Dhabi Municipality, an AA-rated government entity/authority, SOLV provides non-hazardous solid waste collection services to commercial, municipal, industrial and residential clients across more than 500 locations in Abu Dhabi. SOLV is committed to sustainability and the utilization of cutting-edge technologies that minimize environmental impact and has expanded into Saudi Arabia.

Utility and sewerage services

Ittihad's portfolio companies Emirates Link Nitco (ELN), Malegori (MAL), and Advanced Pipeline Services (APS) deliver sewerage services to the UAE market. Established in 2002 and with 1,500 employees, ELN is among the largest operation and maintenance service providers in Abu Dhabi with its operations backed by several ISO certifications. ELN manages sewage treatment plants, pumping stations, sewerage networks, potable water networks, and irrigation networks across municipalities. Malegori, founded in 2010, specializes in the operation and maintenance of irrigation, sewerage, and stormwater drainage networks. Advanced Pipeline Services provides efficient pipeline rehabilitation using trenchless technology.

The growth of the Company's sewerage services was driven by additional contracts awarded during infrastructure and construction projects. These integrated services further establish our position as a comprehensive service provider to SWS, a member of ADQ, enhancing our role as a one-stop solution provider.

Market overview: Strong potential for growth

Through its subsidiaries, the Company holds a significant share of the highly concentrated utilities and environmental services markets in which it operates, accounting for over 30% of the Abu Dhabi market. In healthcare, Ittihad's PPP initiative remains the only one of its kind in the UAE. Unison therefore accounts for 100% market share in the UAE.

Historically, Ittihad's Business Services division generated almost all of its revenue from the domestic UAE market. The Group is, however, expanding into the broader MENA/GCC region, where significant growth potential exists. In line with this, the Group entered the waste management and city cleaning services market in Saudi Arabia in 2023 following the small acquisition of Maqayes. Through Maqayes, the division has since secured projects worth more than USD 79 million, by leveraging Ittihad's expertise and track record in business service operations. The Company sees encouraging growth prospects in the Saudi market due to a number of factors, including an increase in tourism, increased momentum of reform, large-scale urbanization and infrastructure development. Long-term structural drivers, such as population growth and the adoption of new technologies, are also supportive of the Saudi market.

OUR OPERATING REVIEW *CONTINUED*

HEALTHCARE AND OTHER

INCUBATION AND TRANSITION ASSETS

The portfolio businesses within this vertical deliver healthcare, fund management, logistics and transportation, and interior design services to both the government and the private sector. These businesses operate with minimal assets and are centered around both the delivery of turnkey projects and the supply of medical equipment and consumables.

Adjusted EBITDA in the Healthcare and Other Division reduced to USD 5.9 million in the twelve months ended 31 December 2024 from USD 27.4 million in the twelve months ended 31 December 2023.

Revenue (USD)

93.1m

Adj. EBITDA (USD)

1.6m

For details on the financial performance of these businesses, see the MD&A section on page 28

An overview of Healthcare and Other Services

Healthcare

Portfolio companies Abu Dhabi International Medical Services (ADI) and FourMed Medical Supplies deliver turnkey medical solutions for providers and facilities in the UAE and Egypt. Services and solutions provided include setting up clinic and hospital departments, supplying surgical and emergency room theaters and equipment, life care science products, and laboratory equipment and consumables. Distribution overlaps in medical equipment and turnkey solutions, as well as shared overhead costs, enable operational efficiencies to be captured and profits maximized within the division.

Read more online: www.ittihadinvestment.ae

Established in 2007, ADI is a leading regional provider of medical equipment and turnkey solutions for both government and private sector clients. Through its two divisions (Lab and Imaging), ADI offers service agreements, spare parts, lab equipment, consumables, and critical care products. ADI has successfully completed over 120 local and international projects, serving more than 280 hospitals and medical facilities. The majority of revenues are generated through the distribution of radiology equipment, life care sciences products, lab equipment, and consumables from major suppliers, such as GE and Abbott in the UAE and Beckman Coulter in Egypt.

FourMed Medical Supplies has been supplying operating theaters, emergency rooms, and surgical equipment in the UAE since 2007. Revenues are primarily generated through the distribution of equipment and products from Trumpf and Richard Wolf.

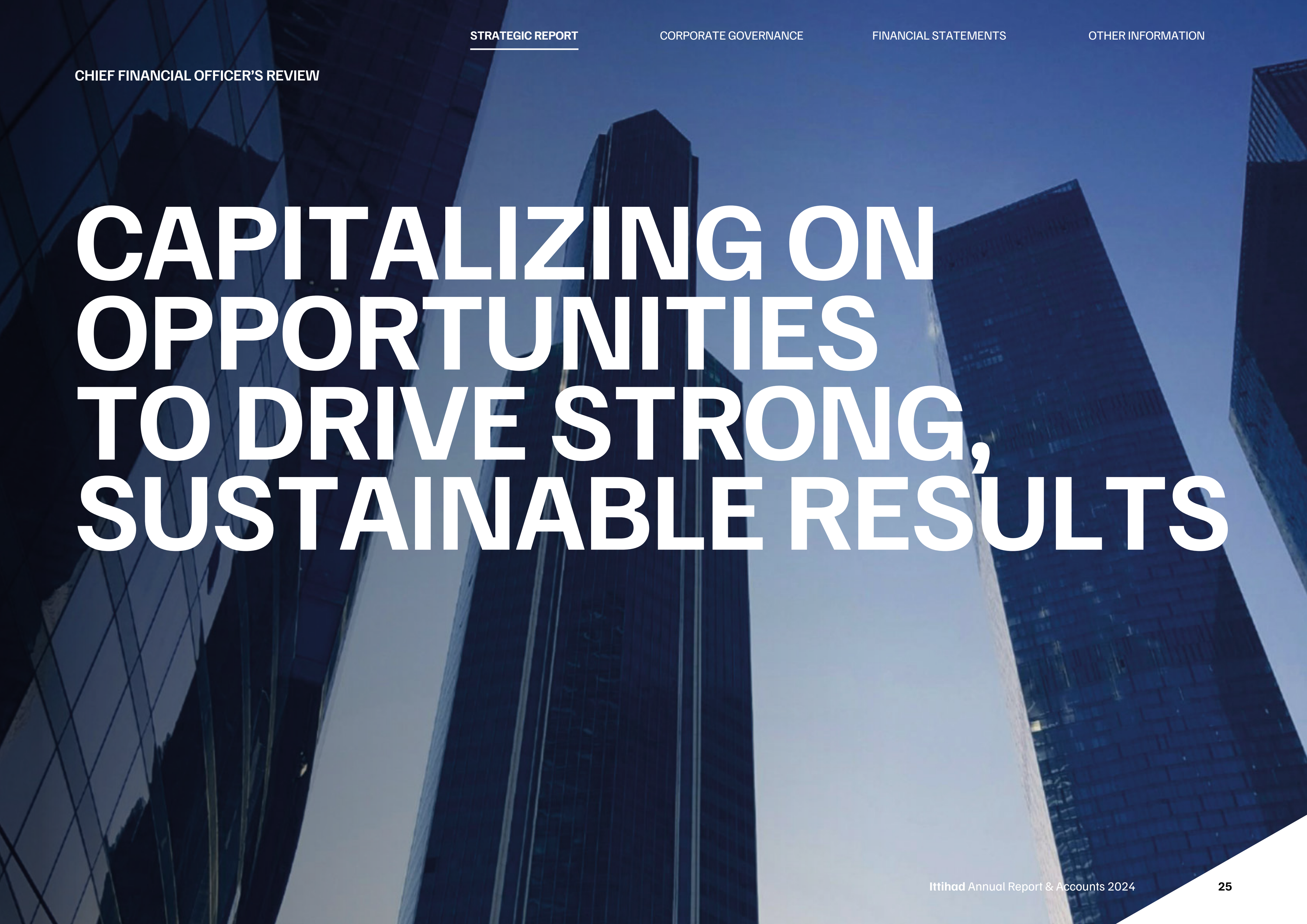
Other Services

Other Services includes fund management business Peak Capital Management, which specializes in the development and execution of proprietary strategies in the US and European equity markets. Other portfolio companies include tech startup Transportr, which has launched a versatile digital freight platform in the GCC providing cutting-edge technology to help shipping companies overcome the challenges they face; and Office Inspirations, which offers a full range of services including interior design and the installation of interior furnishings to multinational companies, schools, universities and governments.

Market overview

92% of the vertical's sales are currently generated in the domestic UAE market with the remaining 8% from Egypt and Saudi Arabia. In line with the Group's growth strategy, Ittihad is targeting expansion into the wider MENA/GCC region. ADI's established relationships with multinational companies have already facilitated expansion into new markets – ADI expanded into Egypt through its partnership with Beckman Coulter. FourMed's delivery of turnkey products and services exposes it to a range of fast-growing medical device markets. Among the fastest-growing of these is the diagnostic imaging forecast sector, which is forecast to grow with the population growth in UAE and Egypt.

In the 12 months ending December 2024, Ittihad's Healthcare and Other division contributed 1% of the Company's adjusted EBITDA.



CAPITALIZING ON OPPORTUNITIES TO DRIVE STRONG, SUSTAINABLE RESULTS

CHIEF FINANCIAL OFFICER'S REVIEW *CONTINUED*

A YEAR OF PROGRESS

2024 has been a year of progress. Revenues and EBITDA grew strongly, major corporate milestones were met and we ended the year with enhanced liquidity, strengthened financial ratios, and a more robust balance sheet."

Set against a macro backdrop marked by continued geopolitical uncertainty, both globally and regionally, we view the progress made as an indicator of strength of our diverse portfolio, and a testament to our strategy, to build a regional industrial conglomerate capable of generating sustainable growth over the long term.

Performance summary

For the year ended 31 December 2024, total revenues increased 17.6 per cent. to USD 3.3 billion (2023: USD2.8 billion), while EBITDA grew 6.0 per cent. to USD 147.1 million (2023: USD 138.8 million). The overall financial performance is in line with expectations despite the uncertain macroeconomic environment. One of the notable challenges during the year was the disruption to global trade routes caused by escalating geopolitical tensions in the Red Sea region. This had a direct impact on our logistics and shipping timelines, particularly affecting our paper business, where elevated freight costs and supply chain delays compressed margins. However, this impact was largely offset by strong growth delivered across our IBMM and Business Services segments, underscoring the resilience and balance of our diversified portfolio.

The Group's underlying businesses are market leaders. They operate in sectors with structural drivers, such as population growth and urbanization and, when held within one portfolio, generate significant diversification benefits. During the year, IBMM benefited from higher copper and steel demand. Meanwhile, Business Services delivered strong growth driven by the successful expansion of long-term contracts, increased patient volumes within healthcare services, and the ramping up of the waste management service operations in Saudi Arabia. On this front, the Group successfully entered Saudi Arabia's waste management sector, positioning itself as a key player in the region's infrastructure and environmental services. This move marked a major step in Ittihad's ongoing efforts to expand into high-growth markets.

Consumer Goods Manufacturing (CGM): Adjusted EBITDA for the year within the Consumer Goods Manufacturing (CGM) segment grew by 2.7 per cent. year-on-year to USD 58.1 million, driven primarily by higher sales volumes following a recovery in demand from downstream detergent chemical sectors, which had previously undergone a period of destocking in 2023. Steady demand for tissue products also supported healthy margin levels across the segment. While stronger growth was anticipated in the CGM segment, increased freight costs, stemming from the closure of Red Sea shipping channels and broader supply chain disruptions, negatively impacted margins in the paper business, mainly in North Africa. However, these pressures began to ease toward the end of Q4 2024. The Group already has a presence in Egypt, the largest market in the region, and we are expanding our tissue mill in Saudi Arabia. Once operational in Q1 2026, this will increase capacity by 60 thousand tons to 160,000 tons. We have also increased the market share of our own paper brands, Ittihad's first move into the business-to-consumer (B2C) market, a key part of Phase three of our growth strategy.

Infrastructure and Building Materials Manufacturing (IBMM): IBMM continues to outperform. High demand for the division's copper, cement, and steel products is being fueled by long-term fundamental shift, including regional infrastructure and real estate development programs and, in the case of copper, the expansion of power networks, the energy transition, and the construction of AI data centers. Strong demand fed through to higher prices, which in turn generated 22.4 per cent. growth in revenue, and helped sustain the prior year's improved margins. The positive backdrop is expected to persist. In addition, we anticipate an improvement in margins at the copper business following the commissioning of our copper upcycling facility. Using more recycled copper in the production process makes the business more competitive. It also builds on our already high ESG credentials, which should support demand for the Group's copper products from customers who have their own sustainability targets to meet. Opportunities are also available to move up the value chain. For example, Ittihad currently produces copper rods but there is the potential to diversify its product offerings with higher margin without the need for significant CAPEX.

Business Services: Revenues are largely generated through the provision of services such as utility services, waste collection, city cleaning activities, and the operation of radiology departments at government-owned hospitals. Revenues are locally driven and centered around long-term contracts with government-controlled entities, providing a high degree of visibility. Demand is being supported by various infrastructure development projects across the region. As infrastructure assets are built or modernized, they have to be operated and maintained by service providers such as Ittihad. Areas of growth include operating and maintaining sewerage networks and treatment plants, and radiology departments where revenues and EBITDA increased due to growth in patient numbers as well as the implementation of optimization programs. Overall, Business Services posted a 23.5 per cent. year-on-year increase in Adjusted EBITDA to USD 48.5 million in FY24.

Healthcare and Other: Ittihad's smallest division holds companies that are being nurtured and where business models continue to evolve. Among these businesses is a regional distributor of a wide range of healthcare products. EBITDA for the Healthcare and Other segment declined to USD 1.6 million, primarily due to increased competition and a deliberate reduction in capital equipment distributorships within the UAE. This strategic shift led to short-term financial impacts and provisions related to specific client contracts. In response, the Company is pivoting toward a more specialized, higher-margin niche within the healthcare sector.

Financial highlights

Several corporate milestones were achieved during the year. We completed a tap on the existing sukuk to refinance term loans that were not refinanced by the debut issue. Originally targeting USD 50 million, strong appetite from international investors led to a doubling in the tap size to USD 100 million and to the issue being priced on more favorable terms than the original sukuk at a net yield of 9 per cent. compared to 9.75 per cent..

Progress was also made in reducing short-term debt related to working capital. Optimizing operating cash flows and reducing reliance on banks in the working capital cycle reduced short-term debt by USD 108.6 million. 33% of this was achieved by using excess cash generated from operations to deleverage bank financing facilities while the other 67% came from the tap proceeds. Despite the higher cost of the sukuk compared to the rates of the previously held term loans, total finance costs have remained steady, increasing by only 0.6 per cent. to USD 78.1 million. On a net basis, Ittihad paid down USD 36 million of working capital debt and USD 15 million of term loans in line with the Group target to reduce the net leverage ratio to between 2.5 and 3 times. Interest coverage ratio improved from 1.8x to 1.9x too.

We also strengthened our liquidity to 2.9x (Sources to Uses) from 1.2x in 2023. Major contributors to this were the ongoing deleveraging of working capital debt in addition to securing a USD 450 million revolving credit facility (RCF). A highlight of the facility is that it is fully aligned with the sukuk's covenants and security structure. The RCF is therefore subject to incurrence as opposed to maintenance covenant tests, ensuring the continuous availability of a standby liquidity source.

The RCF replaces uncommitted lines at the operating company level, providing the Group with a larger and more flexible liquidity war chest, and is expected to reduce subordination to a negligible level of below 10%. USD 225 million of the RCF is set aside for general corporate purposes.

Outlook

Macro and geopolitical uncertainty is expected to continue to dominate the global narrative, with the recent imposition of US tariffs adding another layer of uncertainty. As we have demonstrated over the years, we remain well positioned to overcome macro challenges and expect to continue to make progress towards achieving our long-term growth objectives in 2025 and beyond. Regarding tariffs, the minimum level of 10 per cent. has been applied to the UAE, so we do not expect any material impact on our US export volumes. Instead, we may have an opportunity to increase sales, as competitors from other regions face higher tariffs.

Ittihad has proven itself to be a resilient and growing business. The Group's product and service offering is essentially non-discretionary and supplies structurally driven markets. Our balance sheet is robust, allowing growth opportunities to be pursued without compromising our prudent approach to investment. Growth opportunities have been identified, including entering the B2C market and strengthening our consumer goods business model with the addition of our own brand either organically through expansion or inorganically through acquisition. Several acquisition targets within the CGM and Business Services divisions are being evaluated. Subject to general market conditions, the Group may look to access equity markets to help fund any transaction.

Ittihad is entering a new phase of its growth strategy. As we do, we will stay true to the prudent principles that underpin our business model and that have been integral to our track record of delivering sustainable growth and resilient cash flows across different economic cycles.

Zahi Abu Hamze, Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following section and tables present certain historical consolidated financial information and operating data of the Company.

The summary historical consolidated financial information as at and for the years ended 31 December 2022, 2023, and 2024 in the tables below is derived from the Audited Financial Statements. The summary historical consolidated financial information as at and for the twelve months ended 31 December 2023 and 2024 in the tables below is derived from the Audited Financial Statements. The Audited Financial Statements were prepared in accordance with IFRS and the Unaudited Interim Financial Statements were prepared in accordance with IAS 34. The information presented below is not necessarily indicative of the results of future operations.

The summary consolidated financial information presented below includes certain non-IFRS financial and other measures that the Company uses to evaluate its economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or any other generally accepted accounting principles, or those calculated using financial measures that were prepared in accordance with IFRS or any other generally accepted accounting principles.

The following section should be read in conjunction with the Audited Financial Statements.

Overview

The Company is a conglomerate that develops, manages and operates a diversified, non-oil and gas portfolio across the industrial, infrastructure, healthcare and environmental services sectors. The Company's operations are located in the Middle East, but it sells its products and services globally. The Company was founded in 2008 to implement a holding company structure for a portfolio of non-oil and gas investments of the Company's shareholder. In the immediate years after formation, the Company rationalized that portfolio of assets and sought to implement a new strategy. Starting in 2015, the Company has been focusing on a strategy of investing in businesses with leading domestic positions in the UAE and the GCC, as well as strong international export potential. This has been successful, and, since 2008, the Company has increased its annual revenue, operating profit and Adjusted EBITDA from revenue of AED 1,254.3 million (USD 341.5 million), operating loss of AED 35.2 million (USD 9.5 million) and Adjusted EBITDA of AED 16.0 million (USD 4.3 million) in 2008 to revenue of AED 12,258.0 million (USD 3,337.8 million), operating profit of AED 375.5 million (USD 102.2 million) and Adjusted EBITDA of AED 540.2 million (USD 147.1 million) for the twelve months ended 31 December 2024, respectively, through a mixture of acquisitions, greenfield projects, expansions and the growth and optimization of existing operations, respectively.

Factors affecting Results of Operations

Factors affecting Results of Operations of the Company's Manufacturing Divisions

The Company's manufacturing divisions, comprising both its Consumer Goods and Infrastructure and Building Materials divisions, represented 91.0 per cent, 93.2 per cent. and 91.6 per cent. of the Company's revenue for the years ended 31 December 2021, 2022 and 2023 respectively, and 91.0 per cent. for the twelve months ended 31 December 2024; 62.3 per cent, 92.8 per cent. and 85.3 per cent of the Company's operating profit for the years ended 31 December 2021, 2022 and 2023 respectively, and 77.6 per cent. for the twelve months ended 31 December 2024; 78.9 per cent, 64.1 per cent. and 72.8 per cent. of the Company's Adjusted EBITDA for the years ended 31 December 2021, 2022 and 2023 respectively, and 72.6 per cent. for the twelve months ended 31 December 2024. Accordingly, market dynamics for paper, tissue and copper continue to have a significant impact on the Company's revenue and profitability.

Paper

The Company's results of operations have been affected significantly by the global dynamics in the paper industry. Long-term demand for paper is driven by global economic trends, demographic trends, technological developments and trends in end user preferences. Although historically and up until 2005, consumption of uncoated wood-free paper by end users increased steadily in Western Europe and North America, customer demand for paper has fluctuated significantly since, suggesting that customer demand is driven by a combination of end user consumption patterns and changes in the inventory levels that customers maintain. Profitability in the paper industry is highly sensitive to changes in prices, and industry profit cycles reflect the constantly shifting balance between supply and demand for individual products, as well as changes in inventory levels.

Periods of industry-wide investment in new production capacity or contractions in demand due to technological advancement have in previous industry cycles led to decreases in product prices, often as a result of excess capacity. As a result, the financial performance of the industry has historically deteriorated during periods of oversupply, only to improve when either demand has increased or supply has been reduced to a level that supports the implementation of price increases. However, end user paper price (which includes a significant retail markup) has been relatively stable due to globalization effects maintaining a low cost of production and lower levels of inflation. This trend was disrupted in 2021 where inflationary pressures, driven mainly by higher logistics and supply chain cost and followed by the Russian war on Ukraine, resulted in a significant increase in end user price of paper. The wholesale price of paper, a more relevant measure for paper manufacturers, has also been stable up to 2021 and is highly correlated with pulp price which indicates that distributers and retailers cannot significantly impact the price of paper or squeeze manufacturing margins represented by the premium between pulp and paper price.

While demand for paper in developed countries has been on a softening trend, it continues to significantly outweigh per capita consumption in emerging markets, which remains in an upward trend driven by population growth, increasing rates of literacy and household disposable income. The Company's ability to ramp up its production and achieve more than 65 per cent. capacity during IPM's first ten months of operation in 2020, with revenues for the period reaching AED 633.2 million and sales volumes reaching 205,000 metric tonnes and further increase to 80 per cent. capacity in 2021, and 92 per cent. capacity in 2022 was driven by solid demand for paper despite the impact of COVID-19 and the related partial closure of schools and offices which are the main target end users of the product. The impact of supply chain disruption in 2021 on logistics availability and cost, a global transitory challenge to all export-oriented manufacturers, eroded most of the Company's operating margins. This short-term phenomenon created a shortage of paper and other products globally that, in November 2021, led to higher paper market prices and improved operating margins from 2022 onwards. IPM achieved sales volumes of 290,083 metric tonnes for the twelve months ended 31 December 2024.

Raw materials and energy costs

Pulp fillers, and energy represent the primary input costs of the Company's paper businesses. Wood pulp is the principal raw material required to manufacture paper. The Company's paper businesses purchase approximately 45 days of its production requirements. The price of pulp is somewhat volatile and sensitive to changes in wood prices, industry capacity, producer inventories, demand for paper and tissue, cyclical changes in the world economy and fluctuations in the U.S. dollar, the reference currency for trading in wood pulp. Fluctuations in pulp prices may impact, in turn, prices of final paper and tissue products, albeit with a lag of one to three months.

The Company procures its pulp primarily from leading pulp producers in Latin America, the United States, Canada and Europe. The Company has annual volume agreements with its pulp suppliers, with the prices it pays for pulp being determined by reference to a global index (RISI (Europe) or CRIC (China)). Due to its large scale compared to regional competitors, the Company is able to procure at these index prices rather than spot market prices. The Company consumes approximately 310,000 metric tonnes of pulp per annum.

The Company reduces its exposure to pulp price risks by, among other things, using recycled wastepaper to the extent possible (which is usually about 90 per cent. of the cost of virgin pulp). The Company believes it can liquidate inventory within seven to ten days to limit its exposure to inventory financing banks (the belief is based upon the Company's record of selling surplus stock in 2021 – 2022).

