



*Drake & Scull*

INTEGRATED  
REPORT

---

**2025**



[www.drakescull.com](http://www.drakescull.com)

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## ABOUT US

With a heritage defined by technical mastery and operational scale, Drake & Scull International PJSC (DSI) has built a formidable reputation as a multidisciplinary enterprise serving diverse markets across the Middle East, Europe, Asia, and Africa.

The Real Estate Development segment leverages DSI's deep engineering expertise to create high-quality assets that generate sustained financial returns while supporting strategic diversification across selected markets.

The Contracting vertical forms the backbone of DSI's operations, spearheading large-scale engineering and infrastructure projects across its core business units—Main Contracting, Infrastructure, MEP, and Specialist Subcontracting, covering the full project lifecycle from tendering and procurement through execution and post-completion support.

Drake & Scull opened its first office in the Middle East (Abu Dhabi) in 1966 and has since evolved into a diversified group structured around specialized verticals that collectively deliver integrated, end-to-end solutions across Real Estate Development, Contracting, Energy & Environment, and Oil & Gas.



### Passavant Energy & Environment GmbH (PE&E)

PE & E is DSI's dedicated environmental and water infrastructure platform, reinforcing the Group's expansion into sustainable solutions. Through advanced process design, proprietary technologies, and international engineering partnerships, PE&E delivers complex environmental systems that address critical water and wastewater challenges.

### Drake & Scull Oil & Gas

DS OG is The Group's dedicated industrial and energy platform, supporting large-scale developments across the oil and gas value chain. Anchored in disciplined project execution, the business delivers complex industrial projects underpinned by stringent safety standards, technical rigor, and operational efficiency.

Driven by technical excellence, strategic foresight, and operational integrity, DSI continues to strengthen its position as a trusted leader in integrated engineering, infrastructure, and development solutions.

# OUR PURPOSE AND DIRECTION

## Our Vision

Building on Drake & Scull's heritage and trusted brand, we aspire to regain a diversified regional leader in engineering, construction, and real estate development. Our goal is to deliver world-class assets and innovative solutions that create sustainable, long-term value for clients, and shareholders; while upholding the highest standards of governance, transparency, and excellence.

## Our Mission

We are committed to responsibly developing and delivering world-class engineering and development projects through integrated capabilities in design, engineering, energy, water, and infrastructure. Guided by our core values—People, Innovation, Passion, and Integrity—we create enduring economic and social value, while contributing to resilient communities, and drive sustainable development.

## Our Values

As a company inspired by vision and sustained by passion, we recognize that our greatest strength lies in our people. The success we have built rests on our people and the four values that shape how we work and grow together.

- People
- Innovation
- Passion
- Integrity

### People

We recognize that our people are the heart of our organization. We strive to provide an environment that attracts, motivates, and develops individuals. We encourage cooperative efforts at every level and across all activities within the company. We create and implement a succession / career progression planning programme that articulates corporate expectations clearly, while charting a well defined course for employee development.

### Innovation

We encourage innovation in order to cultivate originality and pursue new ideas and technologies, while introducing the right processes and models to put this to work safely, quickly, and efficiently, in order to improve the standards and diversity of our services continuously, all for the common benefit of our stakeholders.

### Passion

We believe that great success requires hearty efforts and dedication. We embrace and foster passion in every aspect of our business—from innovation and learning, to management and client satisfaction, to employee and skills development.

### Integrity

We are committed to promoting and enforcing the highest standards of ethical behaviour, and require all of our employees, suppliers, and business partners to act in accordance with our ethical principles. All forms of bribery, corruption, and similar unethical behaviour and activities are not tolerated.



# 145 YEARS A LEGACY OF EXCELLENCE

## 1881

- Bernad Drake founded Drake & Gorham, a new electrical company with colleague Marshal Gorham. Arthur Scull starts his plumbing business in Bristol.



## 2006-2007

- DSI establishes Infrastructure, Water and Power operations.
- DSI acquires Gulf Technical Construction Company (GTCC).



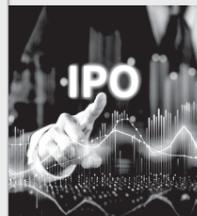
## 2009-2012

- DSI acquires Passavant Roediger.
- Drake & Scull and Passavant established an office in India.
- Drake & Scull forms a dedicated Oil & Gas division.
- Launches Drake & Scull Rail in MENA and Asia.



