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

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

Emirates Steel is a leading integrated steel manufacturer in the Middle East. The combination of the Company's building materials businesses Emirates Cement with Emirates Steel has created the UAE's largest steel and building materials business with a compelling strategic proposition and strong potential for growth in the UAE and internationally.

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

Financial Performance of the Group for Year Ended 31 December 2025

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

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

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

Review of Operations

Emirates Steel

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

Emirates Cement and Blocks

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

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

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

Liquidity

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

Total Assets & Shareholders' Equity

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

Dividend Distribution

The Board of Directors has proposed not to distribute dividend for the year 2025, subject to approval by shareholders at the forthcoming Annual General Assembly Meeting. In reaching this decision, the Board considered the Company's ongoing strategic and operational growth initiatives aimed at enhancing long-term shareholder value, as well as the associated capital expenditure requirements. The Board believes that the retention of earnings is appropriate to support these initiatives and to maintain financial flexibility.

Directors

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

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

Auditor

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

For and on behalf of the Board of Directors

Hamad A. Al Hammadi

Chairman
11 March 2026