Fillers alongside pulp are used in the production mix of paper. The main filler is PCC, which is sourced and produced locally, and its cost is stable and competitive as its main raw material is burnt limestone, which is widely available within the UAE.

Energy is also an important input cost for manufacturing paper and related transportation costs. The price of crude oil impacts oil- based raw materials and transportation costs. During the periods presented, the price of crude oil has been volatile. Bulk users such as the Company have had access to a stable and long-term energy tariff mechanism, which was adopted by the Government of Abu Dhabi based on certain set criteria of efficiency, growth and environmental performance.

Factors affecting Results of Operations of the Company's copper business

Price of copper, RMI and energy

The Company relies mainly on refined and recycled copper with 99.99 per cent. purity to manufacture its copper products. In the twelve months ended 31 December 2024, the total cost of raw materials for the Company's copper business was AED 7,887.1 million(USD 2,147.6 million), or 98 per cent. of revenues.

Changes in the cost of RMI affect both the Company's revenues and its cost of materials, and thus substantially affect its results of operations, however the market or LME metal price for copper is not a substantial factor affecting its underlying business performance as its contracts typically pass through the LME metal price of the copper products it manufacturers directly to customers. The Company adjusts its operating performance by removing the effect of RMI from its operating profit in order to better understand its business.

The Company's consolidated operating profit margin excluding the impact of hedged copper and Adjusted EBITDA margin excluding the impact of hedged copper were, respectively, 8.6 per cent. and 13.5 per cent. in the year ended 31 December 2022, 8.0 per cent. and 12.6 per cent. in the year ended 31 December 2023 and 8.6 per cent. and 12.4 per cent. for the twelve months ended 31 December 2024.

The reference price for both refined and recycled copper is based on the LME price. In line with industry practice, the Company mainly purchases refined copper under annual supply contracts to establish security of supply, and it purchases recycled copper with 99.99 per cent. purity primarily in the spot market using the same pricing mechanism applied on its customers. The price for the copper purchased is, in each case, set based on the LME price at the time of order. Orders are placed based on the Company's sourcing needs for customer contracts. Prices for copper tend to fluctuate in response to changes in supply and demand dynamics in the industry and may also be impacted by the behavior of financial investors. Since most of the raw materials the Company uses are finite resources, their prices may also fluctuate in response to any perceived scarcity of reserves and the evolution of the pipeline of new exploration projects to replace depleted reserves.

Copper prices have fluctuated over the past decade and depend on the relationship between supply and demand. In 2020 the price of copper was trading sharply lower (close to historical lows) of around USD 4,300 per metric tonne due to the impact of COVID-19 on demand and shipment. However, as soon as economic activity picked up during the post pandemic reopening, copper prices rallied to an all-time high above USD 10,000 per metric tonne in 2021 and remained elevated through 2022. While commodity prices are inversely related to the U.S. dollar and Fed Fund rates, copper prices remained high in 2022 due to a significant shift towards green energy generation, higher demand for electric vehicles, geopolitical tensions and Russia's invasion of Ukraine. Copper prices are also highly dependent on economic activities and infrastructure spending in China. Prices of copper slightly softened from their peak during the 2022 lockdowns in China on the back of higher COVID-19 infections, however the price rallied again close to all-time highs as China relaxed such restrictions at the end of 2022. The ultimate use of copper is mainly in infrastructure expansion of power networks, power stations, data centers powering artificial intelligence (AI), green energy generation such as windmills and solar power, electric vehicles and overall construction. As global AI technology and environmental initiatives gather pace, a ramp up in the use of electric vehicles and data centers would further drive demand for copper and result in the price remaining at elevated levels.

The Company relies on both electricity and natural gas to fuel its copper operations for the last twelve months ended 31 December 2024, its net energy costs for the copper business were AED 8.6 million (USD 2.3 million).

Demand for copper products

The copper and copper products industries are impacted by general economic conditions, with demand historically being correlated to GDP growth in the markets in which the Company operates both regionally and globally. As a result, the supply/demand balance in the markets where the Company competes for customers and for prices for its raw materials are strongly influenced by overall economic conditions in Europe, Asia and North America. Levels of industrial investment activity and industrial production also influence demand for the Company's products, in particular the industrial development driven by Abu Dhabi Economic Vision 2030.

The Company expects that trends in energy transition, digitalization and electrical mobility will continue to drive demand for its copper products given the reliance on copper as a material in many of the related technologies. Copper is used in a wide array of consumer electronic devices such as mobile phones, computer chips and tablets, as well as in fibre cables and terminals used for internet connections, because it is an excellent conductor of electricity.

Factors affecting Results of Operations of the Company's other divisions

Business Services

The Business Services division generated 35.4 per cent. of the Company's operating profit and 33.0 per cent. of the Company's Adjusted EBITDA in the twelve months ended 31 December 2024. This division is dependent primarily upon public sector contracts and expenditures by the Abu Dhabi, UAE and KSA governments. While this division's revenue is generated through long-term contracts that are tendered publicly, the nature of services provided in each of the three businesses is specialized and significantly different from one another. Contracts in the operation and maintenance services for infrastructure networks, wastewater treatment plants, sewerage network, pumping stations, and sewage treatment plants are for seven years, whereas in the city cleaning and municipal waste collection they are for five to seven years. Both businesses have been successful at retaining their contract lots in past tendering cycles and control a significant market share in Abu Dhabi. Other than being market leaders with several quality awards from the relevant authorities, the two businesses have developed an advantage in their technical knowhow and proprietary expertise in the areas contractually managed. This has enabled both businesses to remain cost competitive while maintaining stable margins and financial strength over the last two decades. The third revenue stream in the Company's Business Services division is generated from the long-term procurement, maintenance and operation of radiology departments in Government owned hospitals and clinics across Dubai and the Northern Emirates. The 12-year contract is the first Public Private Partnership in the UAE, having a revenue share model whereby the business is responsible for the procurement, installation, maintenance, and operation of all radiology equipment at Government hospitals and clinics. By leveraging its strategic relationship with GE, and the technical expertise within the Healthcare and Business Services division, the Company successfully designed and implemented a unique business model with high barriers to entry providing extended hours of scanning and diagnostic imaging services to clients. This partnership enabled the Government to modernize its radiology departments across all hospitals and clinics, optimize its diagnostic imaging services through a profit share model, and significantly reduce cost and its fixed asset base structure. While the services provided across this division are essential to the ongoing operation of strategic government assets, any changes in public expenditures by either the Abu Dhabi, UAE or KSA governments could impact the profitability of this division.

Healthcare and Other Services

The Healthcare and Other division generated a loss of 1.5 per cent. of the Company's operating profit and 1.1 per cent. of the Company's Adjusted EBITDA in the twelve months ended 31 December 2024. The main drivers of revenue in the Healthcare and Other division are from the distribution of radiology equipment and life care sciences products from GE, sales and distribution of lab equipment and consumables from Abbott in the UAE and Beckman Coulters in Egypt. In addition, this division provides turnkey operating theatre solutions to hospitals, distribution of hospital beds, and other critical care products.

Other businesses in this segment include a technology start-up targeting the logistics and transportation sector in the GCC, a fund management start-up specialized in U.S. and European equities, and a premium office furniture distributor including high-end brands such as Steelcase, Boss design and Framery.

After exclusion of intragroup transactions from revenue and direct cost, the Unrestricted Subsidiaries contributed 0.07 per cent. and 0.2 per cent. of the Company's revenue for the year ended 31 December 2023 and for the twelve months ended 31 December 2024; (1.7) per cent. and (1.4) per cent. of the Company's operating profit for the year ended 31 December 2023 and for the twelve months ended 31 December 2024; and (1.1) per cent. and (0.8) per cent. of the Company's Adjusted EBITDA for the year ended 31 December 2023 and for the twelve months ended 31 December 2024, respectively.

After giving effect to the issuance of the Certificates and the guarantee pursuant to the Guarantee, the Unrestricted Subsidiaries had no indebtedness, AED 6.1 million of bank balances and cash (which represented 1 per cent. of the Company's consolidated bank balances and cash) and AED 47.2 million of total assets as at 31 December 2024 (which represented 0.8 per cent. of the Company's consolidated total assets at such date).

Statement of profit and loss data

The following table sets out summary financial data of the Company for the years/periods indicated:

	Financial year		
	2022	2023	2024
	(AED in millions)		
Revenue	10,966.3	10,427.9	**12,258.05**
Direct costs	(10,257.0)	(9,794.7)	**(11,514.1)**
Gross profit	**709.3**	**633.2**	**743.9**
Administrative expenses	(351.2)	(303.5)	**(355.3)**
Provision for expected credit losses	(26.2)	(7.2)	**(13.1)**
Operating profit	**331.9**	**322.5**	**375.5**
Other income	11.4	10.0	**12.6**
Net foreign exchange (losses) gains	4.9	0.1	**(4.5)**
Finance costs	(198.2)	(285.3)	**(287.0)**
Write-offs of loan processing fees	(15.4)	(18.7)	**–**
Share of profit from associate	–	2.8	**1.7**
Gain on disposal of subsidiary	–	2.3	**–**
Reclassification of cash flow hedge reserve to profit or loss	(7.3)	5.7	**(0.8)**
Change in fair value of derivative financial instruments	(1.7)	1.6	**(4.3)**
Net profit for the year / period from continuing operations before tax	**125.6**	**41.0**	**93.2**
Tax expense	–	–	**(18.8)**
Net profit for the year / period from continuing operations after tax	**125.6**	**41.0**	**74.4**

2024 compared to 2023

Revenue

Revenue increased by AED 1,830.2 million, or by 17.6 per cent., to AED 12,258.0 million in the twelve months ended 31 December 2024 from AED 10,427.9 million in the twelve months ended 31 December 2023, primarily due to a recovery in prices and demand for copper, steel and chemicals, followed by increased work orders and O&M contracts under the Business Services division.

Revenue by division

Manufacturing – Consumer Goods

Revenue in the Consumer Goods Manufacturing division decreased by AED 105.2 million, or by 5.5 per cent., to AED 1,801.5 million in the twelve months ended 31 December 2024 from AED 1,906.7 million in the twelve months ended 31 December 2023, primarily due to lower prices of paper and tissue driven by a lower pulp price.

Manufacturing – Infrastructure and Building Materials

Revenue in the Infrastructure and Building Materials manufacturing division increased by AED 1,715.4 million, or by 22.4 per cent., to AED 9,359.3 million in the twelve months ended 31 December 2024 from AED 7,643.9 million in the twelve months ended 31 December 2023, primarily due to higher price and demand for copper, cement and steel from global and regional markets on account of a strong push for energy transition, digitalization, real estate and infrastructure projects.

Business Services

Revenue in the Business Services division increased AED 167.7 million, or by 28.6 per cent., to AED 753.0 million in the twelve months ended 31 December 2024 from AED 585.4 million in the twelve months ended 31 December 2023, primarily due to an increase in work orders and O&M contracts across all businesses of the division.

Healthcare and Other

Revenue in the Healthcare and Other division increased by AED 53.2 million, or by 18.4 per cent., to AED 341.9 million in the twelve months ended 31 December 2024 from AED 288.7 million in the twelve months ended 31 December 2023, primarily due to increase in demand for imaging equipment, lab consumables, logistics services and office furniture.

Direct costs

Direct costs increased by AED 1,719.4 million, or by 17.6 per cent., to AED 11,514.1 million in the twelve months ended 31 December 2024 from AED 9,794.7 million in the twelve months ended 31 December 2023, primarily due to increase in raw materials volumes, and prices mainly copper, steel and LAB followed by logistics costs, driven by increased revenue.

Gross profit

Gross profit increased by AED 110.8 million, or by 17.5 per cent., to AED 743.9 million in the twelve months ended 31 December 2024 from AED 633.2 million in the twelve months ended 31 December 2023, primarily due to higher gross profit in Consumer Goods, Infrastructure and Building Materials and Business Services divisions. Gross profit margin remained unchanged at 6.1 per cent. in the twelve months ended 31 December 2024.

Administrative expenses

Administrative expenses increased by AED 51.9 million, or by 17.1 per cent., to AED 355.3 million in twelve months ended 31 December 2024 from AED 303.5 million in the twelve months ended 31 December 2023, primarily due to increased outbound freight cost, other logistics and insurance expenses. As a percentage of revenue, administrative expenses remained unchanged at 2.9 per cent. in the twelve months ended 31 December 2024.

Provision for expected credit losses

Provision for expected credit losses increased by AED 5.9 million, or by 81.2 per cent., to AED 13.1 million in the twelve months ended 31 December 2024 from AED 7.2 million in the twelve months ended 31 December 2023, primarily due to increased competition and a deliberate reduction in capital equipment distributorships within the UAE. This strategic shift led to short-term financial impacts and provisions related to specific client contracts.

Operating profit

Operating profit increased by AED 53.0 million, or by 16.4 per cent., to AED 375.5 million in the twelve months ended 31 December 2024 from AED 322.5 million in the twelve months ended 31 December 2023, primarily due to higher operating profits from the Consumer Goods, Infrastructure and Building Materials and Business Services divisions. As a percentage of revenue, operating profit remains unchanged at 3.1 per cent. in the twelve months ended 31 December 2024.

Other income

Other income increased by AED 2.5 million, or by 25.3 per cent., to AED 12.6 million in the twelve months ended 31 December 2024 from AED 10.0 million in the twelve months ended 31 December 2023.

Net foreign exchange gain (losses)

Net foreign exchange loss was AED 4.5 million in the twelve months ended 31 December 2024 compared to an AED 0.1 million in the twelve months ended 31 December 2023.

Finance costs

Finance costs increased by AED 1.7 million, or by 0.6 per cent., to AED 287.0 million in the twelve months ended 31 December 2024 from AED 285.3 million in the twelve months ended 31 December 2023, primarily due to the full year impact of higher finance cost incurred from the issuance of Trust certificates which was offset by the ongoing deleveraging of the Company's working capital debt.

Change in fair value of derivative financial instruments

Change in fair value of derivative financial instruments decreased by AED 5.9 million to a loss of AED 4.3 million in the twelve months ended 31 December 2024 from gain of AED 1.6 million in the twelve months ended 31 December 2023, primarily due to a lower mark to market profit from ineffective interest rate hedging instruments.

Share of profit from associate

Share of profit from associate was AED 1.7 million in the twelve months ended 31 December 2024 compared to AED 2.8 million in the twelve months ended 31 December 2023, originated from the minority investment in the healthcare sector.

Corporate Tax Expense

Tax expense was AED 18.8 million in the twelve months ended 31 December 2024 compared to NIL in the twelve months ended 31 December 2023, primarily due to applicability of newly introduced UAE corporate tax effective from 2024.

Profit for the period from continuing operations

Profit for the period from continuing operations increased by AED 33.4 million, or by 81.3 per cent., to AED 74.4 million in the twelve months ended 31 December 2024 from AED 41.0 million in the twelve months ended 31 December 2023, primarily due to improved gross profits.

Adjusted EBITDA

Adjusted EBITDA increased by AED 30.6 million, or by 6.0 per cent., to AED 540.3 million in the twelve months ended 31 December 2024 from AED 509.6 million in the twelve months ended 31 December 2023, primarily due to increase in new work orders in Business Services division, followed by improved gross profit in the chemical steel and cement businesses despite lower margins in the Healthcare and others divisions. As a percentage of revenue, Adjusted EBITDA margin decreased from 4.9 per cent. to 4.4 per cent. due to higher copper price and outbound freight and insurance expenses resulting from red sea supply chain disruption.

Adjusted EBITDA by division

Manufacturing – Consumer Goods

Adjusted EBITDA in the consumer goods manufacturing division increased by AED 5.7 million, or by 2.7 per cent., to AED 213.4 million in the twelve months ended 31 December 2024 from AED 207.7 million in the twelve months ended 31 December 2023, primarily due to increased sales volumes as a result of recovery in demand from downstream sectors of chemicals following a period of destocking and significant correction in raw material prices in 2023.

Manufacturing – Infrastructure and Building Materials

Adjusted EBITDA in the infrastructure and building materials manufacturing division increased by AED 15.8 million, or by 9.7 per cent., to AED 179.0 million in the twelve months ended 31 December 2024 AED 163.2 million in the twelve months ended 31 December 2023, primarily due to higher sales volume in the copper, cement and steel businesses, followed by improved margins in steel business.

Business Services

Adjusted EBITDA in the business services division increased by AED 34.1 million, or by 23.7 per cent., to AED 178.3 million in the twelve months ended 31 December 2024 from AED 144.2 million in the twelve months ended 31 December 2023, primarily due to an increase in work orders in the operation and maintenance of sewage network and landscaping businesses, followed by increased patient screenings in radiology business.

Healthcare and Other

Adjusted EBITDA in the healthcare and other division reduced to AED 5.9 million in the twelve months ended 31 December 2024 from AED 27.4 million in the twelve months ended 31 December 2023, primarily due to softer demand for medical and lab equipment, followed by provisions related to discontinuing certain non-performing divisions within healthcare business while revamping its operating model.

2023 compared to 2022

Revenue

Revenue decreased by AED 538.4 million, or by 4.9 per cent., to AED 10,427.9 million in the twelve months ended 31 December 2023 from AED 10,966.3 million in the twelve months ended 31 December 2022, primarily due to a cyclical correction in commodity prices including paper, copper, and chemicals.

Revenue by division

Manufacturing – Consumer Goods

Revenue in the consumer goods manufacturing division decreased by AED 220.8 million, or by 10.4 per cent., to AED 1,906.7 million in the twelve months ended 31 December 2023 from AED 2,127.5 million in the twelve months ended 31 December 2022, primarily due to a post COVID drop in demand and prices of chemicals from June 2022 onwards as a result of destocking and normalization in supply chain, and a cyclical correction in the prices of tissue and paper during the second and third quarter of 2023.

Manufacturing – Infrastructure and Building Materials

Revenue in the infrastructure and building materials manufacturing division decreased by AED 444.3 million, or by 5.5 per cent., to AED 7,643.9 million in the twelve months ended 31 December 2023 from AED 8,088.2 million in the twelve months ended 31 December 2022, primarily due to a lower average price of copper during the period. Cement and steel business experienced healthy demand from the regional market on account of strong push for real estate and infrastructure projects, partly offset the decrease in copper.

Business Services

Revenue in the Business Services division increased AED 66.3 million, or by 12.8 per cent., to AED 585.4 million in the twelve months ended 31 December 2023 from AED 519.0 million in the twelve months ended 31 December 2022, primarily due to an increase in work orders in the sewerage and Infrastructure Business.

Healthcare and Other

Revenue in the Healthcare and Ither division increased by AED 59.4 million, or by 25.9 per cent., to AED 288.7 million in the twelve months ended 31 December 2023 from AED 229.3 million in the twelve months ended 31 December 2022, primarily due to an increase in sales of equipment for medical labs and for operating theatres, hospital beds, office furniture and a revenue ramp up of the newly expanded operations in Egypt and KSA.

Direct costs

Direct costs decreased by AED 462.3 million, or by 4.5 per cent., to AED 9,794.7 million in the twelve months ended 31 December 2023 from AED 10,257.0 million in twelve months ended 31 December 2022, primarily due to a correction in raw material prices mainly copper, pulp and LABSA followed by logistics costs.

Gross profit

Gross profit decreased by AED 76.1 million, or by 10.7 per cent., to AED 633.2 million in the twelve months ended 31 December 2023 from AED 709.3 million in the twelve months ended 31 December 2022, primarily due to lower margins in the chemicals business and the softening of margins in the paper and tissue businesses which were majorly offset by higher margins in the Infrastructure and Building Materials and Business Services divisions. Gross profit margin decreased to 6.1 per cent. in the twelve months ended 31 December 2023 from 6.5 per cent. in the twelve months ended 31 December 2022, primarily due to lower margins in the chemicals and paper businesses partly offset by higher margins in the Infrastructure and Building Materials and Business Services divisions.

Administrative expenses

Administrative expenses decreased by AED 47.8 million, or by 13.6 per cent., to AED 303.4 million in the twelve months ended 31 December 2023 from AED 351.2 million in the twelve months ended 31 December 2022, primarily due to lower freight costs. As a percentage of revenue, administrative expenses decreased from 3.2 per cent. in the twelve months ended 31 December 2022 to 2.9 per cent. in the twelve months ended 31 December 2023, primarily due to lower freight costs and depreciation.

Provision for expected credit losses

Provision for expected credit losses decreased by AED 19.0 million, or by 72.4 per cent., to AED 7.2 million in the twelve months ended 31 December 2023 from AED 26.2 million in the twelve months ended 31 December 2022, driven by improvement in the collection cycle.

Operating profit

Operating profit decreased by AED 9.4 million, or by 2.8 per cent., to AED 322.5 million in the twelve months ended 31 December 2023 from AED 331.9 million in the twelve months ended 31 December 2022, primarily due to lower operating profits from the Consumer Goods division almost fully offset by higher operating profits in the other divisions. As a percentage of revenue, operating profit increased to 3.1 per cent. in the twelve months ended 31 December 2023 from 3.0 per cent. in the twelve months ended 31 December 2022, primarily due to higher operating profits in the Infrastructure and Building Materials, Business Services and Healthcare and Other divisions, almost offset by lower operating profits from the chemicals and paper businesses.

Other income

Other income increased by AED 1.4 million, or by 12.3 per cent., to AED 10.0 million in the twelve months ended 31 December 2023 from AED 11.4 million in the twelve months ended 31 December 2022.

Net foreign exchange gain (losses)

Net foreign exchange gain was AED 0.1 million in the twelve months ended 31 December 2023 compared to an AED 4.9 million gain in the twelve months ended 31 December 2022.

Finance costs

Finance costs increased by AED 87.1 million, or by 43.9 per cent., to AED 285.3 million in the twelve months ended 31 December 2023 from AED 198.2 million in the twelve months ended 31 December 2022, primarily due to higher interest rates affecting the overall borrowing cost.

Change in fair value of derivative financial instruments

Change in fair value of derivative financial instruments increased by AED 3.3 million to an AED 1.6 million gain in the twelve months ended 31 December 2023 from an AED 1.7 million loss in the twelve months ended 31 December 2022, primarily due to a higher mark-to-market profit from ineffective interest rate hedging instruments.

Profit for the period from continuing operations

Profit for the period from continuing operations decreased by AED 84.5 million, or by 67.3 per cent., to AED 41.0 million in the twelve months ended 31 December 2023 from AED 125.6 million in the twelve months ended 31 December 2022, primarily due to an increase in finance costs as a result of higher interest rates.

Adjusted EBITDA

Adjusted EBITDA decreased by AED 12.7 million, or by 2.4 per cent., to AED 509.6 million in the twelve months ended 31 December 2023 from AED 522.3 million in the twelve months ended 31 December 2022, primarily due to softening of Adjusted EBITDA in the chemicals and paper businesses as a result of lower prices of LABSA, pulp and paper, largely offset by higher premiums and sales volume in the copper and Business Services divisions. As a percentage of revenue, Adjusted EBITDA margin increased from 4.8 per cent. to 4.9 per cent.

Adjusted EBITDA by division

Manufacturing – Consumer Goods

Adjusted EBITDA in the Consumer Goods Manufacturing division decreased by AED 125.1 million, or by 37.6 per cent., to AED 207.7 million in the twelve months ended 31 December 2023 from AED 332.9 million in the twelve months ended 31 December 2022, primarily due to softening of margins as a result of lower prices of tissue, paper and chemical driven by a significant correction in raw material prices on the back of easing of supply chain crunch. Some of the excess demand growth of 2022 caused paper inventories to swell, contributing to destocking and thereby softening demand during the second and third quarters in 2023. The impact was more significant in chemical business due to much lower post-pandemic demand for cleaning and disinfecting chemicals.

Manufacturing – Infrastructure and Building Materials

Adjusted EBITDA in the Infrastructure and Building Materials manufacturing division increased by AED 90.7 million, or by 125.1 per cent., to AED 163.2 million in the twelve months ended 31 December 2023 from AED 72.5 million in the twelve months ended 31 December 2022, primarily due to higher premiums and sales volume in the copper business, followed by improved margins in the steel and cement businesses.

Business Services

Adjusted EBITDA in the Business Services division increased by AED 20.4 million, or by 16.5 per cent., to AED 144.2 million in the twelve months ended 31 December 2023 from AED 123.8 million in the twelve months ended 31 December 2022, primarily due to lower diesel cost the, newly set-up city cleaning and waste management operation in KSA, and an increase in work orders in the operation and maintenance of sewerage networks.

Healthcare and Other

Adjusted EBITDA in the Healthcare and Other division improved to AED 27.4 million in the twelve months ended 31 December from AED 6.1 million in the twelve months ended 31 December 2022, primarily due to increased margin on account of increase in sales of equipment for medical labs and for operating theatres, hospital beds, office furniture and a revenue ramp up of the newly expanded operation in Egypt and KSA.

Liquidity and capital resources

The Company's funding and treasury activities are conducted consistent with corporate policies designed to enhance investment returns while maintaining appropriate liquidity for its requirements. Its short-term liquidity requirements relate to servicing debt and financing the commodity procurement cycle. Sources of short-term liquidity include cash balances and additional cash generated from operations. Its long-term liquidity requirements include financing maintenance capital expenditure commitments, capital expenditure related to the renewal of long-term government contracts in the waste collection and city cleaning business, approved capital expenditure for the expansion of the tissue business in the KSA and repayment of long-term debt. Sources of funding for long-term liquidity requirements include cash flow from operations, bank financing, unsecured export credit agency-backed financing, and debt capital markets.

The Company expects that cash generated from operations, funds raised through debt capital market instruments and continued borrowings from banks and other financial institutions will continue to be the Company's primary sources of liquidity. The Company evaluates its funding requirements periodically in light of its net cash flow from operating activities and market conditions. The Company believes that the expected cash to be generated from its operations and its credit facilities will be sufficient to finance its working capital requirements for the next 12 months.

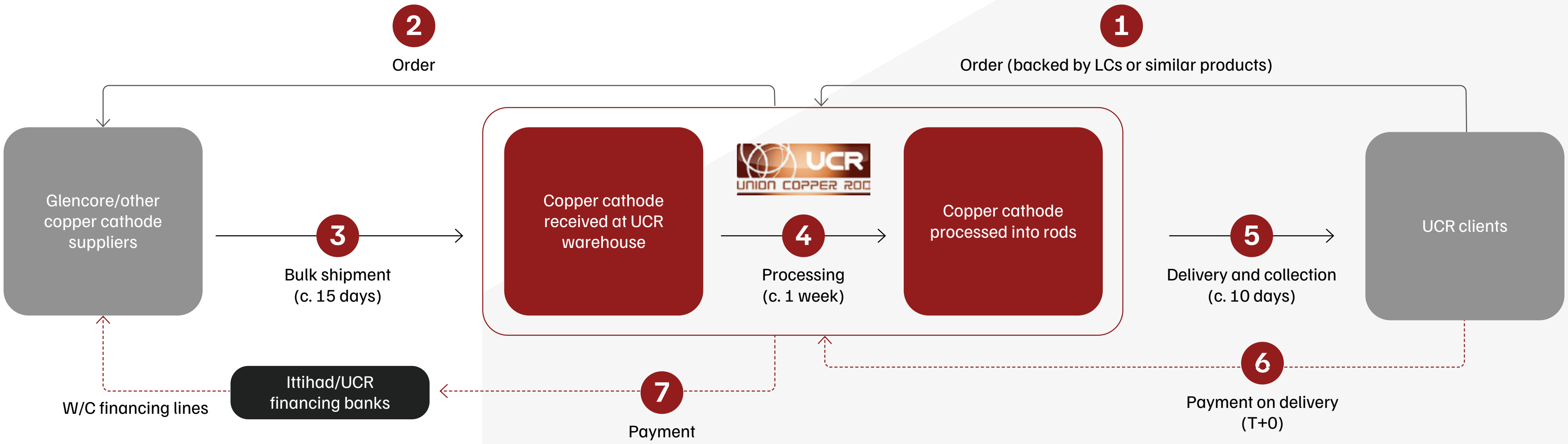
Copper working capital cycle

The Company's UCR copper rod business relies mainly on refined and recycled copper with 99.99 per cent. purity to manufacture its copper products. Changes in the cost of RMI affect both the Company's revenues and its cost of materials and thus partially affect its Results of Operations and working capital.

The Company manages this working capital demand by working closely with its copper suppliers and passing on the LME copper price to its customers at the time of the sale, such that there is no mismatch between in the effect of the LME copper price in the sale or purchase contracts. The Company further manages this by requiring customers to pay cash in advance (the current DSO is approximately 13 days) and securing accounts receivables with letters of credit or other guarantees. Suppliers are usually paid in advance, such payments usually financed with working capital lines that charge modest fees due to the liquid nature of the underlying asset. Due to the high value of copper as a commodity and the short cycle of procurement and collection, working capital lines are considered as a source of liquidity and changes in working capital lines should be considered when analyzing the cash flow from operations to better understand the cycle of the business and assess the Company's free cash flow from operations.

Copper working capital cycle *continued*

The following chart summarizes the Company's copper working capital cycle:



- An order to suppliers is only placed when UCR receives an order from its customers, thereby allowing for a natural hedge and removing commodity price and volume risk.
- Suppliers are usually paid at the time of ordering (~0-15 days) by drawing on working capital financing lines.
- Banks charge only ~1.25% margin on these financing lines, significantly lower than that offered to other local businesses, recognizing the liquid nature of copper and Ittihad/UCR's strong standing.
- Accounts receivable cycle is short (Days Sales Outstanding is 10 days) and is secured by trade instruments such as letters of credit, bank guarantees, and cash against documents which typically cover or exceed AP to Glencore.
- Therefore, from a risk management point of view, the liquidity source UCR uses to service short-term facilities from banks is inventory (RMI) whereas accounts receivable collections mitigate the outstanding balances due to Glencore. Both Days Inventory Outstanding and Day Sales Outstanding periods are shorter than Days Payable Outstanding and facilities from banks.

Cash Flows

The following table sets forth certain information relating to the Company's cash flows on a consolidated basis for the years / periods indicated:

	Financial Year		
	2022	2023	2024
	(AED in millions)		
Net cash flows from (used in) operating activities	763.8	553.6	**676.9**
Net cash flows (used in) from investing activities	(294.0)	143.8	**(126.5)**
Net cash flows (used in) from financing activities	(399.8)	(690.5)	**(467.1)**
Net increase/ (decrease) in cash and cash equivalents	70.1	7.0	**83.4**

Net cash flows from (used in) operating activities

2024 compared to 2023

Net cash flow from operating activities was AED 676.9 million in the twelve months ended 31 December 2024, compared to net cash flow from operating activities of AED 553.7 million in the twelve months ended 31 December 2023. This was primarily due to liquidity optimization from achieving more favorable terms with major suppliers resulting in an improved working capital cycle. Changes in working capital lines are highly impacted by commodity price volatility or changes in sale volumes. During the period, the copper inventory cycle was shorter compared to the same period in 2023, resulting in a lower level of inventory. Conversely, the paper and tissue business experienced a longer inventory cycle, leading to higher inventory levels. Therefore, any impact on net cash flow from operating activities due to changes in working capital would typically be offset by an opposite change in working capital debt.

2023 compared to 2022

Net cash flow from operating activities was AED 553.6 million in 2023, compared to net cash flow from operating activities of AED 763.8 million in 2022. This was primarily due to an overall normalization of the working capital cycle and optimization of liquidity.

2022 compared to 2021

Net cash flow from operating activities was AED 763.8 million in 2022, compared to net cash flow from operating activities of AED 444.4 million in 2021. This was primarily due to significant improvement in the Company's Adjusted EBITDA and the lower closing copper inventory at the end of the year due to delays in the arrival of a copper shipment until the first quarter of 2023.

Net cash flows generated from (used in) investing activities

2024 compared to 2023

Net cash flow used in investing activities was AED 126.5 million in the twelve months ended 31 December 2024, compared to net cash flow from investing activities of AED 143.8 million in the twelve months ended 31 December 2023. This was primarily due to construction and completion of a copper upcycling facility, expansion capex related to new long-term contracts awarded to Maqayes in KSA, commencement of the construction site for a tissue manufacturing facility in KSA and other ongoing maintenance capex.

2023 compared to 2022

Net cash flow used in investing activities was AED 143.8 million in 2023, compared to net cash used in investing activities of AED 294.0 million in 2022. This was primarily due to the release of restricted cash proceeds which were used to repay short-term bank facilities.

2022 compared to 2021

Net cash flow used in investing activities was AED 294.0 million in 2022, compared to net cash flow generated from investing activities of AED 43.9 million in 2021. This was primarily due to the release of restricted cash amounting to AED 90.4 million in 2021 which was earmarked for investment in marketable securities, and the consolidation of waste collection, cleaning and tissue converting businesses.

Net cash flows generated from (used in) financing activities

2024 compared to 2023

Net cash flow used in financing activities was AED 467.1 million in the twelve months ended 31 December 2024, compared to AED 690.5 million used in financing activities in the twelve months ended 31 December 2023. This was primarily due to the ongoing deleveraging and liquidity optimization exercise as well as higher finance cost paid during the period.

2023 compared to 2022

Net cash flow used in financing activities was AED 690.5 million in 2023, compared to AED 399.8 million used in financing activities in 2022. This was primarily due to repayment of term loans and other financing facilities, as well as an increase in finance cost on the back of higher interest rates.

2022 compared to 2021

Net cash flow used in financing activities was AED 399.8 million in 2022, compared to net cash flow used in financing activities of AED 328.8 million in 2021. This was primarily due to continued deleveraging of the Company's balance sheet on the back of its strong operating performance.

Maintenance capital expenditure

The Company estimates that its maintenance capital expenditure in future periods will range from approximately AED 50 million to approximately AED 60 million per annum. This excludes certain project-related capital expenditures in the Business Services division which depend on new project requirements that are typically pre-funded through advance payments from project sponsors.

Contractual obligations and commitments

The following table sets forth certain information relating to future payments due under contractual commitments as of 31 December 2024, aggregated by type of contractual obligation:

	Less than 1 year	1 to 5 years	More than 5 years	Total
	(AED in millions)			
Borrowings	587.1	1,933.8	–	**2,521.0**
Total	587.1	1,933.8		**2,521.0**

"The Company estimates that its maintenance capital expenditure in future periods will range from approximately AED 50 million to approximately AED 60 million per annum."

Zahi Abu Hamze, Chief Financial Officer

Contingent liabilities and other off-balance sheet arrangements

As at 31 December 2024, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 938.2 million (USD 255.5 million).

As at 31 December 2023, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 621.7 million (USD 169.3 million).

As at 31 December 2022, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 573.9 million (USD 156.3 million).

Quantitative and qualitative disclosure about market risk

The Company's risk management policies are established to identify and analyze the risks the Company faces, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Interest rate risk

In the periods presented, the Company has been exposed to interest rate risk. Interest rates for borrowings have been volatile in recent periods and thus are mostly hedged by the Company through IRS instruments. The Company identifies short- and long-term hedging solutions for facilities and other project financing with up to five years in maturity. The Company aims to hedge 50% of term debt exposures. The Offering of Certificates refinanced the majority of the Company's long-term debt, and, as the Certificates have a fixed rate of return, the Company will be broadly protected against interest rate risks.

Inflation Risk

While 2020 inflation was low, 2021 reflected the impact of a surge of inflation globally and translated into higher input costs related to logistics, energy and raw materials, which together with the disruption in supply chains, compressed the Company's Adjusted EBITDA margin to 4.3 per cent. in 2021 (other than the AED 75 million which has already been adjusted for in the Adjusted EBITDA calculation in comparison to 5.4 per cent. during 2020. The impact from 2021 inflation however was mostly passed on to consumers during the last quarter of 2021, which resulted in the full recovery of Adjusted EBITDA margin in fiscal 2022 to 4.8 per cent. and 4.9 per cent. in fiscal 2023. For the twelve months ended 31 December 2024, the Company was able to sustain its Adjusted EBITDA margin reaching 4.4 per cent.

Foreign currency exchange rate fluctuations risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's major forex exposure is concentrated towards currencies that are considered to be stable such as USD, EUR and SAR. Recent expansion into Egypt does not significantly expose it to EGP currency risk due to the exchange risk being partly offset by high profit margins in the business, the ability to invoice at the prevailing market exchange rate of EGP to USD, and the Company's decision to implement a conservative and gradual ramp up in capital spending. During the period, the Company recorded AED 11.1 million as a revaluation reserve for foreign exchange translation differences related to its Egypt operation. It is anticipated that the Company would be gradually recovering from the impact of currency devaluation through its ongoing higher operating margins in Egypt in addition to sufficient hedge covering any USD payments. The Company's functional currency (AED) is pegged with USD and SAR. Other currency exposures are mostly hedged.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain, at all times optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and maintains adequate sources of financing including debt.

ESG

OUR APPROACH TO SUSTAINABILITY AND ESG

With all our stakeholders increasingly prioritizing environmental, social, and governance (ESG) matters, Ittihad has integrated ESG principles into its strategic initiatives to align with these priorities.

Ittihad's long-term investment strategy is centered on a diverse asset portfolio that balances profitability with sustainability and aims to make positive contributions to communities, society, and the environment. The Company has integrated ESG across all business's portfolios and subsidiaries. The overall ESG strategy is governed by an ESG Committee to ensure key decisions take environmental and social issues into consideration.

ESG matters such as climate change, community resilience, employee wellbeing, and governance are considered in all business and investment decisions. The Company has established an ESG framework that aligns with global standards, such as the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI), as well as local sustainability guidelines and policies. This framework outlines Ittihad's commitment as a responsible corporate citizen, asset owner, and investor, and integrates ESG principles into the value creation process. ESG is also factored into the Group Investment Policy, demonstrating Ittihad's commitment to incorporating environmental and social considerations into its investment decisions.

Defining material issues

In 2023, Ittihad performed a comprehensive materiality assessment to evaluate and determine the most critical ESG topics that the Group needs to manage. This entailed engaging both internal and external stakeholders and consideration of the Sustainability Accounting Standards Board (SASB) for each of the Group's companies' sectors and industries. Following a bottom-up assessment across the organization's four divisions, the materiality assessment identified a total of 13 material ESG topics. An additional top-down review identified three further topics that were relevant to Ittihad as a responsible asset owner and investor. These were: Opportunities in Clean Technologies; Climate Risk Management; and Responsible Investment.

Objectives, initiatives, and KPIs

Objectives were defined for each material ESG topic, with initiatives developed to achieve those objectives and enable more effective management of these topics. In addition, Key Performance Indicators (KPIs) were defined to measure performance and monitor progress.

Across all material topics, Ittihad has defined 72 initiatives and 115 KPIs. There are currently 37 initiatives and 52 KPIs governed at Group level, with an additional 35 initiatives and 63 KPIs targeted at specific subsidiaries. For more information, please see the 2023 Sustainability Report.

The Company received a provisional `AAA' ESG rating from MSCI, positioning it among the most sustainable industrial groups globally and in the UAE. This achievement reflects Ittihad's commitment to sustainability through its comprehensive ESG Framework and 2023 Sustainability Report.

1 Emissions and Energy
2 Water and Wastewater Management
3 Waste and Hazardous Materials Management
4 Ecological Impact
5 Sustainable Products
6 Climate Risk Management
7 Opportunities in Clean Technologies
8 Occupational Health, Safety and Wellbeing
9 Employee Engagement Developments Diversity Inclusion
10 Healthcare Advocacy
11 Data Security and Privacy
12 Product Quality and Safety
13 Sustainable Supply Chain
14 Human Rights and Community Relations
15 Governance and Ethics
16 Responsible Investment

These material topics provided the basis for the development of a comprehensive ESG Framework and Roadmap comprising ESG Pillars, Objectives and Initiatives, Targets, and KPIs, and an overarching ESG Policy Statement that outlines the Group's broad commitments. For more information, please read the 2023 Sustainability Report here.

See more on page 42

ESG *CONTINUED*

ESG GOVERNANCE

To oversee the implementation of ESG matters across the organization, Ittihad has an ESG Committee tasked with upholding four fundamental principles: accountability, strategic alignment, stakeholder engagement, and transparency. Qais Saif, Group Operations Head/Sustainability & ESG Director, chairs the Committee and brings over two decades of operations and sustainability management experience.

For more information on governance of ESG, please refer to page 83 of Ittihad's 2023 Sustainability Report

For more information on governance of Ittihad Group, please refer to the Corporate Governance section on page 50

ESG Committee

Chair
Qais Saif
Group Operations Head/
Sustainability & ESG Director

Members
Zeina Kanaan
Ramez Al Nazer
Hassib Hindi

Reporting to
Amer Kakish
Chief Executive Officer

Integrating ESG across Ittihad – our framework

As a conglomerate with diverse business interests, Ittihad recognized the need for a framework to ensure ESG objectives were applied consistently across its portfolio. To achieve this, the Company has developed a framework built on four key pillars:

Responsible Corporate Citizenship – Ittihad is committed to integrating ESG considerations into its operations in order to effectively manage its impact on the environment and society.

Responsible Asset Owner – Ittihad is committed to cascading ESG commitments down to its business units and subsidiaries so that they manage their impact on the environment and society, in alignment with the overarching Group strategy.

Responsible Investor – Ittihad encourages potential investee companies to consider and manage ESG in line with the Group's commitment to managing ESG material topics and enhancing risk-adjusted investment returns.

Continuous Innovation – Ittihad continuously looks for opportunities to harness innovation to drive and enhance its ESG initiatives, where feasible, during the planning and implementation phase of new projects.

To support the ESG framework, Ittihad has set objectives, KPIs, and a roadmap to drive efforts.

Roadmap and reporting

In 2023, Ittihad outlined a three-year roadmap consolidating its framework, goals, and KPIs. This roadmap offers clear direction for prioritizing and executing initiatives. Currently, the Company has six initiatives targeting both Group-wide and subsidiary-specific objectives. Ittihad published a Sustainability Report for 2023 that aligns with both SASB and GRI disclosure standards and closely follows international sustainability reporting frameworks and regulations to ensure alignment with best practice.

ESG *CONTINUED*

KEY ESG INITIATIVES IN 2024

Key ESG initiatives during the year include the integration of a water treatment and reuse plant at Ittihad Paper Mill and an onsite waste recycling facility to reuse sludge from paper production in cement. Both demonstrate the Company's commitment to circularity. These initiatives took place alongside the start of operations at the copper upcycling facility. An ISO 50001 Energy Management System has also been introduced across all operations, and plans are in place to increase the use of renewable energy.

Approach on Circularity

Water Treatment / Waste Management

- ✓ Integration of water treatment and reuse plant at IPM
- ✓ Onsite waste recycling using sludge from paper mill to use in cement
- ✓ Hazardous waste segregation and disposal

Circularity

- ✓ 100% of the pulp purchased for paper production is FSC certified
- ✓ Utilization of copper scrap in production, and capacity increase for using recycled content in production
- ✓ Inclusion of slag, a byproduct from steel manufacturing, into cement manufacturing to produce lower-emission cement

Carbon Emissions

Emission Reductions

- ✓ Integration of ISO 50001 Energy Management System across all operations
- ✓ Continuous initiatives undertaken on efficiency
- ✓ Plans to increase renewable energy deployment, electrification of company vehicles and carbon capture

People and Communities

People

- ✓ Integrating occupational health and safety best practices (audited by third parties)
- ✓ Training Programs for Junior / Middle Management
- ✓ Focus on diversification (57 nationalities) and hiring of local people from determination

Corporate Social Responsibility

- ✓ Blood donations
- ✓ Charity events
- ✓ Special needs support
- ✓ Cleaning campaigns

Our Environmental impact

Environmental considerations in divisions

A number of environmental considerations are integral to the operations of Ittihad's diverse portfolio of products. Here's how the Company has addressed these considerations for each product:

Copper

The Company has invested capital in the establishment of a copper upcycling facility in the UAE. By investing in this initiative, the Company aims to mitigate its environmental impact by reducing its reliance on virgin resources and promoting sustainable circular practices. Using recycled copper also reduces the Company's energy consumption associated with extraction and processing of copper.

By diverting waste from landfill and promoting resource efficiency, Ittihad is also contributing to the circular economy, while demonstrating a long-term strategy to secure the supply of a crucial raw material against a backdrop of steadily growing demand for refined copper.

Paper

The Company has invested in an effluent water treatment plant to secure a more sustainable water supply. Ittihad Paper Mill uses recycled water from this plant, reducing its reliance on freshwater resources.

Through a project with Omya AG, Ittihad has also secured a sustainable source of precipitated calcium carbonate (PCC), a key raw material for paper production. This initiative also reduces Ittihad's carbon footprint by capturing and transforming carbon dioxide emissions into calcium carbonate. These efforts demonstrate Ittihad's dedication to environmental sustainability and achieving a near-zero carbon footprint in its operations.

Uncoated wood-free paper and tissue

IPM and CPM have responsible procurement certifications from the FSC (Forest Stewardship Council) and PEFC (Program for Endorsement of Forest Certification). These certifications ensure that their paper products are sourced from responsibly managed forests. By adhering to these standards, IPM and CPM demonstrate their dedication to environmental stewardship and ethical sourcing practices in their operations.

Ittihad has identified three key areas where it can impact the natural environment and adapt its management practices to minimize that impact:

- **Emissions reduction and air quality improvement:** Ittihad aims to minimize harmful and greenhouse gas (GHG) emissions resulting from its manufacturing processes and overall business operations.
- **Sustainable product development:** The Company is committed to promoting environmentally sustainable production practices by integrating circularity and safety principles into its product design and manufacturing processes.
- **Environmental stewardship:** Ittihad prioritizes responsible management of waste, water, and hazardous materials to alleviate pressure on natural resources.

Ittihad also collaborates with government agencies and independent organizations to implement environmental initiatives. These include projects relating to water and waste management, circularity, emissions reduction, and corporate social responsibility.

Long-term emissions and energy objectives

Ittihad has implemented a five-year strategy to address its emissions, starting with the development of a comprehensive emissions inventory for its four largest entities. Ittihad then plans to set science-aligned reduction targets, initially focused on addressing Scope 1 and 2 emissions, followed by Scope 3, along with corresponding decarbonization plans. As part of these efforts, Ittihad has integrated ISO 50001 Energy Management Systems across all its operations.

In addition to addressing its direct emissions, Ittihad will address emissions within the whole supply chain by engaging with suppliers to reduce their emissions in alignment with the Group's approach, a process that will be supported by supplier assessments, audits, and training.

Additional environmental initiatives

In addition to its long-term emissions strategy, Ittihad is actively pursuing several short-term environmental initiatives. For example, UCR has made multiple investments in the development of clean technologies and introduced targets to increase the use of more recycled products, solar energy, greener fuel, and energy efficiency measures (for more information, please see page 46 of the 2023 Sustainability Report). Lastly, Ittihad has transitioned its company-owned fleet to include 125 electric vehicles.

For more information, please refer to the 'Environmental' section of the Sustainability Report

ESG *CONTINUED*

OUR SOCIAL IMPACT, MAKING A DIFFERENCE

At Ittihad, it is our people that make the difference. Attracting and retaining the best talent fuels the Company's competitive advantage and enables it to provide a leading service to its global client base.

The Company employs over 8,000 individuals and is committed to driving social impact through its operations and supporting the wellbeing of its employees, customers, and the communities it serves. Throughout the year, Ittihad focuses on various social initiatives, including supporting employees and individuals within the supply chain, contributing to local communities, and advocating for Emiratization.

Social responsibility

During 2024, Ittihad participated in a number of initiatives and campaigns to enable both employees and local communities to thrive.

2024 — April — May — June — July — September — October

Ramadan Iftar Gathering

Ittihad businesses hosted an event for employees to break fast together, promoting unity and cultural respect.

International Workers' Day Celebration

Ittihad organized onsite appreciation events for blue-collar workers, providing lunch, and distributing wellness kits and certificates of recognition.

Wellness Week

During wellness week, the Group offered employees free medical checks, mental health awareness talks, yoga sessions, and healthy snacks.

Gift Box Campaign with MA'AN

In a Group-wide initiative, Ittihad employees helped to prepare and distribute over 2,000 curated gift boxes for labor workers across various sites, in collaboration with MA'AN.

Ability at Work Campaign

This campaign included awareness sessions and internal communications to promote the hiring and inclusion of People of Determination.

Breast Cancer Awareness Campaign

The Group organized an awareness campaign across offices and distributed vouchers for free medical checks and breast cancer screening in partnership with healthcare providers.

Corporate Cricket Tournament

Ittihad Group formed a cricket team to participate in an inter-company tournament.

Blood Donation Drives

Blood donation drives were organized in partnership with licensed blood banks and hospitals, and held across Group locations to encourage voluntary blood donations from employees. These efforts helped to meet local healthcare needs and enhance emergency response readiness.

Supporting our people

Ittihad promotes transparency in its work environment, emphasizing fair wages, safe work conditions, and non-discriminatory practices across all Company operations and portfolio businesses. This fosters a culture of employee engagement, loyalty, and continuous improvement, creating an environment where individuals feel valued, supported, and empowered to reach their full potential.

All labor-related policies and procedures are drafted in accordance with global standards and documented in the Company's comprehensive Group Human Resources Manual, which includes a three-year HR Strategic Plan for the period 2022-2025. The Company also has a Human Resources Committee (HRC) responsible for providing oversight of HR-related activities and making HR strategic decisions. The HRC reviews its charter annually, and any necessary amendments are approved by the Group Chairman.

Equal opportunities for all

In 2024, women accounted for 13 per cent. of the Company's skilled workforce, working alongside individuals from 57 different nationalities. Ittihad's policies require that all employees are offered fair and equal treatment. Zero tolerance is maintained for discrimination or harassment based on race, gender, ethnic origin, nationality, religion, age, or physical ability.

The Company's policies not only adhere to UAE regulations but also set a high standard applicable to the Board. Throughout the year, employees were supported through training, mentoring, and career development programs.

Other initiatives sought to gather input from employees, provide valued support, and safeguard their rights. Specific actions included the introduction of tailored learning and development plans alongside an employee wellness program and policies relating to equal opportunities, training and development.

To sustain this culture of openness and retain talent, the Company prioritizes feedback from employees, incorporating their evolving needs into its operations. Employees can report violations confidentially and anonymously through the Whistleblower Service, with the Group committed to investigating all reports made in good faith.

Promoting Emiratization

As a proud UAE company, Ittihad supports the UAE Federal Government's drive to entice a greater proportion of UAE nationals into the private sector. Currently, the Company employs 265 UAE nationals, with 66.4 per cent. of them being female, and all have been with the Company for at least three years. As a major contributor to the non-oil diversification of the UAE, Ittihad participates in the Nafis Program, a Federal Government initiative designed to more than double job opportunities for Emiratis in the private sector over the next five years. The Company has also partnered with Khalifa University since 2019.

Throughout the year, the Company ran internship programs and workshops, providing valuable learning opportunities to students in industrial and system engineering, digital supply chain management, and operations management. Ittihad continues to collaborate closely with Government entities such as the Abu Dhabi Chamber of Commerce and Industry, the Abu Dhabi Department of Economic Development, and the Executive Council of Abu Dhabi. The Company led the formation of G32, a committee comprising Abu Dhabi industrialists that is addressing challenges and leveraging opportunities within the sector.

Ittihad is committed to fostering a transparent work environment where fair wages, safe working conditions, and nondiscriminatory practices are upheld across all its operations and portfolio businesses."

Amer Kakish, Chief Executive Officer

Ittihad's core values are fundamental to instilling a winning corporate culture for our people and the wider communities that we work with. Our award as a Great Place to Work® demonstrates this commitment.

Our core values

While the portfolio businesses may vary in their output, they all uphold these five core values of Ittihad:

Our customer is the reason for our existence

We gauge our success through long-term customer satisfaction and retention. Our strategy revolves around innovation and quality to provide customized solutions to our clients. A prime instance of this is our digitalization initiative, successfully concluded in 2021.

Our people make a difference

We empower our businesses with a competitive edge, positioning them among the top companies in their sectors. This enables us to attract and retain top talent, ensuring high standards of customer service, nurturing existing business relationships, and fostering future growth opportunities.

Our differentiation creates value

In an ever-changing business environment, our aim is to emerge as a premier solution provider globally, sustaining our competitive edge through differentiation in both service and product offerings.

Our diversity is our strength

We strongly rely on a multicultural workforce to cater to the diverse needs of our stakeholders and global clientele effectively.

Our key relationships

Ittihad maintains enduring partnerships with local government entities such as SWS, the UAE Ministry of Health and Prevention, and Tadweer. It also collaborates with renowned global corporations such as Glencore, Roxcel, Central National Gottesman Inc., Omya, Emirates Steel Factory, Abbott, GE, Beckman Coulter, and Unilever. Contracts are frequently secured with AA-rated government bodies, and once established, the client tends to stay with the Company - the average length of Ittihad's client relationship is 11 years.

We are responsible investors

We respect our partners, communicate transparently with stakeholders, and fulfill our ESG commitments.

A culture that delivers value

As a leading UAE conglomerate, attracting, retaining, and engaging the best available talent is critical to the Company's continued growth. A skilled and motivated workforce fuels operational efficiency, fosters creativity, drives performance, and creates a workplace culture where talent can thrive. Ittihad offers competitive remuneration as well as comprehensive benefits and performance-based incentives. By attracting talent in a highly competitive market, nurturing their development, and retaining their expertise over the long term, Ittihad strengthened its position as an employer of choice in 2024. This was further demonstrated by the Company winning a 'Great Place to Work®' award.

Continuous training and development remained strategic priorities throughout the year and central to the Ittihad culture. The Company regularly assesses employee needs and provides tailored training to maintain high performance standards. Performance management, including mid-year and end-of-year reviews, supports employee growth and aligns individual and organizational goals. In 2024, The Company offered a range of development opportunities from mandatory Code of Conduct and Health & Safety training to ESG awareness and IT & cybersecurity sessions. Leadership training is provided annually based on a Learning Needs Analysis to ensure it contributes to business strategy and meets role-specific requirements.

Health and safety considerations are embedded at every level of Ittihad. The Company's Group-level Health and Safety Policy, the Group Code of Ethics and Business Conduct, and the Group Human Resources Manual ensure that subsidiaries are aligned with international as well as local health and safety standards and best practices such as OHSAS 18001 and ISO 45001 (OHS Management). A dedicated Committee is responsible for the implementation and continuous improvement of health and safety measures across the Group. Annual internal and external audits are conducted on the full health and safety management system. Further detail on Culture at Ittihad can be found in the 2023 Sustainability Report.

> Ittihad's strength lies in the diversity of its workforce, which spans over 57 nationalities. As Ittihad grows, it remains committed to developing local talent and aligning with national priorities for workforce inclusion.

PEOPLE, CULTURE AND VALUES *CONTINUED*

LIVING OUR VALUES

Our people are at the heart of everything we do

Ittihad places a strong emphasis on its culture of developing local talent, through internships and apprenticeship programs delivered in collaboration with local universities and colleges. This early engagement allows the Group to identify promising individuals and nurture their potential with structured development pathways, hands-on experience, and continuous learning opportunities. Many of these young professionals go on to assume leadership roles within the organization.

As the Group continues to expand, leadership development is a strategic priority. Ittihad has invested in structured training programs and specialized leadership courses to provide future leaders with targeted coaching and mentorship. These initiatives give employees clarity on career progression with defined growth paths and succession planning. The Company's approach is rooted in the belief that empowering people internally not only enhances professional capability but also supports long-term business success. As a result, over 70 per cent. of management positions have been filled through internal promotions. This has fostered a culture where employees feel valued, trusted, and equipped to contribute at higher levels. This is further demonstrated by stronger engagement, higher productivity, and a more resilient talent pipeline.

In 2024, Ittihad's dedication to fostering an inclusive culture and empowering workplace was recognized with the prestigious Great Place to Work® certification. More than just an accolade, this recognition reflects a work environment where people are truly at the center, driving innovation, performance, and sustainable success. Ittihad is immensely proud of this achievement and will be actively ensuring that we continue to be the best workplace in 2025 and beyond.

+70%

of management positions are filled through internal promotions

STAKEHOLDER ENGAGEMENT

HOW WE ENGAGE WITH AND CREATE VALUE FOR OUR STAKEHOLDERS

Ittihad engages with all key stakeholder groups over the reporting year, enabling the Company to gather regular feedback on stakeholder concerns and develop a clear picture of their priorities. The Group reviews these concerns at both Executive and Board level, and considers how to integrate them into the business strategy. Stakeholder engagement also increased during the reporting year via the inaugural materiality assessment, undertaken in 2023 to identify key risks and opportunities to the business.

The table below highlights Ittihad's key stakeholder groups, the methods used to engage with them, and the topics that matter to them.

Stakeholder	What matters to them	Engagement methods	Outcomes of engagement
Employees (holding company and subsidiaries)	• Career progression • Training and development • Workplace safety • Fair compensation • Recognition and belonging	• Meetings • Internal communications • Recognition and rewards • Social gatherings • Team-building events and wellbeing initiatives	• Recognized as a 'Great Place to Work®' • Increased engagement and retention rates* • Strengthened workplace culture
Communities	• Supporting underprivileged communities • Promoting health, education, security, sports, and culture • Environmental initiatives	• Community outreach programs • Philanthropic initiatives • Sustainable development projects • Partnerships • Social welfare campaigns	• Investments in education, healthcare, environmental conservation, and social welfare programs
Customers and suppliers	• Market-leading products and services • Innovation and sustainability • Value for money • Efficient and proactive communication • Friendly and responsive service	• Engagement concerning responsible sourcing practices • In-person meetings • Supplier Code of Conduct	• Enhancing operational efficiency, minimizing risks, and driving growth • Improved working relationships and stronger partnerships
Partners	• New business opportunities • Timely payments • Transparent bidding and tendering processes	• Procurement processes • Supplier feedback surveys	• Strengthened supplier relationships and improved collaboration • Enhanced trust through greater transparency in selection and contracting • Identification and implementation of process improvements based on feedback • Improved on-time payment performance and customer satisfaction
Investors	• Financial returns and stable cash flow • Capital discipline and governance	• Semi-annual financial reporting • Investor roadshows and one-on-one meetings • Non-deal roadshows and conferences	• Strengthened investor confidence • Diversified investor base • Enhanced capital market access

STAKEHOLDER ENGAGEMENT *CONTINUED*

Stakeholder	What matters to them	Engagement methods	Outcomes of engagement
Sukuk investors	• Financial returns and stable cash flow • Capital discipline and governance	• Semi-annual financial reporting • Investor roadshows and one-on-one meetings • Non-deal roadshows and conferences	• Strengthened investor confidence • Diversified investor base • Enhanced capital market access
Government and regulators	• Compliance with applicable laws and regulations • Alignment with federal and local government strategies • Protecting the interests of investors and shareholders • Consumer protection • Environmental protection	• Close and collaborative relationships with government agencies and regulatory authorities • Regulatory disclosures • Annual reports • Public-private business forums • Direct relationships • Legal and Compliance Department	• Facilitates compliance with evolving regulatory frameworks and underscores the Company's commitment to responsible corporate citizenship
Shareholders	• Strong balance sheet and cash flows • Ambitious expansion vision • Robust governance and risk management • Transparency and disclosure • Strong market position	• Annual General Meetings (AGM) • Investor relations • Reporting (Annual, Corporate Governance, ESG) • Board of Director meetings	• Reinforced shareholder trust • Increased alignment with corporate strategy and performance goals
NGOs and industry associations	• Knowledge sharing and policy collaboration • Advancing shared sustainability and social goals	• Participation in industry forums, conferences and working groups	• Addressing common challenges, sharing best practices and advocating for policies that promote environmental sustainability, social equity, and economic development
Portfolio companies	• Access to growth capital and operational support • Strategic direction and network access • Governance support	• Strategic and financial reviews • Site visits and executive mentoring • Talent identification and succession planning	• A culture of open communication • Stronger leadership pipelines • Culture of collaboration and aligned value creation

Ittihad prioritizes open and transparent engagement with all its stakeholders, focusing on sustainability, responsible governance, and creating long-term value. By fostering collaborative partnerships and aligning efforts with global and local priorities, Ittihad aims to drive positive impact for both the business and the communities it serves.

RAISING THE BAR IN CORPORATE GOVERNANCE

At Ittihad, we are committed to growing responsibly. A robust corporate governance framework is therefore integral to our business.

Ittihad adopts the highest standards of business ethics and integrity, and has a robust corporate governance culture and structure that promotes transparency, accountability and the interests of all stakeholders. Policies, procedures, and appropriate systems have been established for internal control and oversight of risk management to support sound decision-making across the Company. All Ittihad's operations adhere to stringent standards that cover areas such as sharing best practices, fostering a performance-oriented culture, quality control protocols, environmental awareness, best-in-class management systems, and employee wellbeing.

Ittihad and its portfolio companies are governed by a Board of Directors that provides leadership to the Group and its operating entities. The Board is comprised of individuals with the appropriate blend of experience and expertise to discharge its responsibilities and ensure that the Group is governed effectively, according to global best practices and in compliance with all applicable laws and regulations. Headed by the Chairman, who is also the primary shareholder, Board membership also includes two executive directors and two independent directors. All Board decisions require at least one vote from an independent director.

The Board delegates authority over certain matters to committees to provide support with the execution of specific responsibilities. There are two permanent Board Committees: the Audit, Risk and Compliance Committee (ARCC), and the Nomination, Remuneration and Governance Committee (NRGC). The Board, which may establish additional committees or subcommittees should it deem it necessary, is collectively responsible for the decisions and actions taken by the committees. Each committee reviews the operations of the subsidiaries and provides reports to either the Board of Directors or the CEO. A list of the various committees and their responsibilities can be found on page 52.

Ittihad prioritizes diversity, equity, and inclusion across all levels of the Group, including the Board and management. As at the end of the year under review, women constitute 20% of the Board and 25% of senior management.

BOARD OF DIRECTORS

CREATING AN AWARD-WINNING CULTURE THROUGH EXPERIENCE AND EXPERTISE

Jawaan Al Khaili

Chairman of the Board

Appointment

Has served as Chairman since the Group's inception in 2008

Skills and experience

Mr Al Khaili is a distinguished UAE entrepreneur renowned for his exceptional track record in steering large-scale ventures toward becoming prominent regional conglomerates. In addition to his pivotal role as Chairman and founder of the Company, Mr Al Khaili has served as Chairman of Abu Dhabi Islamic Bank since 2008, demonstrating his profound influence in the financial sector. Furthermore, he holds the distinction of founding EIIC and National Holding, underscoring his visionary leadership and entrepreneurial acumen in shaping the business.

Amer Kakish

Chief Executive Officer I

Appointment

Has led the Ittihad team since inception in 2008

Skills and experience

Mr Kakish is a Board member of the Abu Dhabi Chamber of Commerce and Industry.
Mr Kakish is a private sector representative and Chairman of the Industry Working Group, a part of the Economic Collaboration Committee created by the Abu Dhabi Department of Economic Development, and chairs the Industry Working Group. Mr Kakish has over 30 years of experience in managing industrial conglomerates. Mr Kakish holds a Bachelor's degree in Industrial Engineering from the University of Jordan and a Master's degree in Engineering Management from the American University of Beirut. He is a Chartered Engineer from The Institution of Engineering and Technology.

Zahi Abu Hamze

Chief Financial Officer AR I

Appointment

Member of the Ittihad team since 2012

Skills and experience

Mr Abu Hamze has over 20 years of experience in Corporate Finance and Treasury. Mr Abu Hamze has a Master's degree in International Securities Investment and Banking from ICMA Centre Henley Business School and previously led the Treasury and Debt and Capital Advisory team of Dubai Holding.

Raja Al Mazrouei

Independent Director AR NRG

Appointment

Joined the Board in 2023

Skills and experience

Ms Al Mazrouei is CEO of Etihad Credit Insurance (ECI). Since 2022, she has revitalized ECI, reshaping trade credit insurance and bolstering the UAE's global trading status. With a focus on innovation, she drives ECI's transformative goals, supporting exporters and national development while emphasizing sustainable trade.

Her career spans executive roles at prestigious organizations, including Dubai Holding and DIFC. Educated at UAEU, Harvard, and others, she is recognized as one of the region's top CEOs and influential women. She serves on various boards, including Zand Digital Bank, Al Masraf Bank, and Al Ansari Financial Services, contributing to the UAE's economic growth and technological advancement.

Ahmad Al Khayyat

Independent Director AR NRG

Appointment

Joined the Board in 2023

Skills and experience

Dr Al Khayyat is an industrial engineer and energy veteran with more than 40 years of experience. He previously held various executive positions including CEO of Emaar Industries and Investments and Exeed Industries, Chief Manufacturing Officer of DEPA, GM of Dubai Investments Park, and Senior Projects Manager of Dubai Investments. Dr Al Khayyat is a Member of the Board of Fujairah Building Industries (Chairman), National Port Said (Chairman), AIG, Multiform Aluminum Industries, Mammut Building Systems, and Three Eight Six. Dr Al Khayyat holds a Ph.D. in Chemical Engineering from the University of Aston, Birmingham, UK.

Key to Committees

- AR Audit, Risk & Compliance Committee
- NRG Nomination, Remuneration & Governance Committee
- I Investment Committee
- ESG ESG Committee
- Committee Chair

Current notable commitments reflect other listed company directorships and full-time or executive roles.

Board and Executive Committees

The Board delegates authority over certain matters to Board Committees, except the powers to fill Board vacancies, remove a Board member, change the membership, fill vacancies on a Board Committee, or remove or appoint officers who are appointed by the Board:

Audit, Risk & Compliance Committee (ARCC)

The Audit, Risk and Compliance Committee (ARCC) is tasked with providing oversight of the Company's financial reporting, statutory audits, risk management, internal controls, Internal Audit function, and compliance with laws, regulations, and internal policies, including the Code of Ethics and Business Conduct, antifraud, and incident reporting policies. The ARCC is also responsible for guiding the Board on risk strategy, appetite, and tolerance, and overseeing risk reporting. In terms of membership, two of the Committee's three members must be independent, with one of these serving as Committee Chair – the Committee is currently chaired by Independent Director Raja Al Mazrouei who reports directly to the Board of Directors. The Committee meets quarterly or more frequently as necessary. Decisions are passed by a majority of votes with a minimum of one independent member vote required.

Nomination, Remuneration & Governance Committee (NRGC)

The NRGC is responsible for ensuring that the Group's overall remuneration policy aligns with the strategic objectives of the Company. The Committee assists the Board in compensation matters by evaluating, recommending, approving, and reviewing compensation arrangements, plans, policies, and programs for the Executive Management team. Committee membership is made up of at least three Board members, of which one must be an independent member who serves as Chair and reports to the Board – the current Chair is Dr Ahmad Al Khayyat. A member of the Executive Management may be assigned as a member of the Committee, provided they do not participate in deliberations or vote on issues related to their area of responsibility. The Committee meets as required but not less than once per year. Decisions are passed with majority of votes, with a minimum of one independent member vote required.

Investment Committee (IC)

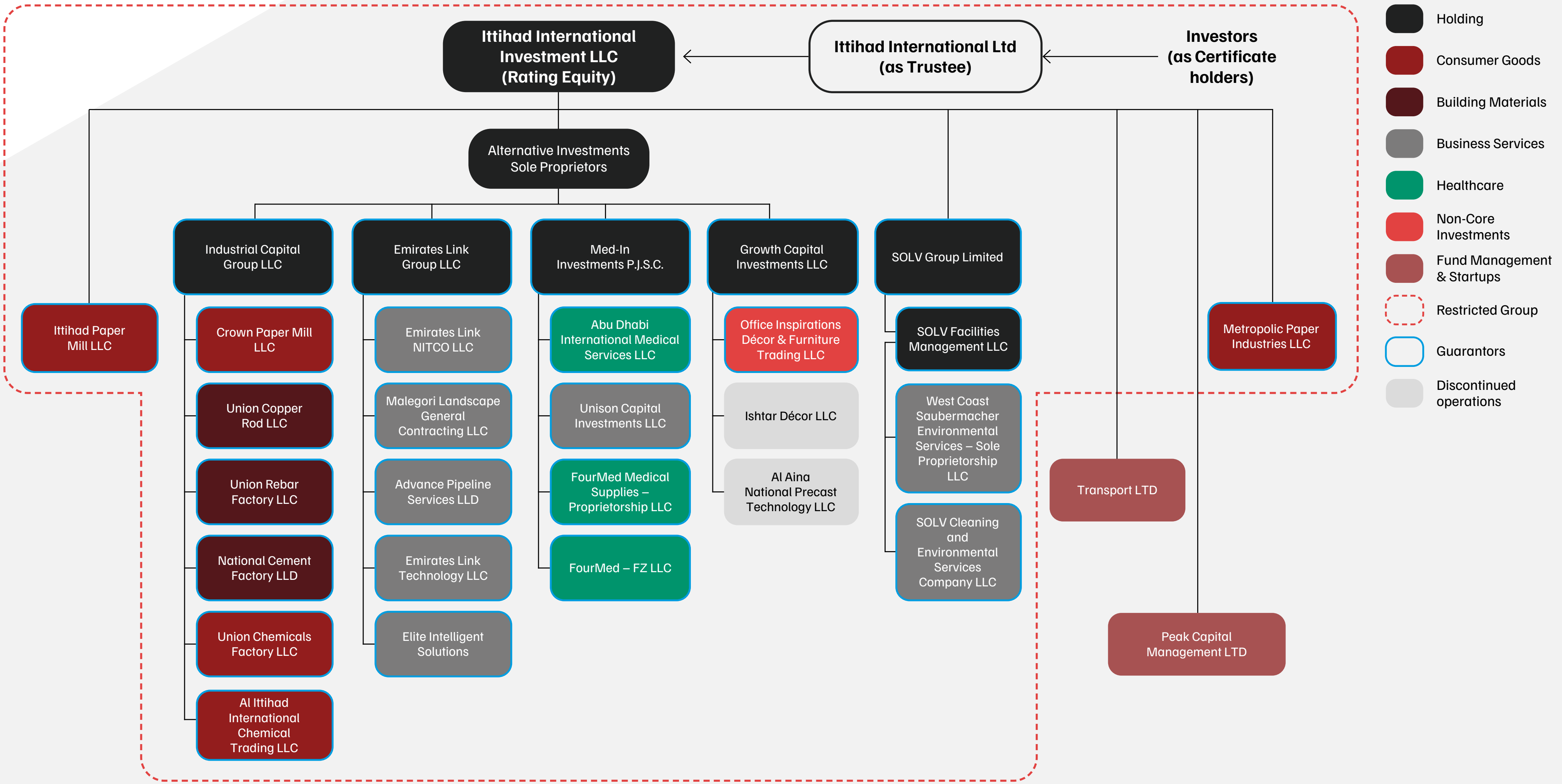
The Investment Committee oversees due diligence, structuring, and negotiations related to acquisitions and expansions. The Committee is chaired by CEO Amer Kakish.

Sustainability Executive Committee (SEC)

The Committee is tasked with overseeing the integration of ESG principles into the Company's policies, practices, and business strategy. This includes implementing and monitoring adherence to ESG goals and policies, assessing their impact on operational and financial performance, and developing regular strategic leadership recommendations. The Committee is chaired by Qais Saif, the Head of PMO and ESG.

Ittihad and its portfolio companies are governed by a Board of Directors that provides leadership to the Group and its operating entities.

Corporate structure and governance framework[1]



1. Simplified corporate structure reflecting only the most significant companies.

Senior management

Amer Kakish (2008)
Chief Executive Officer

Zeina Kanaan (2010)
Director Human Capital and CSR

Zahi Abu Hamze (2012)
Chief Financial Officer

Ayman Makarem (2010)
General Counsel

Gigi Thomas (2018)
Head of IT and Digital Transformation

Balkrishna Mishra (2022)
Head of Risk, FP&A

Danai Petropolou (2020)
Head of Internal Audit

Qais Saif (2016)
Group Operations Head/ Sustainability & ESG Director

(Year joined Ittihad)

Corporate governance framework

Jawaan Al Khaili
Chairman of the Board

Raja Al Mazrouei (2023)
Independent Director

Ahmad Al Khayyat (2023)
Independent Director

Amer Kakish (2008)
Chief Executive Officer

Zahi Abu Hamze (2012)
Chief Financial Officer

Corporate governance principles

- Rights of shareholders
- Equitable treatment of shareholders
- Recognition of the role of stakeholders
- Disclosure and transparency
- Effective Board and directors
- Corporate social responsibility
- Robust systems
- Process automation
- Technology and AI adoption (where relevant)

(Year joined Ittihad)

The Board understands the importance of fostering a positive culture across the Group. As well as safeguarding the wellbeing of the Company's workforce and ensuring all employees feel welcome and valued, a positive corporate culture supports the success of Ittihad over the long term.

The Company's values, ethics and expected behaviors set the framework for the Group's culture and, in line with this, the Board plays an active role in the setting and monitoring of the Group's values and Code of Conduct. The Board recognizes that it must lead by example and therefore adheres to the Group's values and expected behaviors, both on an individual and collective basis.

The Board understands that regular employee engagement is an important tool that helps the senior management team obtain feedback which in turn can be used to inform future initiatives, thereby enabling these to be aligned with the needs and expectations of Ittihad's workforce. During the year, the Company conducted a first Group-wide employee survey and, going forward, intends to conduct further surveys on a regular basis. The Board monitored the implementation of the survey as well as the results and will continue to do so in the future. In addition, the Board is committed to promoting diversity across the Group, including at Board level, as well as strong ethics and a speak-up, transparent corporate culture. The Board regularly reviews Group-wide targets, including diversity targets, and the effectiveness of existing policies and procedures as part of its responsibility to promote a positive culture at the Company.

Ittihad is steadfast in its commitment to upholding the highest standards of corporate governance. Transparency, accountability, and ethical practices are key to driving long-term success, ensuring trust and value for all its stakeholders.

Throughout 2024, the Board focused on the following primary objectives:

- Strengthening governance by endorsing an updated corporate governance document and ESG framework.
- Evaluating and endorsing the Group's capital structure, including the sukuk tap issuance and revolving credit facility, to ensure alignment with financial covenants and long-term funding requirements.
- Approving both the budget and the five-year plan to guide the Company's strategic direction.
- Endorsing the semi-annual and annual financial statements to maintain transparency and accountability.
- Assessing the growth roadmap for the Consumer Goods Manufacturing division's entry into the B2C segment, supporting brand development and market expansion initiatives.

Board stakeholder engagement

The Board interacts with stakeholders in a number of ways, recognizing their indispensable role in shaping the Company's trajectory. For example, members regularly make site visits and hold meetings with subsidiary company management teams to obtain first-hand insights and perspectives. This process encourages a culture of open communication and serves as a platform for talent development and the identification of future leaders within the organization.

Additionally, Ittihad's Board places great emphasis on fostering collaborative relationships with government agencies and encouraging close cooperation with regulatory authorities. This proactive engagement enables compliance with evolving regulatory frameworks and underscores Ittihad's commitment to responsible corporate citizenship.

Please refer to the Stakeholder engagement section on page 48 for further detail on how the Ittihad Group engages with stakeholders.

Ethics

Ittihad's Code of Ethics and Business Conduct lays out the Group's commitment to conducting all areas of its business with honesty, integrity, and in compliance with all applicable laws and regulations. The Code's standards of conduct apply to all employees and representatives of the Group as well as third parties.

The Board of Directors, including the Audit, Risk and Compliance Committee, supervises the Company's management to ensure compliance with the Code and enforces appropriate disciplinary measures for violations. Ittihad conducts regular training sessions and workshops to ensure all employees are aware of the Code and understand their responsibilities. All Board members, directors, personnel including employees, consultants, and suppliers are given a copy of the Code upon beginning service at the Company and are periodically asked to review and sign an acknowledgement. New hires are introduced to the Code as part of their orientation. The Company regularly reviews ethical practices and performance with a view to continually refining and enhancing policies and practices. This includes audits and assessments conducted by the ARCC.

Ittihad is committed to the ongoing review and enhancement of its corporate policies to ensure they remain aligned with current ethical standards and regulatory requirements. As part of this continuous effort, we have recently updated certain key areas, including tax-related policies, based on the regulatory requirements changes outlined by the FTA. This includes the issuance of new tax-related policies, Group Transfer Pricing Policy & Group Tax Residency Policy, and update to the existing Group Corporate Income Tax Compliance Policy.

REPORT OF THE BOARD OF DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2024.

Principal activities

The main activities of Ittihad International Investment LLC (the "Company") and its subsidiaries (the "Group") are manufacturing of papers, paperboard, ready to use printing and writing papers, tissue paper, cleaning detergent, producing and supplying copper rod, distributing straight steel bars, cut and bend services, clinker grinding, providing operation and maintenance services for infrastructure networks, water systems, Sewerage, treatment plants and solid municipal waste management, sales and marketing of medical equipment and apparatus, management of hospitals, technical and specialised services for maintenance and operation of medical equipment.

Results for the year

Revenue for the year from continuing operations amounted to AED 12,258,049 thousand (2023: AED 10,427,851 thousand), operating profit for the year from continuing operations amounted to AED 375,475 thousand (2023: AED 322,489 thousand), and net profit before tax for the year from continuing operations amounted to AED 93,169 thousand (2023: AED 41,043 thousand). The Group recorded a net loss for the year from discontinued operations amounting to AED 453 thousand (2023: AED 16,873 thousand).

Auditors

A resolution proposing the appointment of Ernst & Young as the auditors of the Group for the year ending 31 December 2025 will be put to the shareholders at the annual general meeting.

Signed on behalf of the Board of Directors

Chairman

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ITTIHAD INTERNATIONAL INVESTMENT LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ittihad International Investment LLC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 then ended, 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 2024 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("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 Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

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.

Revenue recognition

Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations. In addition, there are a number of different IT systems and applications in place for the recording of revenue transactions. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2024, total revenue of the Group amounted to AED 12,258,049 thousand (note 4).

We reviewed the revenue recognition policies applied by the Group to assess their compliance with IFRS requirements. For each material operational location with significant revenue streams, we obtained, or involved component auditors:

- to obtain understanding of the design and operating effectiveness of the controls relating to the revenue recognition process; and
- to perform substantive audit procedures which included overall analytical procedures, at the Group and subsidiary level, and testing on transactions throughout the year, to assess whether revenues were properly recognised.

Responsibilities of management and those charged with governance 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, and for such internal control as management determines is necessary to enable the preparation of 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.

Those charged with governance are 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

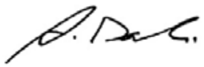
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should 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, we report that for the year ended 31 December 2023:

i) the Company has maintained proper books of accounts;
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 Company's Articles of Association and the UAE Federal Law No. (32) of 2021;
iv) the financial information included in the report of the Board of Directors is consistent with the books of account and records of the Group;
v) investments in shares and stocks are included in note 13, and note 2.4 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2024;
vi) note 16 reflects the disclosures relating to 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 Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2024; and
viii) no social contribution was made during the year.

For Ernst & Young



Ahmad Al Dali
Registration No 5548

15 April 2025
Abu Dhabi, United Arab Emirates

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Revenue	5	**12,258,049**	10,427,851
Direct costs	6	**(11,514,104)**	(9,794,672)
GROSS PROFIT		**743,945**	633,179
Administrative expenses	7	**(355,343)**	(303,444)
Provision for expected credit losses	15	**(13,127)**	(7,246)
OPERATING PROFIT		**375,475**	322,489
Other income		**12,553**	10,022
Share of profit from associate	2.4	**1,707**	2,750
Gain on disposal of subsidiary	2.2	**—**	2,317
Net foreign exchange (loss) gain		**(4,451)**	89
Finance costs, net	8	**(287,004)**	(285,272)
Write—offs of loan processing fees	23.1	**—**	(18,663)
Reclassification of cash flow hedge reserve to profit or loss		**(839)**	5,705
Change in fair value of derivative financial instruments		**(4,272)**	1,606
PROFIT BEFORE TAX FOR THE YEAR		**93,169**	41,043
Income tax expense	26	**(18,759)**	—
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**74,410**	41,043
Discontinued operations			
Loss for the year from discontinued operations	27	**(453)**	(16,873)
PROFIT FOR THE YEAR		**73,957**	24,170
Attributable to:			
Equity holders of the parent company:			
Continuing operations		**75,409**	41,296
Discontinued operations		**(453)**	(16,873)
		74,956	24,423
Non—controlling interest:			
Continuing operations		**(999)**	(253)
Discontinued operations		**—**	—
		(999)	(253)
		73,957	24,170

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
PROFIT FOR THE YEAR		**73,957**	24,170
Other comprehensive loss			
Items that may subsequently be reclassified to profit or loss			
Changes in fair value of cash flow hedges		**—**	428
Reclassification of cash flow hedge reserve to profit or loss		**839**	(5,705)
Foreign exchange difference on translation of foreign operations		**(11,067)**	(6,898)
		(10,228)	(12,175)
Items that will not be subsequently reclassified to profit or loss			
Changes in fair value of investment carried at fair value through other comprehensive income		**(8,550)**	(2,009)
Other comprehensive loss for the year		**(18,778)**	(14,184)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**55,179**	9,986
Attributable to:			
Equity holders of the parent company:			
Continuing operations		**56,631**	27,112
Discontinued operations	27	**(453)**	(16,873)
		56,178	10,239
Non—controlling interest:			
Continuing operations		**(999)**	(253)
Discontinued operations		**—**	—
		(999)	(253)
		55,179	9,986

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS *CONTINUED*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Non—current assets			
Property, plant and equipment	10	**1,876,373**	1,893,215
Right of use assets	11	**91,575**	95,554
Intangible assets	9	**42,932**	42,019
Goodwill	12	**3,417**	3,417
Investments carried at fair value through other comprehensive income	13	**27,003**	41,825
Amounts due from related parties	16	**23,961**	26,640
Accounts receivable and prepayments	15	**46,532**	44,235
Investment in an associate	2.4	**4,517**	2,810
Derivative financial instruments	18	**11,164**	7,682
		2,127,474	2,157,397
Current assets			
Inventories	14	**940,655**	865,701
Accounts receivable and prepayments	15	**1,813,933**	1,486,813
Bank balances and cash	17	**630,960**	562,002
Amounts due from related parties	16	**42,863**	50,912
Derivative financial instruments	18	**1,437**	5,146
		3,429,848	2,970,574
Disposal group held for sale	27	**7,103**	9,337
		3,436,951	2,979,911
TOTAL ASSETS		**5,564,425**	5,137,308

	Notes	2024 AED'000	2023 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**500**	500
Shareholders' accounts	20	**85,329**	97,637
Statutory reserve	21	**9,443**	9,443
Retained earnings		**606,927**	527,498
Foreign currency translation reserve		**(17,958)**	(6,891)
Fair value reserve		**(25,642)**	(12,619)
Cash flow hedges reserve		**(5,166)**	(6,005)
Equity attributable to the owners of the Company		**653,433**	609,563
Non—controlling interest		**5,202**	5,823
Net equity		**658,635**	615,386
Non—current liabilities			
Warranty provisions	22	**4,029**	5,198
Term loans	23.1	**303,764**	411,823
Employees' end of service benefits	24	**87,591**	78,062
Lease liabilities	11	**96,937**	98,352
Derivative financial instruments	18	**26,354**	32,577
Non—convertible Sukuk	23.3	**1,630,079**	1,253,223
Deferred tax liability	26	**1,260**	—
		2,150,014	1,879,235

CONSOLIDATED FINANCIAL STATEMENTS *CONTINUED*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *CONTINUED*

	Notes	2024 AED'000	2023 AED'000
Current liabilities			
Accounts payable and accruals	25	**2,132,743**	1,611,295
Income tax payable	26	**19,089**	—
Term loans	23.1	**54,243**	77,568
Bank financing facilities	23.2	**527,888**	926,666
Derivative financial instruments	18	**6,473**	4,808
Lease liabilities	11	**6,938**	8,017
Amounts due to related parties	16	**178**	289
Bank overdrafts	17	**5,000**	10,562
		2,752,552	2,639,205
Liabilities directly associated with disposal group held for sale	27	**3,224**	3,482
		2,755,776	2,642,687
Total liabilities		**4,905,790**	4,521,922
TOTAL EQUITY AND LIABILITIES		**5,564,425**	5,137,308

The attached notes 1 to 31 form part of these consolidated financial statements.

Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company									
	Share capital AED'000	Shareholders accounts AED'000	Statutory reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Cashflow hedge reserve AED'000	Foreign currency translation reserve AED'000	Total AED'000	Non— controlling interests AED'000	Net equity AED'000
Balance at 1 January 2023	500	275,377	9,443	(14,822)	512,166	(728)	7	781,943	—	781,943
Profit for the period	—	—	—	—	24,423	—	—	24,423	(253)	24,170
Other comprehensive (loss) income	—	—	—	(2,009)	—	(5,277)	(6,898)	(14,184)	—	(14,184)
Total comprehensive (loss) income for the period	—	—	—	(2,009)	24,423	(5,277)	(6,898)	10,239	(253)	9,986
Realised loss on disposal of investments carried at fair value through other comprehensive income	—	—	—	4,212	(4,212)	—	—	—	—	—
Acquisition of a subsidiary (note 2.1)	—	—	—	—	—	—	—	—	5,170	5,170
Additional contribution by non—controlling interest	—	—	—	—	—	—	—	—	906	906
Dividends declared and paid (note 32)	—	—	—	—	(4,879)	—	—	(4,879)	—	(4,879)
Net movement in shareholders' accounts	—	(177,740)	—	—	—	—	—	(177,740)	—	(177,740)
Balance at 31 December 2023	500	97,637	9,443	(12,619)	527,498	(6,005)	(6,891)	609,563	5,823	615,386
Balance at 1 January 2024	**500**	**97,637**	**9,443**	**(12,619)**	**527,498**	**(6,005)**	**(6,891)**	**609,563**	**5,823**	**615,386**
Profit for the period	**—**	**—**	**—**	**—**	**74,956**	**—**	**—**	**74,956**	**(999)**	**73,957**
Other comprehensive (loss) income	**—**	**—**	**—**	**(8,550)**	**—**	**839**	**(11,067)**	**(18,778)**	**—**	**(18,778)**
Total comprehensive (loss) income for the period	**—**	**—**	**—**	**(8,550)**	**74,956**	**839**	**(11,067)**	**56,178**	**(999)**	**55,179**
Realised gain on disposal of investments carried at fair value through other comprehensive income	**—**	**—**	**—**	**(4,473)**	**4,473**	**—**	**—**	**—**	**—**	**—**
Movement in minority interest account	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**378**	**378**
Net movement in shareholders' accounts	**—**	**(12,308)**	**—**	**—**	**—**	**—**	**—**	**(12,308)**	**—**	**(12,308)**
Balance at 31 December 2024	**500**	**85,329**	**9,443**	**(25,642)**	**606,927**	**(5,166)**	**(17,958)**	**653,433**	**5,202**	**658,635**

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS *CONTINUED*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
OPERATING ACTIVITIES			
Profit before tax for the year from continuing operations		**93,169**	41,043
Loss for the year from discontinued operations		**(453)**	(16,873)
		92,716	24,170
Adjustments for:			
Finance costs		**273,968**	286,041
Write—off of loan processing fees	23.1	**—**	18,663
Amortisation of Sukuk premium on issuance		**(1,111)**	—
Amortisation of intangible assets	9	**6,753**	10,580
Amortisation of Sukuk processing fees		**7,177**	—
Amortisation of loan processing fees	23.1	**7,264**	11,127
Share of result on investment in an associate	2.4	**(1,707)**	(2,750)
Allowance for expected credit losses, net	15	**13,127**	16,544
Depreciation on property, plant and equipment	10	**140,074**	155,999
Depreciation of right of use of asset	11	**8,060**	7,711
Provision for warranty	22	**1,748**	5,038
Provision for slow moving inventories, net	14	**6,080**	8,256
Provision for employees' end of service benefits	24	**15,940**	14,166
Foreign exchange gain		**—**	(89)
Gain on sale of property, plant and equipment		**(1,055)**	(442)
Write—off of property, plant and equipment	10	**1,434**	85
Gain on disposal of subsidiary	2.2	**—**	(2,317)
Net changes in fair value of derivative financial instruments		**4,272**	(7,311)
		574,740	545,471

	Notes	2024 AED'000	2023 AED'000
Working capital changes:			
Inventories		**(81,034)**	64,487
Accounts receivable and prepayments		**(340,183)**	(65,524)
Accounts payable and accruals, net of current portion of warranty provision		**526,406**	26,925
Amounts due from related parties		**9,869**	(4,817)
Amounts due to related parties		**(70)**	1,793
Cash generated from operations		**689,728**	568,335
Employees' end of service benefits paid	24	**(6,411)**	(5,984)
Warranty paid	22	**(5,545)**	(8,784)
Net cash flows from operating activities		**677,772**	553,567
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	**(126,977)**	(99,790)
Purchase of intangible assets	9	**(7,666)**	(965)
Net movement in investments carried at fair value through other comprehensive income		**6,271**	25,861
Term deposits redeemed	17	**—**	48,251
Proceeds from sale of property, plant and equipment		**1,171**	1,681
Net movement in loan to an associate		**720**	(4,404)
Cash outflow from disposal of a subsidiary	2.2	**—**	(65)
Amount released as restricted cash	17	**—**	183,650
Settlement of a derivative financial instrument, net		**—**	839
Cash paid on acquisition of subsidiary, net of cash acquired	2.1	**—**	(11,245)
Net cash (used in) generated from investing activities		**(126,481)**	143,813

CONSOLIDATED STATEMENT OF CASH FLOWS *CONTINUED*

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
LLC FINANCING ACTIVITIES			
Proceeds from non—convertible sukuk issuance, net of transaction costs		**363,027**	1,253,223
Proceeds from term loan		**21,786**	270,301
Repayment of term loans		**(160,254)**	(1,641,698)
Proceeds from bank financing facilities		**3,955,051**	4,374,190
Repayment of bank financing facilities		**(4,353,828)**	(4,692,608)
Payments to the shareholders	20	**(12,308)**	(7,207)
Dividends paid	32	**—**	(4,879)
Proceeds from Sukuk premium on issuance		**7,763**	—
Payment of lease rentals	11	**(13,116)**	(13,119)
Capital injection by non—controlling interest		**378**	906
Finance costs paid		**(276,410)**	(229,628)
Net cash used in financing activities		**(467,911)**	(690,519)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**83,380**	6,861
Foreign currency translation adjustment		**(8,872)**	(6,809)
Cash and cash equivalents at 1 January		**551,834**	551,782
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	17	**626,342**	551,834

* Significant non—cash transactions excluded from the consolidated statement of cash flows is as follows:

Modification of lease liabilities		—	1,459
Due from related party settled by the shareholder (note 16)		—	170,533

The attached notes 1 to 31 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1. ACTIVITIES

Ittihad International Investment LLC (the "Company") is a limited liability company registered in Abu Dhabi, U.A.E. on 11 September 2008.

The main activities of Ittihad International Investment LLC and its subsidiaries (the "Group") are manufacturing of papers, paperboard, ready to use printing and writing papers , tissue paper, cleaning detergent, producing and supplying copper rod, distributing straight steel bars, cut and bend services, clinker grinding, providing operation and maintenance services for infrastructure networks, water systems, Sewerage, treatment plants and solid municipal waste management, sales and marketing of medical equipment and apparatus, management of hospitals, technical and recognized services for maintenance and operation of medical equipment.

The registered address of the Company is P O Box 41188, Abu Dhabi, United Arab Emirates.

The Company is owned by Mr. Jawaan Awaida Suhail Awaida Al Khaili (hereinafter referred as the "Owner" or the "Shareholder").

The consolidated financial statements of the Group for the year ended 31 December 2024 were authorised for issue on 14 April 2025.

2. BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB), and the applicable requirements of the UAE Federal Law No. (32) of 2021.

These consolidated financial statements are presented in the United Arab Emirates Dirham ("AED") which is also the currency of primary economic environment in which the Company operates. Each entity in the Group determines its own functional currency. All financial information presented in AED has been rounded to the nearest thousand except otherwise stated.

The consolidated financial statements are prepared under the historical cost convention, except for measurement at fair value of derivative financial instruments and investments carried at fair value through other comprehensive income.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies.

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.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- 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 year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of 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 financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra—group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

When the Group loses control of a subsidiary, the profit or loss on disposal 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 (including goodwill), and liabilities of the subsidiary and any non—controlling interests.

2. BASIS OF PREPARATION *continued*

The consolidated subsidiaries and the Company's shareholding therein are as follows:

Subsidiaries & shareholding companies	Country of incorporation	Activities	Percentage of holding 2024 %	2023 %
Alternative Investments Sole proprietorship	United Arab Emirates	Invest in private companies and establishments	**100**	100
Industrial Capital Group LLC	United Arab Emirates	Invest in private companies and establishments	**100**	100
Union Copper Rod LLC	United Arab Emirates	Copper rod manufacturing	**100**	100
Union Rebar Factory LLC	United Arab Emirates	Steel bar cutting & bending	**100**	100
Union Chemicals Factory LLC	United Arab Emirates	Production of chemicals for detergents industry {Benzene Sulphonic Acid (LABSA) and Sodium Laureth Sulfate (SLES)}	**100**	100
National Cement Factory LLC	United Arab Emirates	Cement manufacturing	**100**	100
Crown Paper Mill LLC	United Arab Emirates	Tissue manufacturing and cutting	**100**	100
Emirates Link Group LLC	United Arab Emirates	Management and support services	**100**	100
Emirates Link Nitco LLC	United Arab Emirates	Water desalination and water treatment	**100**	100
Malegori Landscape General Contracting LLC	United Arab Emirates	Irrigation and environmental services, civil works, afforestation, electromechanical works, landscape, works and facility management.	**100**	100
Emirates Link Technology LLC (note 2.3)	United Arab Emirates	On—shore and off—shore oil & gas field services	**100**	100

Subsidiaries & shareholding companies	Country of incorporation	Activities	Percentage of holding 2024 %	2023 %
Elite Intelligent Solutions LLC	United Arab Emirates	Information technology and network services	**100**	100
Advanced Pipeline Services LLC	United Arab Emirates	Cleaning and maintenance of sewerage pipes and water desalination and treatment plants operation and maintenance.	**100**	100
Ittihad International Petroleum Company LLC (note 2.3)*	United Arab Emirates	Oil and gas services	**100**	100
Growth Capital LLC	United Arab Emirates	Invest in private companies and establishments	**100**	100
Office Inspirations Décor & Furniture Trading LLC	United Arab Emirates	Trading of office furniture	**100**	100
Enma Recruitment LLC	United Arab Emirates	On shore and offshore oil and gas fields and facilities services and on demand labours	**100**	100
Med—In Investments LLC	United Arab Emirates	Invest in private companies and establishments	**100**	100
Abu Dhabi International Medical Services LLC	United Arab Emirates	Provider of pharmaceutical products and medical equipment	**100**	100
Unison Capital Investment LLC	United Arab Emirates	Health services and development	**100**	100
FourMed Medical Supplies LLC	United Arab Emirates	Provider of medical equipment	**100**	100
FourMed – FZ LLC	United Arab Emirates	Provider of medical equipment	**100**	100
Ittihad Gulf Limited	Kingdom of Saudi Arabia	Manufacturing of clearing and disinfecting detergents	**100**	100
Ittihad Paper Mill LLC	United Arab Emirates	Manufacturing and cutting of paper and carton	**100**	100

2. BASIS OF PREPARATION *continued*

Subsidiaries & shareholding companies	Country of incorporation	Activities	Percentage of holding 2024 %	2023 %
Ittihad Investments Company LLC	Kingdom of Saudi Arabia	Trading and services	**100**	100
Transportr LTD	United Arab Emirates	Freight requirement services	**100**	100
Peak Capital Management Ltd	United Arab Emirates	Investment management	**100**	100
Metropolic Paper Industries LLC	United Arab Emirates	Manufacturing and trading of paper products	**100**	100
Solv Group Limited	United Arab Emirates	Cleaning and waste management services	**100**	100
Solv Cleaning & Environmental Services Company LLC (formerly West Coast Cleaning and Environmental Services Company LLC)	United Arab Emirates	Cleaning and waste management services	**100**	100
Solv Environmental Services Company LLC	United Arab Emirates	Cleaning and waste management services	**100**	100
West Coast Saubermacher Environmental Services LLC	United Arab Emirates	Street cleaning and waste management services	**100**	100
Solv Facilities Management LLC	United Arab Emirates	Cleaning and waste management services	**100**	100
Solv Advance Maintenance LLC	United Arab Emirates	Building maintenance	**100**	100
Solv International Foods & Catering Services LLC	United Arab Emirates	Building cleaning, disinfection & sterilization services	**100**	100
Solv Building Cleaning Services LLC	United Arab Emirates	Management and support services	**100**	100
Solv Autor Repair LLC	United Arab Emirates	Car multi—specialization maintenance workshop	**100**	100
Solv Advanced Technical Services LLC	United Arab Emirates	Painting contracting, plumbing & sanitary, electromechanical installation and maintenance	**100**	100
Gulf Ittihad for Environmental Services (Sole Proprietorship LLC)	Kingdom of Saudi Arabia	Cleaning and waste management services	**100**	100
Maqayes Al Deqa (note 2.1)	Kingdom of Saudi Arabia	Cleaning and waste management services	**70**	70
Ittihad International Ltd	Cayman Island	Special purpose entity to issue sukuk	**100**	100
Ittihad Investment Central Asia Holding LTD	United Arab Emirates	Special purpose vehicle	**100**	100
Chorsu Real Estate Development LLC	Uzbekistan	Construction of residential building	**100**	—
Abu Dhabi International Medical Services	Egypt	Provider of pharmaceutical products and medical equipment	**100**	100
Discontinued operations				
Al Ain National Precast Technology LLC	United Arab Emirates	Production and installation of precast concrete for residential, commercial, industrial, municipal, and government customers	**100**	100
Ishtar Décor LLC	United Arab Emirates	Interior designing and contracting	**100**	100
Ishtar Décor Factory LLC	United Arab Emirates	Interior designing and contracting	**—**	—

On 31 December 2022, the Group resolved.

- to discontinue all commercial operations of Ishtar Décor LLC ("Ishtar") as of the date of resolution,
- take necessary actions to transfer the employment contracts of consenting employees who will be retained by the Group to a different subsidiary; and
- arrange payments for pending supplier invoices and resolve any outstanding balances, and continue to pursue and collect the receivables of the respective companies and take any necessary legal actions in that regard.

Accordingly, the results of operations and cashflows of Ishtar have been presented as "discontinued operations" in these consolidated financial statements.

2. BASIS OF PREPARATION *continued*

2.1 ACQUISITION OF A SUBSIDIARY

Acquisition in the prior year

Mqayes Aldeqaa Company Maintenance Co

On 5 January 2023, Solv Facilities Management LLC, a subsidiary, completed the acquisition of 70% equity interest in Mqayes Aldeqaa Company Maintenance Co ("Mqayes") for a consideration of AED 12,348 thousand. Mqayes is based in the Kingdom of Saudi Arabia and its principal activities include municipal waste collection services, transportation of non—hazardous industrial waste. From the date of acquisition, Mqayes contributed revenue and loss to the Group amounting to AED 14,774 thousand and AED 844 thousand respectively, for the year ended 31 December 2023.

Assets acquired and liabilities assumed

The fair values of the identified assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	AED'000
Assets	
Property, plant and equipment	4,130
Intangible assets	15,568
Trade and other receivables	2,210
Cash and bank balances	1,103
Total assets	**22,921**
Liabilities	
Employees' end of service benefit	380
Lease liabilities	2,532
Trade and other payables	2,704
Due to related parties	70
Total liabilities	**5,686**
Total identifiable net assets at fair value	**17,235**
Proportionate share of identifiable net assets acquired	12,065
Goodwill arising on acquisition	283
Total purchase consideration	**12,348**
Non—controlling interest on acquisition	**5,170**

Intangible assets of AED 15,568 thousand have been recognized as a result of the acquisition comprising of the license amounting to AED 10,305 thousand, trade name amounting to AED 4,709 thousand, and customer contracts amounting to AED 554 thousand. The useful lives of the intangible assets are determined as follows:

License	22 years
Trade name	10 years
Customer contracts	2 years

Goodwill of AED 283 thousand arising from the acquisition mainly represents the value of expected synergies arising from the acquisition, which are not separately recognized.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

- Assumed discount rate of 14.7%; and
- Terminal value calculated based on long—term sustainable growth rates for the industry of 2%, which has been used to determine income for the future years.

Analysis of cashflows on acquisition is as follows:

	AED'000
Cash paid for the acquisition	12,348
Cash acquired on business combination	(1,103)
Net cash flows on acquisition (included in cash flows from investing activities)	11,245

2. BASIS OF PREPARATION *continued*

2.2 DISPOSAL OF A SUBSIDIARY

Disposal of a subsidiary in prior year

Ishtar Décor Factory L.L.C

On 1 April 2023, the Group disposed of its entire ownership interest in Ishtar Décor Factory L.L.C for a consideration of AED 300 thousand to a related party under common control.

	AED'000
Assets	
Trade and other receivables	2,802
Amount due from related parties	3
Cash and bank balances	65
Total assets	**2,870**
Liabilities	
Employees' end of service benefit	766
Trade and other payables	843
Amount due to related parties	3,278
Total liabilities	**4,887**
Net liabilities attributable to the owner	**(2,017)**
Consideration receivable	300
Gain on disposal	**2,317**
The net cash flow generated from the sale of the above subsidiary is as follow:	
Cash received from sale	—
Cash transferred out on disposal	(65)
Net cash outflow	**(65)**

2.3 CHANGE IN LEGAL OWNERSHIP

In the prior year, the legal ownerships of Emirates Link Technology LLC ("ELT") and Ittihad Integrated Petroleum & Chemicals LLC ("IIP") were transferred to a Company owned by a related party. The beneficial ownerships of these two subsidiaries were retained by the Group through contractual arrangements. Accordingly, these two subsidiaries continued to be consolidated by the Group.

Summarized financial information about the subsidiaries are as follows:

	ELT AED'000	IIP AED'000
2024		
Total assets	**15,058**	**3,667**
Total liabilities	**8,614**	**59**
Revenue	**3,395**	**—**
Profit for the year	**951**	**26**
2023		
Total assets	18,859	3,754
Total liabilities	11,970	171
Revenue	4,110	—
Profit for the year	1,192	23

2.4 INVESTMENT IN ASSOCIATE

During 2023, the Group incorporated Fatorah Insurance Claims Settlement LLC ("Fatorah") for a consideration amounting to AED 60 thousand representing 40% interest in equity. Fatorah is a limited liability company, registered in the Emirate of Abu Dhabi. Its principal activity is management of insurance arrangements.

	2024 AED'000	2023 AED'000
At 1 January	**2,810**	—
Additions during the year	**—**	60
Share of profit for the year	**1,707**	2,750
At 31 December	**4,517**	2,810

2. BASIS OF PREPARATION *continued*

Summarised financial information in respect of the Group's associate is set out below:

	2024 AED'000	2023 AED'000
Current assets	**41,804**	21,247
Current liabilities	**(30,511)**	(14,222)
Equity attributable to the owner of the equity (100%)	**11,293**	7,025
Group's share of net assets (40% of ownership interest)	**4,517**	2,810
Revenue	**40,000**	16,667
Profit for the year	**4,268**	6,875
Group's share of profit	**1,707**	2,750

2.5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, interpretations and amendments adopted by the company

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 — Classification of Liabilities as Current or Non—current
- Amendments to IAS 1: Non—current Liabilities with Covenants
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

These amendments had no material impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

New and amended standards and interpretations

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

- Lack of exchangeability — Amendments to IAS 21
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures regarding the classification and measurement of financial instruments

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 consolidated financial statements. The Group is currently working to identify all the impacts IFRS 18 will have on the primary consolidated financial statements and notes to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non—cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *continued*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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:

Useful lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Management has performed their annual goodwill impairment test and determined that no impairment was required to be recorded during the year (2023: impairment of AED nil).

Impairment of trade receivables, contract assets and retention receivables

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and retention receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward—looking information. At every reporting date, the historical observed default rates are updated and changes in the forward—looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the consolidated statement of financial position date, gross trade receivables were AED 1,551,358 thousand (2023: AED 1,343,368 thousand) with a provision for expected credit losses of AED 81,128 thousand (2023: AED 97,057 thousand).

Contract assets include gross contract work in progress of AED 59,992 thousand (2023: AED 65,377 thousand), retention receivables of AED 25,709 thousand (2023: AED 24,337 thousand) and accrued income of AED 82,925 thousand (2023: AED 30,248 thousand). At 31 December 2024, provision for expected credit losses on contract assets, retention receivables and accrued income amounted to AED 17,560 thousand (2023: AED 13,880 thousand).

Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Impairment of non—financial assets

Management determines at each reporting date whether there are any indicators of impairment relating to the Group's cash generating units. A broad range of internal and external factors is considered as part of the indicator review process, where necessary, an impairment assessment is performed. Impairment testing requires an estimation of the fair values less cost to sell and value in use of the cash generating units. The recoverable amounts require the Group to estimate the amount and timing of future cash flows, terminal value of the assets and choose a suitable discount rate in order to calculate the present value of the cash flows. The net carrying amounts of non—financial assets affected by the above estimations are mainly property, plant and equipment, goodwill, customer contract, and other intangible assets. Goodwill is tested for impairment on an annual basis. Goodwill is allocated to respective cash generating units.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the consolidated statement of financial position date, gross inventories were AED 952,423 thousand (2023: AED 876,373 thousand) with a provision for slow moving and obsolete items of AED 11,768 thousand (2023: AED 10,672 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *continued*

Revenue recognition on contracts

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of allowances and rebates. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below:

- **Identifying performance obligations**

  The Group provides certain services that are either sold separately or bundled. The services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. Where the Group determines that performance obligations are capable of being distinct, transaction price is allocated to each performance obligation based on relative stand—alone selling prices.

- **Satisfaction of performance obligations**

  The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group concluded that revenue is to be recognised over time when the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognises revenue on the basis of total costs expended relative to the total expected costs to complete the service.

  The Group recognises revenue either at a point in time or over time upon the assessment of each contract to determine when the performance obligation of the Group under the contract is satisfied.

- **Determination of transaction prices**

  The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non—cash consideration in the contract.

  In determining the impact of variable consideration, the Group uses the "most—likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

- **Transfer of control in contracts with customers**

  In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer.

Warranty provisions

Warranty provisions are those liabilities that require a payment to be made to reimburse the customer or repair for a loss it incurs for purchase of goods from the Group in accordance with the terms of the sale agreement. After initial recognition and measurement, warranty liabilities are subsequently measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised. Best estimate is based on management assessment as a result of past experience and vendor quotations for repair against warranty claims.

Leases — estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity—specific estimates (such as the subsidiary's stand—alone credit rating.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Revenue recognition

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

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 none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Sale of goods

The Group contracts with customers for the sale of industrial and consumer products (copper, cement, tissue, detergents, steel, paper and pharmaceutical products). Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. The normal credit terms are 30 to 90 days upon delivery.

Rendering of services

The Group contracts with customers for providing services for infrastructure networks, water systems, sewage, treatment plants, solid municipal waste management and cleaning services for government and commercial buildings. Revenue from services is recognized over the period of the contract as customers simultaneously receive and consume the benefits as the Group performs the service. The normal payment terms for the service contracts include milestone billings allocated over the period of the contract.

Supply and installation of equipment

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services do not significantly customize or modify the equipment.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand—alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand—alone selling prices of the equipment and installation services.

The Group recognises revenue from installation services at a point of time when the installation service is completed and certificate of completion is issued by the customer.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance—type warranties are accounted for as warranty provisions.

The Group provides a warranty beyond fixing defects that existed at the time of sale. These service—type warranties are sold either separately or bundled together with the sale of fire prevention equipment. Contracts for bundled sales of equipment and service—type warranty comprise two performance obligations because the equipment and service—type warranty are both sold on a stand—alone basis and are distinct within the context of the contract. Using the relative stand—alone selling price method, a portion of the transaction price is allocated to the service—type warranty and recognised as a contract liability. Revenue for service—type warranties is recognised over the period in which the service is provided based on the time elapsed.

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section of Financial instruments – initial recognition and subsequent measurement.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is calculated on a straight—line basis over the estimated useful lives of assets as follows:

Leasehold improvements	10 years
Buildings and containers	3 — 30 years
Furniture, computers and IT equipment	2 — 7 years
Machinery and equipment	2 — 25 years
Motor vehicles	2 — 10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income in the year when the asset is sold or retired.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell their value in use.

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. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

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

Capital work in progress

Capital work in progress is included in property, plant and equipment at cost, on the basis of the percentage completed at the reporting date. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and the asset commissioned.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life as follows:

Customer contracts	2 — 8 years
Computer software	3 — 10 years
Trade license	22 years
Trade name	10 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non—controlling interest in the acquiree. For each business combination, the acquirer measures the non—controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re—measured to fair value at the acquisition date through the consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in the consolidated statement of comprehensive income. If the contingent consideration is classified as equity, it should not be re—measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non—controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Acquisition of entities under common control

Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The equity of the acquired entities is added to the retained earnings. Any transaction costs paid for the acquisition are recognised directly in equity.

Borrowing costs

Borrowing costs that are directly attributable to the design, development, procurement and construction of each part of a plant up to the date when all activities necessary to prepare each part of the plant for its intended use are complete, are capitalised as part of capital work in progress. Borrowing costs in respect of completed parts of the plant are recognised as an expense in the period in which they are incurred.

Fair value measurement

The Group measures financial instruments, such as, derivatives and investment securities, at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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. 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.

A fair value measurement of a non—financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1 —** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3 —** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re—assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign currency translation

The consolidated financial statements are presented in UAE Dirham (AED), which is the functional currency of Company and most of its subsidiaries. Functional currency is the currency of the primary economic environment in which an entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non—monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non—monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

The assets and liabilities of foreign operations are translated into AED at the rate of exchange ruling at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated statement of comprehensive income.

Impairment of non—financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash—generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the assets' or cash—generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually during the fourth quarter of each year and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash—generating unit, or group of cash generating units, to which the goodwill relates. Where the recoverable amount of the cash—generating units is less than their carrying amount an impairment loss is recognised.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a. Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables)
b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
c. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d. Financial assets at fair value through profit or loss

The Group's financial assets include bank balances and cash, derivative financial instruments, amounts due from related parties, investments at fair value through other comprehensive income and certain portion of trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents consist of cash at hand and bank balances, and short—term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument—by—instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of comprehensive income. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12—months (a 12—month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

Financial assets *continued*

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward—looking factors specific to the debtors and the economic environment.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include certain portion of accounts payable, term loans, short term financing facilities, lease liabilities, sukuk payable, amounts due to related parties, bank overdrafts and derivative financial instruments.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, forward currency contracts, to hedge its foreign currency risks.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the consolidated statement of profit or loss when the hedge item affects profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

Derivative financial instruments and hedge accounting *continued*

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss as finance costs.

Amounts recognized as OCI are transferred to the consolidated statement of profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non—financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non—financial asset or non—financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedge effectiveness testing

To qualify for hedge accounting, the Group requires that at the inception of the hedge and on an ongoing basis:

- The hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- At inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- The hedging relationship meets all of the hedge effectiveness requirements;
- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

Derivative financial instruments and hedge accounting *continued*

Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the consolidated statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

Raw materials	—	purchase cost on a weighted average basis.
Consumables and spare parts	—	purchase cost on a weighted average basis.
Finished goods and work in progress	—	costs of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Warranty provisions

Warranty provisions are those liabilities that require a payment to be made to reimburse the customer or repair for a loss they incur for purchase of goods or services from the Group in accordance with the terms of the sale agreement. After initial recognition and measurement, warranty liabilities are subsequently measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised. Best estimate is based on management assessment as a result of past experience and vendor quotations for repair or reimbursement against warranty claims.

Provisions

Provisions are recognised when the Group has present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Staff terminal benefits

The Group provides end of service benefits for its employees. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to the relevant government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Current versus non—current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short—term leases and leases of low—value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

i. Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight—line basis over the lease term. Right of use assets are subject to impairment. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right of use assets are also subject to impairment. The useful lives of right of use assets are 8 — 20 years.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

Group as a lessee *continued*

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in—substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occur.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in—substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii. Short—term leases and leases of low—value assets

The Group applies the short—term lease recognition exemption to its short—term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low—value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short— term leases and leases of low—value assets are recognised as expense on a straight—line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight—line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Non—current assets held for sale and dis*continued* operations

The Group classifies non—current assets and disposal groups 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 disposal groups 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.

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 a 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

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss from discontinued operations in the consolidated statement of comprehensive income.

All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

4. MATERIAL ACCOUNTING POLICY INFORMATION *continued*

The results and assets and liabilities of the associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non—current Assets Held for Sale and Discontinued Operations.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement consolidated of profit or loss outside operating profit and represents profit or loss after tax and non—controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within "share of loss from investment in associate" in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Taxation

Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognized on all temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognized only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences and carried forward tax credits or tax losses 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 assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the reporting date.

Current and deferred tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to, respectively, other comprehensive income or equity. Otherwise, income tax is recognized in the consolidated statement of comprehensive income.

Value added tax (VAT)

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

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, 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.

5. REVENUE

Set out below is disaggregation of the Group's revenue from contracts with customers:

5.1 Type of revenue

	2024 AED '000	2023 AED '000
Sale of industrial products (copper, cement, tissue, detergents, steel, paper)	**11,160,846**	9,551,598
Waste collection and cleaning	**246,906**	233,822
Sale of medical equipment and pharmaceutical products	**262,997**	231,306
Operation and maintenance of sewerage network and related services	**341,693**	192,272
Medical services	**151,490**	133,923
Sale of furniture	**49,999**	43,600
Landscaping services	**12,922**	25,285
Others	**31,196**	16,045
	12,258,049	10,427,851

5.2 Timing of revenue recognition

	2024 AED '000	2023 AED '000
Revenue recognized at a point in time	**11,452,068**	9,920,447
Revenue recognized over time	**805,981**	507,404
	12,258,049	10,427,851

5.3 Geographical markets

	2024	2023
Within UAE	**3,865,374**	3,146,984
Outside UAE	**8,392,675**	7,280,867
	12,258,049	10,427,851

6. DIRECT COSTS

	2024 AED '000	2023 AED '000
Materials and related costs	**10,959,769**	9,262,934
Staff costs	**411,005**	368,437
Depreciation on property, plant and equipment (note 10)	**130,370**	145,633
Provision for slow moving inventories (note 14)	**6,080**	8,256
Amortization of intangible assets (note 9)	**957**	4,176
Depreciation on right of use assets (note 11)	**5,923**	5,236
	11,514,104	9,794,672

7. ADMINISTRATIVE EXPENSES

	2024 AED '000	2023 AED '000
Freight, insurance and outbound logistics	**151,038**	106,966
Staff costs	**127,550**	123,697
Legal and professional fees	**13,979**	13,666
Depreciation on property, plant and equipment (note 10)	**9,635**	10,366
Amortisation of intangible assets (note 9)	**5,796**	6,404
Travel	**3,402**	3,233
Short term lease expense (note 11)	**3,257**	3,158
Utilities	**2,985**	2,888
Depreciation on right—of—use assets (note 11)	**2,137**	2,475
Others	**35,564**	30,591
	355,343	303,444

8. FINANCE COSTS, NET

	2024 AED '000	2023 AED '000
Sukuk profit cost	**149,293**	18,863
Interest on bank loans	**80,484**	209,748
Bank charges and commissions	**29,925**	51,885
Interest on lease liabilities (note 11)	**6,541**	6,676
Interest on bank overdrafts	**1,134**	2,449
Interest expense from suppliers	**27,213**	6,721
Interest income	**(7,586)**	(11,070)
	287,004	285,272

9. INTANGIBLE ASSETS

	Trade name AED'000	Service agreement AED'000	Trade License AED '000	Customer contracts AED '000	Computer software AED '000	Total AED '000
2024						
Cost:						
At 1 January 2024	**4,709**	**—**	**10,305**	**37,013**	**44,988**	**97,015**
Additions	**—**	**7,666**	**—**	**—**	**—**	**7,666**
At 31 December 2024	**4,709**	**7,666**	**10,305**	**37,013**	**44,988**	**104,681**
Amortization:						
At 1 January 2024	**471**	**—**	**542**	**36,736**	**17,247**	**54,996**
Amortisation during the year	**471**	**1,100**	**542**	**277**	**4,363**	**6,753**
At 31 December 2024	**942**	**1,100**	**1,084**	**37,013**	**21,610**	**61,749**
Net carrying amount:						
At 31 December 2024	**3,767**	**6,566**	**9,221**	**—**	**23,378**	**42,932**
2023						
Cost:						
At 1 January 2023	—	—	—	36,459	44,023	80,482
Acquired in business combination (note 2.1)	4,709	—	10,305	554	—	15,568
Additions	—	—	—	—	965	965
At 31 December 2023	4,709	—	10,305	37,013	44,988	97,015
Amortization:						
At 1 January 2023	—	—	—	32,661	11,755	44,416
Amortisation during the year	471	—	542	4,075	5,492	10,580
At 31 December 2023	471	—	542	36,736	17,247	54,996
Net carrying amount:						
At 31 December 2023	4,238	—	9,763	277	27,741	42,019

The amortisation charge for the year has been allocated as follows:

	2024 AED '000	2023 AED '000
Direct costs (note 6)	**957**	4,176
Administrative expenses (note 7)	**5,796**	6,404
	6,753	10,580

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements AED'000	Land, buildings and containers AED'000	Capital work in progress AED'000	Furniture, computers and IT equipment AED'000	Machinery and equipment AED'000	Motor vehicles AED'000	Total AED'000
2024							
Cost:							
At 1 January 2024	16,412	680,254	24,060	80,189	1,844,245	276,050	2,921,210
Additions	5	7,084	43,662	4,653	42,981	28,592	126,977
Transfers / reclassifications	(3,157)	18,542	(40,000)	612	18,979	5,024	—
Write—offs	—	—	—	—	(1,300)	(134)	(1,434)
Exchange differences	(72)	—	—	(95)	(2,028)	—	(2,195)
Disposals	—	—	(24)	(632)	(390)	(8,098)	(9,144)
At 31 December 2024	**13,188**	**705,880**	**27,698**	**84,727**	**1,902,487**	**301,434**	**3,035,414**
Depreciation:							
At 1 January 2024	6,167	176,979	—	60,219	555,180	229,450	1,027,995
Charge for the year	1,027	30,634	—	6,612	82,616	19,185	140,074
Relating to disposals	—	—	—	(631)	(344)	(8,053)	(9,028)
Transfers / reclassification	(1,944)	—	—	—	—	1,944	—
At 31 December 2024	**5,250**	**207,613**	**—**	**66,200**	**637,452**	**242,526**	**1,159,041**
Net carrying amount:							
At 31 December 2024	**7,938**	**498,267**	**27,698**	**18,527**	**1,265,035**	**58,908**	**1,876,373**

10. PROPERTY, PLANT AND EQUIPMENT *continued*

	Leasehold Improvements AED'000	Land, buildings and containers AED'000	Capital work in progress AED'000	Furniture, computers and IT equipment AED'000	Machinery and equipment AED'000	Motor vehicles AED'000	Total AED'000
2023							
Cost:							
At 1 January 2023	13,024	677,317	6,498	75,357	1,795,053	257,821	2,825,070
Additions	3,388	2,886	17,562	4,826	50,947	20,181	99,790
Acquired in business combination (note 2.1)	—	56	—	13	53	4,008	4,130
Write—offs	—	—	—	—	(85)	—	(85)
Disposals	—	(5)	—	(7)	(1,723)	(5,960)	(7,695)
At 31 December 2023	16,412	680,254	24,060	80,189	1,844,245	276,050	2,921,210
Depreciation:							
At 1 January 2023	5,017	148,083	—	53,716	467,548	204,088	878,452
Charge for the year	1,150	28,900	—	6,503	89,344	30,102	155,999
Relating to disposals	—	(4)	—	—	(1,712)	(4,740)	(6,456)
At 31 December 2023	6,167	176,979	—	60,219	555,180	229,450	1,027,995
Net carrying amount:							
At 31 December 2023	10,245	503,275	24,060	19,970	1,289,065	46,600	1,893,215

The depreciation charge for the year has been allocated as follows:

	2024 AED '000	2023 AED '000
Direct costs (note 6)	**130,370**	145,633
Discontinued operations	**69**	—
Administrative expenses (note 7)	**9,635**	10,366
	140,074	155,999

Property, plant and equipment with carrying value of AED 1,876,373 thousand (2023: AED 1,893,215 thousand) are mortgaged as security against term loans and bank facilities.

11. RIGHT—OF—USE ASSETS AND LEASE LIABILITIES

Group as a lessee

Set out below are the carrying amounts of right—of—use assets recognised and the movements during the year:

	2024 AED '000	2023 AED '000
At 1 January	**95,554**	98,738
Depreciation expense	**(8,060)**	(7,711)
Additions	**3,709**	3,073
Modification of lease term	**372**	1,459
Exchange differences	**—**	(5)
At 31 December	**91,575**	95,554

Set out below, is the carrying amount of the Group's lease liabilities and the movement during the year:

	2024 AED '000	2023 AED '000
As at 1 January	**106,369**	105,753
Acquired in business combination (note 2.1)	**—**	2,532
Additions	**3,709**	3,073
Accretion of interest	**6,541**	6,676
Payments	**(13,116)**	(13,119)
Modification of lease term	**372**	1,459
Exchange differences	**—**	(5)
As at 31 December	**103,875**	106,369

Lease liabilities are analysed in the consolidated statement of financial position as follows:

	2024 AED '000	2023 AED '000
Current	**6,938**	8,017
Non—current	**96,937**	98,352
	103,875	106,369

Set out below, are the amounts recognised in the consolidated statement of comprehensive income related to leases:

	2024 AED '000	2023 AED '000
Depreciation expense of right—of—use assets	**8,060**	7,711
Interest expense on lease liabilities (note 8)	**6,541**	6,676
Operating lease expenses (note 7)	**3,257**	3,158

The depreciation on right of use assets has been allocated as follows:

	2024 AED '000	2023 AED '000
Direct costs (note 6)	**5,923**	5,236
Administrative expenses (note 7)	**2,137**	2,475
	8,060	7,711

12. GOODWILL

	2024 AED '000	2023 AED '000
At 1 January	**3,417**	3,134
Additions (note 2.1)	**—**	283
At 31 December	**3,417**	3,417

Company	Date of acquisition	Business activity	2024 AED '000	2023 AED '000
Emirates Link NITCO LLC	2008	Water desalination and water treatment	**2,890**	2,890
Advanced Pipeline Services LLC	2017	Cleaning and maintenance of sewerage pipes and water desalination and treatment plants operation and maintenance	**204**	204
Abu Dhabi International Medical Services LLC	2005	Provider of pharmaceutical products	**40**	40
Mqayes Aldeqaa Company Maintenance Co	2023	Provider of waste collection services	**283**	283
			3,417	3,417

12. GOODWILL *continued*

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to individual cash generating units for impairment testing. The recoverable amount is determined based on a value in use calculation using discounted cash flows projections, The cash flow projections are based on financial budgets approved by senior management covering a period of 3 years with a growth rate of 5% (2023: 5%). The weighted average capital cost rate applied to cash flow projections is 10% (2023: 10%).

13. INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 AED '000	2023 AED '000
Quoted and outside the UAE	27,003	41,825

This investment in equity instrument is not held for trading. Instead, it is held for long—term strategic purpose. Accordingly, management of the Group has elected to designate the investment as equity instrument at FVTOCI, as they believe that recognising short—term fluctuations would not be consistent with the Group's strategy of holding the investment for long—term purposes and realising the performance potential in the long run. The investments are recorded at fair value using the valuation techniques as disclosed in note 30.

14. INVENTORIES

	2024 AED '000	2023 AED '000
Raw materials	**463,794**	334,429
Finished goods	**300,661**	327,600
Spare parts and other consumables	**133,234**	123,204
Inventory work in progress	**54,734**	75,594
Goods in transit	**—**	15,546
Provision for slow moving and obsolete inventories	**(11,768)**	(10,672)
	940,655	865,701

Movement in the provision for slow moving and obsolete inventories is as follows:

	2024 AED '000	2023 AED '000
At 1 January	**10,672**	7,577
Provided during the year	**6,080**	8,256
Write off	**(4,984)**	(5,161)
At 31 December	**11,768**	10,672

The cost of inventories recognised as an expense in the consolidated income statement is AED 10,959,769 thousand (2023: AED 9,262,934 thousand).

15. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2024 AED '000	2023 AED '000
Trade receivables	**1,551,358**	1,343,368
Provision for expected credit losses	**(81,128)**	(97,057)
	1,470,230	1,246,311
Contract work in progress	**59,992**	65,377
Accrued income	**82,925**	30,248
Retention receivable	**25,709**	24,337
Provision for expected credit losses	**(17,560)**	(13,880)
	1,621,296	1,352,393
Advances to suppliers	**94,403**	60,128
Prepaid expenses	**38,399**	34,984
Margin on guarantees	**16,292**	29,522
Deposits	**29,241**	18,807
Staff receivables	**5,760**	3,949
VAT receivable	**25,277**	6,863
Other receivables	**29,797**	24,402
	1,860,465	1,531,048
Less: non—current retention, deposits and other receivables	**(46,532)**	(44,235)
	1,813,933	1,486,813

Movement in the provision for expected credit losses was as follows:

	2024 AED '000	2023 AED '000
At 1 January	**110,937**	120,860
Written off	**(25,376)**	(26,467)
Charge for the year	**13,127**	16,544
At 31 December	**98,688**	110,937

Charge for the year includes reversal for expected credit losses relating to discontinued operations of AED 396 thousand (2023: provision for expected credit losses of AED 9,298 thousand) (note 27) which is presented as part of the discontinued operations in the statement of profit or loss.

16. RELATED PARTY TRANSACTIONS AND BALANCES

These represent transactions and balances with related parties, i.e. shareholders, family members, directors and senior management of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Significant transaction with related parties carried out in the ordinary course of business, included in the consolidated statement of comprehensive income, are as follows:

	2024 AED '000	2023 AED '000
Entity under common control		
Revenue	**26,596**	39,215

The Group pays expenses on behalf of related parties. Such expenses are recharged to the respective related parties.

Related party balances included in the consolidated statement of financial position are as follows:

	2024 AED '000	2023 AED '000
Entities under common control		
Amounts due from related parties		
West Coast Waste Collection Co. LLC[2]	**27,237**	29,373
Emirates Link Maltauro[3]	**19,320**	32,222
Emirates Link Contracting[1]	**8,233**	8,133
Emirates Contracting Company LLC	**4,795**	—
Others	**3,555**	3,420
	63,140	73,148
Associate		
Short—term loan to an associate		
Fatorah Insurance claims settlement LLC[4]	**3,684**	4,404
	66,824	77,552

1. Amounts due from Emirates Link Contracting mainly represent funding provided by the Group and expenses paid on behalf of the related party. In June 2023, the Shareholder (Owner) settled an amount of AED 170,533 thousand due from Emirates link Contracting against the shareholders' account (note 20).
2. This represents receivable from a related party to be received in annual installments of AED 3,000 thousand with an interest rate of 12 month EIBOR plus 3% per annum.
3. This represents balance receivable in respect of sales to the related party in the ordinary course of business.
4. This represents a shareholder short—term loan extended to an equity accounted associate of the Group. The loan is non—interest bearing and repayable within one year.

16. RELATED PARTY TRANSACTIONS AND BALANCES *continued*

Amounts due from related parties are expected on the basis of past experience, to be fully recoverable.

Balances due from related parties are disclosed in the consolidated statement of financial position as follows:

	2024 AED '000	2023 AED '000
Non—current portion	**23,961**	26,640
Current portion	**42,863**	50,912
	66,824	77,552
Other balances with related parties		
Amounts due to related parties:		
Others	**178**	289

Other balances with a related party, under common Directorship that is disclosed in the consolidated statement of financial position as follows:

	2024 AED '000	2023 AED '000
Current assets:		
Bank balance	**12,114**	12,909
Non—current liabilities:		
Bank loans	**—**	413
Current liabilities:		
Bank financing facilities	**112,687**	224,616

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2024 AED '000	2023 AED '000
Short—term benefits	**32,054**	31,580
Employees' end of service benefits	**3,772**	3,033
	35,826	34,613

17. BANK BALANCES AND CASH

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following consolidated statement of financial position amounts:

	2024 AED '000	2023 AED '000
Bank balances and cash	**630,960**	562,002
Add: cash under assets held for sale (note 27)	**382**	394
Less: bank overdrafts	**(5,000)**	(10,562)
Cash and cash equivalents	**626,342**	551,834

Bank overdrafts carry interest at commercial rates and are secured by personal guarantees of the Owner.

18. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives not designated as hedging instruments:

	Notional amount USD'000	Assets AED'000	Liabilities AED'000
31 December 2024			
Foreign exchange derivatives	**1,881,114**	**1,437**	**14,144**
Interest rate swaps	**322,550**	**11,164**	**18,683**
		12,601	**32,827**
31 December 2023			
Foreign exchange derivatives	3,162,047	2,932	16,478
Interest rate swaps	287,500	9,896	20,907
		12,828	37,385

Derivative financial instruments are disclosed in the consolidated statement of financial position as follows:

	Assets		Liabilities	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Current	**1,437**	5,146	**6,473**	4,808
Non—current	**11,164**	7,682	**26,354**	32,577
	12,601	12,828	**32,827**	37,385

18. DERIVATIVE FINANCIAL INSTRUMENTS *continued*

Derivative financial instruments carried at fair value through profit or loss

Foreign exchange derivatives

The Group enters into foreign exchange derivatives with banks for the purposes of buying and selling USD, SAR, AED and EUR at specific dates.

Interest rate swaps

During the prior years, the Group entered into an interest rate swap agreement with a bank under a "pay fixed receive variable" interest rate arrangement. The interest rate swap is classified as derivative carried at fair value through profit or loss.

Derivative financial instruments designated under cash flow hedges

Interest rate swaps

In prior years, the Group entered into interest rate swap arrangements with banks to fix its variable interest exposure on certain term loans and short—term bank financing facilities. The derivatives were designated as a hedge on initial recognition and accordingly any changes in fair value are reported in the other comprehensive income.

There was an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match the terms of the interest due under the term loan. The Group had hedged 100% of the loan and a portion of its short—term bank financing facilities. To test the hedge effectiveness, the Group used the hypothetical derivative method and compared the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

During 2023, the Group settled a loan and accordingly, the hedging relationship was terminated and the derivative financial instrument was classified at fair value through profit or loss. Additionally, a portion of the hedge reserve relating to the interest rate swaps against the term loan of AED 839 thousand (2023: AED 5,705 thousand) was reclassified to profit and loss.

19. SHARE CAPITAL

	Authorised, issued and fully paid AED'000
500 shares of AED 1,000 each (2023: 500 shares of AED 1,000 each)	500

20. SHAREHOLDERS' ACCOUNTS

The shareholders' accounts are unsecured, interest free and payable at the discretion of the Company. The movement in the shareholders' account during the year is as follows:

	2024 AED '000	2023 AED '000
Balance at 1 January	**97,637**	275,377
Settlement of amounts due from a related party (note 16)	**—**	(170,533)
Payments to the shareholders	**(12,308)**	(7,207)
Balance at 31 December	**85,329**	97,637

21. STATUTORY RESERVE

In accordance with the Group companies' Articles of Association and the UAE Federal Decree Law No. (32) of 2021 5% of the profit for the year is to be allocated annually to a non—distributable statutory reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the respective companies' paid—up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the respective companies' paid—up capital.

22. WARRANTY PROVISIONS

	2024 AED '000	2023 AED '000
Non—current	**4,029**	5,198
Current (note 25)	**1,176**	3,804
	5,205	9,002

The movement in warranty provisions during the year was as follows:

	2024 AED '000	2023 AED '000
Balance at 1 January	**9,002**	12,748
Provision made during the year	**1,748**	5,038
Amount paid during the year	**(5,545)**	(8,784)
Balance at 31 December	**5,205**	9,002

23. LOANS AND BORROWINGS

	2024 AED '000	2023 AED '000
Term loans (note 23.1)	**358,007**	489,391
Bank financing facilities (note 23.2)	**527,889**	926,666
Non—convertible sukuk (note 23.3)	**1,630,079**	1,253,223
	2,515,975	2,669,280

23.1 Term loans

	2024 AED '000	2023 AED '000
Term loans	**368,529**	506,997
Unamortised transaction costs	**(10,522)**	(17,606)
	358,007	489,391

	2024 AED '000	2023 AED '000
At 1 January	**17,606**	40,923
Paid during the year	**180**	6,473
Amortised during the year	**(7,264)**	(11,127)
Related to settled loans*	**—**	(18,663)
At 31 December	**10,522**	17,606

* In prior year, unamortised transaction cost of AED 18,663 thousand was recognized in profit or loss upon the early settlement of certain term loans.

Disclosed in the consolidated statement of financial position as follows:

	2024 AED '000	2023 AED '000
Current	**54,243**	77,568
Non—current	**303,764**	411,823
	358,007	489,391

	2024 AED '000	2023 AED '000
Term loan 1	**87,254**	108,369
Term loan 2	**73,573**	104,244
Term loan 3	**—**	403
Term loan 4	**—**	50,000
Term loan 5	**—**	29,077
Term loan 6	**—**	15,493
Term loan 7	**182,418**	181,805
Term loan 8	**14,762**	—
	358,007	489,391

23. LOANS AND BORROWINGS *continued*

23.1 Term loans *continued*

Term loan 1

During 2017, a subsidiary of the Group entered into a credit facility agreement with the Swedish Export Credit Agency via a commercial bank for an amount of EUR 52.9 million to finance the supply and installation of tissue paper mill machinery and related services in Abu Dhabi. The principal portion of the facility is repayable in semi—annual instalments over a period of 10 years. The loan carries a fixed interest rate to be charged from 6 months after the first utilisations of the loan being 12 June 2017. The loan is secured by the corporate guarantee of the Company.

Term loan 2

During 2017, the Company obtained a loan from a commercial bank to finance the construction of printing and writing paper mill machinery and related services. The facility is secured by personal guarantee of the Owner and mortgage over property, plant and equipment. The loan carries interest at fixed rate and is repayable in 16 semi—annual installments starting June 2019.

Term loan 3

This loan was obtained by a subsidiary of the Group from a local bank in UAE to finance its capital expenditures. The loan carried an interest at variable market interest rate plus a spread and was repayable in 17 quarterly instalments commencing from April 2018. The loan was secured by corporate guarantee of the Company and mortgage over vehicles and machinery. The loan was fully settled during the current year.

Term loan 4

This loan was obtained by a subsidiary of the Group from a local bank in UAE. The loan carried an interest at variable market interest rate plus a spread and was repayable through two installments of AED 5 million on March 2024 and AED 45 million in March 2025. The loan was secured by guarantee of the Company. The loan was fully settled during the current year.

Term loan 5

This loan was obtained by a subsidiary of the Group from a local bank in UAE to support the expansion of business operations. The loan carried an variable market interest rate plus a spread and was payable in 12 quarterly payments starting in December 2022 and ending in September 2025. The loan was secured by the corporate guarantee of the subsidiaries of the Group. The loan was fully settled during the current year.

Term loan 6

This loan was obtained by a subsidiary of the Group from a local bank in UAE to finance the construction of a new copper recycling factory project in addition to purchase of related machinery, vehicles and tools. The loan carried an interest at a variable market interest rate of EIBOR plus a margin and was repayable in 24 quarterly instalments commencing after 3 months from the date of disbursement of the amount or the end of the "moratorium" period of 1.5 years from the date of the first disbursement (whichever is earlier). The loan was secured by assignment of Musataha right on certain land and buildings and corporate guarantee of the Shareholder. The loan was fully settled during the current year.

Term loan 7

On 22 December 2023, the company entered into a facility letter for a term loan amounting to AED 183.65 million from a commercial bank in the UAE for general corporate purposes and settlement of certain working capital indebtedness of another commercial bank. The facility is repayable as a bullet payment in December 2026. The loan carries variable interest of 3 months SOFR plus a margin for the first year and the remaining years carry a fixed interest rate.

The facility includes a Negative Pledge over the Group's property, plant and equipment.

Term loan 8

During the year, a subsidiary of the Group entered into a credit facility agreement with the Swedish Export Credit Agency via a commercial bank to finance the construction of a tissue paper manufacturing facility, including procurement of related machinery and local infrastructure works. The loan is denominated in USD and carries a fixed interest rate, repayable in equal semi—annual instalments over a 12—year term commencing six months after the successful commissioning of the project or 30 November 2025, whichever is earlier. The facility is supported by a buyer credit guarantee issued by the Swedish Export Credit Agency (EKN) and is further backed by corporate guarantees from certain group entities.

23.2 Bank financing facilities

	2024 AED '000	2023 AED '000
Bank facilities	**527,889**	926,666

These facilities were obtained by the Group from commercial banks to finance working capital. They carry interest at variable market rate plus a spread and are secured by personal guarantees of the Owner and corporate guarantees of the Company and its subsidiaries.

The bank financing facilities are classified as current liabilities in the consolidated statement of financial position.

23. LOANS AND BORROWINGS *continued*

23.3 Non—convertible Sukuk

	2024 AED '000	2023 AED '000
Non—convertible Sukuk	**1,630,079**	1,253,223

During the year, the Group issued trust certificates (Sukuk) of US$ 100 million (2023: US$350 million) which are listed on the International Stock Exchange in the Channel Islands. The sukuk carries profit rate of 9.75% payable semi—annually. The sukuk are repayable on 9 November 2028. The proceeds of the sukuk were utilised to repay a portion the Group's of existing term loans and short term facilities.

The Sukuk is stated net of transaction costs incurred in connection with the Sukuk arrangements, amounting to AED 29,198 thousand (2023: AED 32,152 thousand), which are amortised to the consolidated statement of profit or loss over the repayment period of Sukuk using the effective interest rate method.

During the year, the Group received a premium in relation to sukuk top—up issued in 2024, amounting to AED 7,763 thousand, which is being amortised to the consolidated statement of profit or loss over the repayment period of Sukuk using the effective interest rate method.

24. EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision recognised in the consolidated statement of financial position is as follows:

	2024 AED '000	2023 AED '000
At 1 January	**78,062**	70,266
Acquired though business combination (note 2.1)	**—**	380
Derecognition of a subsidiary (note 2.2)	**—**	(766)
Provided during the year	**15,940**	14,166
Paid during the year	**(6,411)**	(5,984)
At 31 December	**87,591**	78,062

25. ACCOUNTS PAYABLE AND ACCRUALS

	2024 AED '000	2023 AED '000
Trade payables	**1,028,787**	986,719
Supplier financing arrangements *	**762,012**	348,366
Other accruals or payables	**106,471**	94,791
Advances from customers	**126,889**	78,496
Accrued interest	**33,780**	42,914
Accrued salaries, wages and others	**32,433**	26,499
Accrued bonus	**34,036**	21,873
Retentions payable	**7,159**	7,833
Warranty provision (note 22)	**1,176**	3,804
	2,132,743	1,611,295

* The Group has established supplier finance arrangements offered to a number of its key suppliers within and outside the UAE, in order to guarantee payment on the maturity dates of their invoices. Under these arrangements, suppliers may choose to receive early payment on their approved invoices through the Group's external finance provider. Suppliers electing this option pay a fee directly to the finance provider, to which the Group is not party. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Group. Payments to suppliers ahead of the invoice maturity date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group provides no security to the finance provider on any early payments made to the supplier.

26. INCOME TAX

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major component of income tax expense in the consolidated statement of comprehensive income are:

26.1 Amount recognized in the consolidated statement of comprehensive income

The major components of income tax expense for the year ended 31 December 2024:

Consolidated profit or loss	2024 AED '000
Current income tax expense for entities forming the Tax Group (note 26.2)	**18,073**
Current income tax expenses for entities outside of Tax Group	**1,016**
	19,089
Deferred income tax benefit relating to origination and reversal of temporary differences	**(330)**
Income tax expense reported in the consolidated statement of comprehensive income	**18,759**

26.2 Reconciliation of accounting income

	2024 AED '000
Consolidated accounting profit before tax reported in the consolidated statement of profit or loss	**92,716**
Less: Accounting profit before tax for the year for entities outside of tax group	**(814)**
Accounting profit before tax for the year of the tax group	**91,902**
At United Arab Emirates' statutory income tax rate of 9%	**8,271**
Less: effect of standard exemption	**(34)**
Add: non—deductible expenses	**9,836**
Income tax expense for the year	**18,073**
Effective tax rate	**19.66%**

Deferred tax liability relates to the following:

	2024 AED '000
Goodwill	**307**
Other intangible assets	**1,283**
As of 31 December 2024	**1,590**
Reconciliation of deferred tax liabilities, net:	
Deferred tax expense recognized during the year	**1,590**
Deferred tax benefit due to amortization during the year	**(330)**
Net deferred tax liability balance at the end of the year	**1,260**

27. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2022, the shareholders resolved to discontinue the operations of its subsidiary, Ishtar Décor LLC and Ishtar Décor Factory LLC. In 2020, the shareholders resolved to discontinue the operations of a subsidiary, Al Ain National Precast Technology LLC, and its assets and liabilities were classified as 'Disposal group held—for—sale' in accordance with IFRS 5 Non—Current Assets Held For Sale And Discontinued Operations.

The results and cashflows of the subsidiaries are presented as discontinued operations in the consolidated statement of profit or loss in accordance with IFRS 5.

	2024 AED '000	2023 AED '000
Revenues	**—**	951
Direct costs	**(353)**	(2,732)
Gross loss	**(353)**	(1,781)
General and administrative expenses	**(5,185)**	(5,192)
Provision for expected credit losses	**396**	(9,298)
Finance costs	**(294)**	(769)
Other income	**4,983**	167
Loss for the year from discontinued operations	**(453)**	(16,873)

27. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS *continued*

The net cash flows incurred by the subsidiaries, were as follows:

	2024 AED '000	2023 AED '000
Operating	**1,922**	(1,683)
Investing	**—**	—
Financing	**(1,934)**	1,660
Net cash outflow	**(12)**	(23)

The assets and liabilities of a subsidiary, Al Ain National Precast Technology LLC, classified as disposal group held for sale in accordance with IFRS 5 comprise of the following:

	2024 AED '000	2023 AED '000
Assets		
Accounts receivable and prepayments	**6,582**	8,943
Amounts due from related parties	**139**	—
Bank balances and cash	**382**	394
Disposal group held for sale	**7,103**	9,337
Liabilities		
Accounts payable and accruals	**(3,097)**	(3,397)
Amounts due to related parties	**(127)**	(85)
Liabilities directly associated with disposal group held for sale	**(3,224)**	(3,482)
Net assets directly associated with disposal group	**3,879**	5,855

28. SEGMENT ANALYSIS

Segments were identified based on the Group's internal reporting and how the Chief Operating Decision Maker ("CODM") assesses the performance of the business. The Group has four reportable segments listed below:

Consumer goods

These include manufacturing of papers, paperboard, ready to use printing and writing papers, tissue paper manufacturing, manufacturing & supply of cleaning detergent.

Infrastructure and building material

These include providing premium copper rods, straight steel bars and high—quality cement in addition to trading of timber, plywood and couplers.

Business services

These include providing operations and maintenance services for infrastructure networks, water systems, sewage, treatment plants and solid municipal waste management, procurement, operation and maintenance of government hospitals.

Healthcare and others

These include sales and marketing of medical equipment and apparatus, brokerage services and fit—out works.

Interest bearing loans and borrowings and Islamic loans except for the subsidiaries with project financing arrangements and bank overdrafts are managed on a group basis and are not allocated to operating segments.

Inter—segment transactions are on an arm's—length basis in a manner similar to transactions with third parties. Inter—segment revenues are eliminated on consolidation.

The Chief Operating Decision Makers (CODM) monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

28. SEGMENT ANALYSIS *continued*

	Consumer goods AED'000	Infrastructure and building material AED'000	Business services AED'000	Health care and others AED'000	Hold co's & Eliminations AED'000	Total from continuing operations AED'000	Discontinued operations AED'000	Total AED'000
2024								
Revenue from external customers	1,801,548	9,359,298	753,010	341,941	2,252	12,258,049	—	12,258,049
Inter—segment revenue	3,003	639	3,773	84,471	(91,886)	—	—	—
Direct cost	(1,533,422)	(9,113,085)	(581,973)	(375,844)	90,220	(11,514,104)	(353)	(11,514,457)
GROSS PROFIT	271,129	246,852	174,810	50,568	586	743,945	(353)	743,592
Administrative expenses	(126,000)	(99,727)	(40,800)	(44,911)	(43,905)	(355,343)	(5,185)	(360,528)
Provision for expected credit losses	(5,143)	4,405	(1,149)	(11,240)	—	(13,127)	396	(12,731)
Other income / (expense)	2,675	1,620	5,174	3,143	(59)	12,553	4,983	17,536
Share of profit from associate	—	—	—	—	1,707	1,707	—	1,707
Gain on disposal of subsidiary								
Net foreign exchange (loss)/gain	(1,161)	(540)	(107)	(3,091)	448	(4,451)	—	(4,451)
Finance costs	(33,826)	(46,116)	(7,336)	(11,175)	(188,551)	(287,004)	(294)	(287,298)
Write—off of loan processing fees								
Reclassification of cash flow hedge reserve to Profit and loss	—	—	—	—	(839)	(839)	—	(839)
Change in fair value of derivatives	1,223	—	—	—	(5,495)	(4,272)	—	(4,272)
PROFIT (LOSS) BEFORE TAX	108,897	106,494	130,592	(16,706)	(236,108)	93,169	(453)	92,716
Income tax expense, current and deferred	(9,931)	(10,208)	(11,784)	(1,232)	14,396	(18,759)	—	(18,759)
PROFIT (LOSS) FOR THE YEAR	98,966	96,286	118,808	(17,938)	(221,712)	74,410	(453)	73,957
TOTAL ASSETS	2,386,440	2,064,528	600,314	444,673	61,367	5,557,322	7,103	5,564,425
TOTAL LIABILITIES	899,140	1,522,052	354,790	54,606	2,071,978	4,902,566	3,224	4,905,790

28. SEGMENT ANALYSIS *continued*

	Consumer goods	Infrastructure and building material	Business services	Health care and others	Adjustments eliminations and unallocated	Total from continuing operations	Discontinued operations	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
2023								
Revenue from external customers	1,906,726	7,643,944	585,356	288,742	3,083	10,427,851	951	10,428,802
Inter—segment revenue	—	—	—	68,649	(68,649)	—	—	—
Direct cost	(1,668,278)	(7,422,495)	(470,393)	(297,276)	63,770	(9,794,672)	(2,732)	(9,797,404)
GROSS PROFIT	238,448	221,449	114,963	60,115	(1,796)	633,179	(1,781)	631,398
Administrative expenses	(99,889)	(77,061)	(41,232)	(45,275)	(39,987)	(303,444)	(5,192)	(308,636)
Provision for expected credit losses	(2,582)	(5,155)	897	(406)	—	(7,246)	(9,298)	(16,544)
Other income / (expense)	2,048	892	7,167	2,112	(2,197)	10,022	167	10,189
Share of profit from associate	—	—	—	2,750	—	2,750	—	2,750
Gain on disposal of subsidiary	—	—	—	—	2,317	2,317	—	2,317
Net foreign exchange gain	(1,562)	(431)	(13)	66	2,029	89	—	89
Finance costs	(83,816)	(60,744)	(9,736)	(11,275)	(119,701)	(285,272)	(769)	(286,041)
Write—off of loan processing fees	(10,915)	—	—	—	(7,748)	(18,663)	—	(18,663)
Reclassification of cash flow hedge reserve to Profit and loss	5,705	—	—	—	—	5,705	—	5,705
Change in fair value of derivatives	(1,849)	—	—	—	3,455	1,606	—	1,606
PROFIT (LOSS) Before Tax	45,588	78,950	72,046	8,087	(163,628)	41,043	(16,873)	24,170
TOTAL ASSETS	2,204,663	1,857,665	484,071	446,737	134,835	5,127,971	9,337	5,137,308
TOTAL LIABILITIES	725,135	1,348,281	167,819	345,272	1,931,933	4,518,440	3,482	4,521,922

29. CONTINGENCIES AND COMMITMENTS

	2024 AED '000	2023 AED '000
Contingencies and commitments	**938,212**	621,687

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's principal financial liabilities comprise term loans, lease liabilities, bank financing facilities, bank overdraft, derivative financial instruments, trade and other payables and amounts due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as investment carried at fair value through other comprehensive income, trade and other receivables, contract assets, amounts due from related parties, derivative financial instruments and cash and bank balances, which arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade receivables and certain other assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

The calculation reflects the probability—weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's financial assets using a provision matrix:

	Total AED	Current AED	0—30 days AED	31 — 60 days AED	61 — 90 days AED	> 90 days AED
31 December 2024						
Expected credit loss rate		**0.01%**	**0.58%**	**0.43%**	**29.65%**	**37.36%**
Estimated total gross carrying amount at default	**1,719,984**	**1,167,677**	**191,250**	**98,718**	**12,076**	**250,263**
Less: expected credit losses	**(98,688)**	**(67)**	**(1,112)**	**(420)**	**(3,580)**	**(93,509)**
	1,621,296	**1,167,610**	**190,138**	**98,298**	**8,496**	**156,754**
31 December 2023						
Expected credit loss rate		0.01%	0.38%	0.55%	35.53%	38.92%
Estimated total gross carrying amount at default	1,463,330	838,799	269,773	72,297	13,763	268,698
Less: expected credit losses	(110,937)	(42)	(1,030)	(399)	(4,890)	(104,576)
	1,352,393	838,757	268,743	71,898	8,873	164,122

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The maturity profile of financial liabilities is monitored by management to ensure adequate liquidity is maintained.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance. The Group finance monitors rolling forecast of the Group' liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debts financing plans, covenant compliance and compliance with internal consolidation statement of financial position targets.

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES *continued*

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2024 and 31 December 2023, based on contractual payment dates and current market interest rates.

	On demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	> 5 years AED'000	Total AED'000
At 31 December 2024						
Trade payables and supplier financing arrangements	**178,735**	**1,033,348**	**578,716**	**—**	**—**	**1,790,799**
Amounts due to related parties	**178**	**—**	**—**	**—**	**—**	**178**
Bank financing facilities	**—**	**120,942**	**444,547**	**—**	**—**	**565,489**
Bank overdrafts	**5,366**	**—**	**—**	**—**	**—**	**5,366**
Non—convertible sukuk	**—**	**—**	**161,131**	**2,137,410**	**—**	**2,298,541**
Lease liabilities	**—**	**2,588**	**21,570**	**37,211**	**96,582**	**157,951**
Derivative financial instruments	**—**	**—**	**6,473**	**26,354**	**—**	**32,827**
Term loans	**—**	**—**	**80,231**	**334,013**	**11,295**	**425,539**
Total	**184,279**	**1,156,878**	**1,292,668**	**2,534,988**	**107,877**	**5,276,690**
At 31 December 2023						
Trade payables and supplier financing arrangements	226,133	312,881	796,071	—	—	1,335,085
Amounts due to related parties	289	—	—	—	—	289
Bank financing facilities	—	159,185	800,679	—	—	959,864
Bank overdrafts	13,011	—	—	—	—	13,011
Non—convertible sukuk	—	62,662	62,662	1,786,671	—	1,911,995
Lease liabilities	—	2,804	23,367	40,310	104,626	171,107
Derivative financial instruments	—	585	4,224	32,576	—	37,385
Term loans	—	5,266	—	546,582	—	551,848
Total	239,433	543,383	1,687,003	2,406,139	104,626	4,980,584

Currency risk

Currency risk comprises of transactions and statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against UAE Dirham. Statement of financial position risk relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into UAE Dirham as a result of currency movements.

The Group's major transactions in foreign currencies are in US Dollar. As the exchange rate of the UAE Dirham is pegged to the US Dollar, the Group is not subject to significant currency risk against balances in US Dollar.

Equity price risk

Equity price risk is the risk that the fair values of equities change as a result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure to the Group's equity and other comprehensive income arises from the Group's investments carried at fair value through other comprehensive income amounting to AED 27,003 thousand (2023: AED 41,825 thousand). The Group's profit or loss is not sensitive to equity price changes in its investment portfolio.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's cash flow exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations and deposits with floating interest rates.

To manage the cash flow risk relating to its floating rate borrowings, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. At 31 December 2024, after taking into account the effect of interest rate swaps, approximately 71% of the Group's borrowings are at a fixed rate of interest (2023: 55%).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit for one year (through the impact on unhedged portion of loans and borrowings).

Effect on profit	AED'000
2024	
+ 100 increase in basis points	**(7,251)**
— 100 decrease in basis points	**7,251**
2023	
+ 100 increase in basis points	(12,034)
— 100 decrease in basis points	12,034

30. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES *continued*

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in business conditions.

No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023. Capital comprises share capital, shareholders' accounts, statutory reserve, fair value reserve, retained earnings, cash flow hedges reserve, non—controlling interest and is measured at AED 658,635 thousand as at 31 December 2024 (2023: AED 615,368 thousand).

	2024 AED '000	2023 AED '000
Bank overdrafts	**5,000**	10,562
Term loans	**358,007**	489,391
Non—convertible sukuk	**1,630,079**	1,253,223
Bank financing facilities	**527,888**	926,666
	2,520,974	2,679,842
Less: bank balances and cash	**(630,960)**	(562,002)
Net debt	**1,890,014**	2,117,840
Total capital	**658,635**	615,386
Capital and net debt	**2,548,649**	2,733,226
Debt to equity ratio	**74.2%**	77.5%

Changes in liabilities arising from financing activities

	1 January 2024 AED'000	Cash flows AED'000	Other AED'000	31 December 2024 AED'000
At 31 December 2024				
Term loans	**489,391**	**(134,677)**	**3,293**	**358,007**
Non—convertible sukuk	**1,253,223**	**380,533**	**(3,677)**	**1,630,079**
Bank financing facilities	**926,666**	**(398,777)**	**—**	**527,889**
Total	**2,669,280**	**(152,921)**	**(384)**	**2,515,975**

	1 January 2023 AED'000	Cash flows AED'000	Other AED'000	31 December 2023 AED'000
At 31 December 2023				
Term loans	1,830,998	(1,371,397)	29,790	489,391
Non—convertible sukuk	—	1,253,223	—	1,253,223
Bank financing facilities	1,245,084	(318,418)	—	926,666
Total	3,076,082	(436,592)	29,790	2,669,280

The 'Other' column includes the effect of unamortised transaction costs for term loans and write off of unamortised transaction costs related to term loans that are early settled.

31. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value of the Group's assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting year. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Derivatives are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations.
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total fair value AED '000
31 December 2024				
Assets measured at fair value:				
Investments carried at FVTOCI	—	27,003	—	27,003
Derivative financial instruments	—	12,601	—	12,601
	—	39,604	—	39,604
Liabilities measured at fair value:				
Derivative financial instruments	—	32,827	—	32,827
31 December 2023				
Assets measured at fair value:				
Investments carried at FVTOCI	—	41,825	—	41,825
Derivative financial instruments	—	12,828	—	12,828
	—	54,653	—	54,653
Liabilities measured at fair value:				
Derivative financial instruments	—	37,385	—	37,385

During the year ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

32. DIVIDENDS

During 2023, the Company declared and paid dividends amounting AED 4,879 thousand to the owner.

33. COMPARATIVES

Certain comparative amounts have been reclassified to conform to current year's presentations. These reclassifications have no impact on previously reported profit or equity of the Group.

34. SUBSEQUENT EVENTS

Subsequent to the reporting date, the Group entered into a share transfer agreement for the sale of its subsidiaries, Ittihad Investment Central Asia Holding LTD and Chorsu Real Estate Development LLC, both which were dormant entities as of 31 December 2024. The transaction was concluded subsequent to the year—end.

OTHER INFORMATION

Currencies

Unless otherwise indicated, in this Offering Memorandum, all references to:

- **"dirham"** and **"AED"** are to the lawful currency of the United Arab Emirates; and
- **"U.S. dollars"** and **"U.S.$"** are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this annual report has been expressed in dirham. The Company's functional currency is dirham and the Company prepares its consolidated financial statements in dirham. The dirham has been pegged to the U.S. dollar since

22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = USD 1.00. All U.S. dollar translations of dirham amounts appearing in this report have been translated for convenience purpose at this fixed exchange rate, unless otherwise stated. These U.S. dollar figures have not been subject to audit or review. The exchange rate used should not be construed as a representation that AED could have been, or could be, converted into

U.S. dollars at the pegged rate or at any other rate, or that the dirham will continue to be pegged to the U.S. dollar at any time after the date of this Offering Memorandum.

Definitions

- references to **"RMI"** are to readily marketable inventories. Readily marketable inventories represent inventories held by the Company for operating activities which are classified as highly liquid in nature, readily convertible into cash (instantly or in the very short term), follow an international exchange or benchmark price index, are widely traded commodities, and have minimal price risk in operations due to natural hedge from contracts with customers and suppliers that pass through index price. This includes copper London Metal Exchange (**"LME"**) approved inventory, and pulp inventories where its major indexes are (RISI (Europe) or CRIC (China)). Given the highly liquid nature of these commodities, the Company consider them as cash equivalents and net off their value when calculating short term facilities used to procure those inventories to fairly present the adjusted leverage excluding RMI related debt.

Non-IFRS Financial Measures

This report presents certain financial measures that are not recognized by IFRS or any other generally accepted accounting principles and that may not be permitted to appear on the face of the Financial Statements or notes thereto, including operating profit margin excluding the impact of hedged copper, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA Margin excluding the impact of hedged copper (collectively, the **"Non-IFRS Measures"**). The Company uses such measures to assess the financial performance and liquidity of its business. The Company believes that these and similar measures are used widely by the investment community, securities analysts and other interested parties, as supplemental measures of performance and liquidity and are intended to assist in the analysis of its results of operations, profitability and ability to service debt.

The Company does not regard these Non-IFRS Measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or other generally accepted accounting principles or those calculated using financial measures that are calculated in accordance with IFRS.

The Company's primary Non-IFRS Measures are defined as follows:

- "the impact of hedged copper" is calculated as follows: The copper hedge is a natural hedge as the pricing of copper cathodes (raw material) and copper rods (finished goods) are both based on LME copper "unknown price". The "unknown price" is the market practice and refers to the LME closing price of copper at 17:50 London time on a particular trading date. The natural hedge in UCR operation is summarized as follow:
  - Procurement: LME copper unknown price multiplied by the volume (tonnage).
  - Sale: (LME copper unknown price plus the rod premium) multiplied by the volume (tonnage).

The sale and procurement process starts with a provisional invoice based on a pre-agreed, theoretical LME unknown price. Once the copper LME closing price is announced, a final invoice is issued and the difference between the theoretical price and the actual price is settled through a debit/credit note.

Impact of hedged copper on revenue represents direct material cost of copper included in revenue. Direct material costs of copper are AED 5,660.1 million, AED 7,095.3 million, and 6,372.6 million for the years ended 31 December 2021, 31 December 2022, 31 December 2023 respectively.

- **"operating profit margin excluding the impact of hedged copper"** is defined as the mathematical result of dividing operating profit by the result of subtracting the LME copper price impact on revenue from the Company's total revenues.
- **"Adjusted EBITDA"** is defined as net profit (loss) for the year / period from continuing operations plus finance costs, tax, depreciation, amortisation, impairment of goodwill, and changes in the fair value of derivative financial instruments.
- **"Adjusted EBITDA margin"** is defined as the ratio of Adjusted EBITDA to the revenue for the relevant period.
- **"Adjusted EBITDA margin excluding the effect of hedged copper"** is defined as the mathematical result of dividing Adjusted EBITDA by the result of subtracting the LME copper price impact on revenue from total revenues.

By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortization, historical cost and age of assets, financing and capital structures and taxation positions or regimes, the Company believes Adjusted EBITDA-based measures and other Non-IFRS Measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Company believes Adjusted EBITDA based measures and other Non-IFRS Measures are regularly used by the investment community as a means of comparison of companies in its industry.

Different companies and analysts may calculate Adjusted EBITDA based measures and other Non IFRS Measures differently, so comparisons among companies on this basis should be done carefully.

Adjusted EBITDA based measures and other Non IFRS Measures are not measures of performance under IFRS and should not be considered in isolation or construed as substitutes for operating profit or net profit as an indicator of the Company's operations in accordance with IFRS.

The Company's Non IFRS Measures and ratios are not measurements of its performance or liquidity under IFRS or any other generally accepted accounting principles and should not be considered as alternatives to performance measures derived in accordance with IFRS or any other generally accepted accounting principles. Neither the Company's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the presentation of any of the Non IFRS Measures and ratios contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, such presentation. Each of the Company's Non IFRS Measures is defined and reconciled to its closest comparable IFRS measure under "Summary Historical Financial Information and Other Data". The Company's Non IFRS Measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of its operating results as reported under IFRS or any other generally accepted accounting principles. Some of the limitations of Non IFRS Measures are that:

- they do not reflect the Company's cash expenditures or future requirements for capital investments or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Company's working capital needs;
- they do not reflect the significant interest expense or cash requirements necessary to service interest or principal payments on the Company's debt;
- they do not reflect any cash income taxes that the Company may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in the Company's consolidated income statement;
- they do not reflect the impact of earnings or charges resulting from certain matters the Company considers not to be indicative of its ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in the Company's industry and analysts may calculate these measures differently than the Company does, limiting their usefulness as comparative measures.

Because of these limitations, the Company's Non IFRS Measures should not be considered as measures of discretionary cash available to it to invest in the growth of its business or as measures of cash that will be available to it to meet its obligations or as measures of performance in order to assist in the analysis of the Company's operating results and profitability. Potential investors should compensate for these limitations by relying primarily on the Financial Statements and using these Non IFRS Measures only supplementally to evaluate the Company's performance. See "Summary Historical and Certain Other Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements (including the related notes), included elsewhere in this Offering Memorandum.

Adjusted EBITDA, Adjusted EBITDA margin and Adjusted EBITDA margin excluding the effect of hedged copper as used in this report are not calculated in the same manner as "Consolidated EBITDA" as described under "Terms and Conditions of the Certificates" or for purposes of any of the Company's other indebtedness. The information presented by Non IFRS Measures is unaudited and has not been prepared in accordance with IFRS.

Cautionary statement regarding forward-looking statements

Some statements in this Offering Memorandum may be deemed to be forward looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this report, including, without limitation, those regarding the financial position of the Group, or the business strategy, management plans and objectives for future operations of the Group, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. The Company has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding the Company's present, and future, business strategies and the environment in which the Company expects to operate in the future. Forward-looking statements speak only as at the date of this report and, without prejudice to any requirements under applicable laws and regulations, the Trustee, the Company and the Original Subsidiary Guarantors expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this report to reflect any change in the expectations thereof or any change in events, conditions or circumstances on which these forward-looking statements are based.

Given the uncertainties of forward-looking statements, the Trustee, the Company and the Original Subsidiary Guarantors cannot assure potential investors that projected results or events will be achieved and the Trustee and the Company caution potential investors not to place undue reliance on these statements.

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