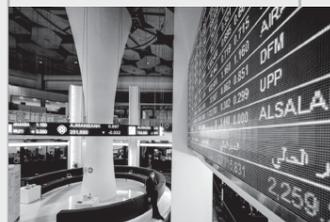
## 2008

DSI offers 55% of its shares to the public through its IPO, which was 101 times over-subscribed.



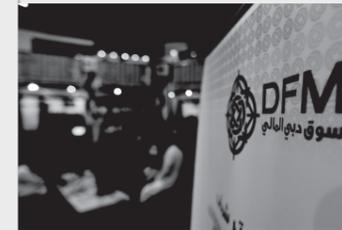
## 1964-1966

- Drake & Gorham and Arthur Scull and Son merge to form Drake & Scull Engineering and establishes office in Abu Dhabi.



## 2018

- Suspension of trading of the company's shares on DFM.



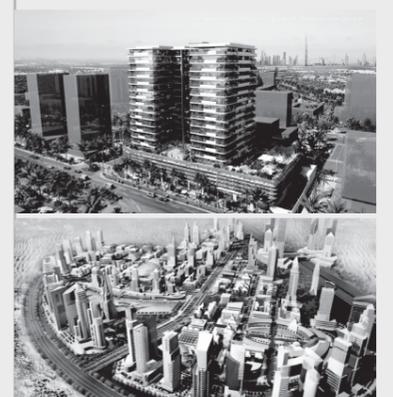
## 2024

- Resumption of trading of the company's shares on DFM.
- Capital increase through a rights issue.



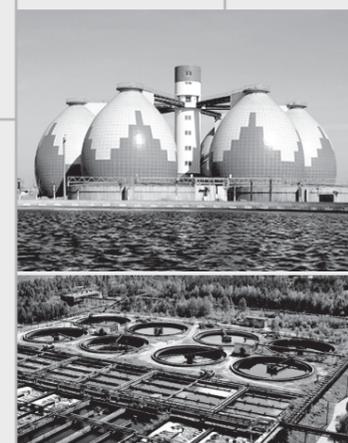
## 2025

- DSI announced the launch of Drake & Scull Real Estate Development.
- The Group announced its first development project in Majan, Dubai.



## 2013-2016

- Drake & Scull Engineering was established.
- Passavant Roediger evolves into Passavant Energy and Environment.



## 2023

- Restructuring Plan approved by Dubai Courts.





## CHAIRMAN'S MESSAGE

These achievements reflect the collective discipline, professionalism, and shared sense of responsibility demonstrated by the Board, management, and employees of Drake & Scull International, together with the continued confidence of our shareholders and partners.

The past year marked a pivotal chapter in the evolution of Drake & Scull International. Through disciplined oversight and a clear strategic direction, the Group transitioned from recovery to renewed momentum, delivering tangible progress across financial performance, operations, strategic positioning and restructuring program.

During the year, DSI demonstrated resilience and executional strength. The Group returned to profitability, strengthened its balance sheet, and advanced a diversified portfolio of projects across multiple geographies. These outcomes reflect not only operational rigor, but also the effectiveness of the governance framework that underpins our decision-making and long-term vision.

Equally important was the Group's strategic evolution. Building on its engineering and infrastructure heritage, DSI took measured steps to

expand into real estate development, reinforcing its ability to create long-term value through asset ownership while remaining disciplined in risk management. This evolution represents a natural progression, aligned with the UAE's broader economic ambitions and its focus on sustainable, future-ready growth.

As we look ahead, Drake & Scull International enters the next phase of its journey with confidence. The foundations laid over the past year position the Group to pursue growth opportunities with discipline, reinforce its market standing, and continue delivering sustainable value for all stakeholders.

**H.H. Shaikh Theyab Bin Tahnoon  
Bin Mohammad Al - Nahyan**  
CHAIRMAN



## CEO'S MESSAGE

At the heart of this progress is our people. I would like to thank our employees for their professionalism, commitment, and resilience, and our Board, shareholders, customers, and partners for their continued trust and support.

The year under review was defined by execution. Drake & Scull International translated strategic intent into measurable outcomes, delivering a clear improvement in financial performance while strengthening its operational platform and future growth pipeline.

The Group returned to profitability and achieved strong revenue growth, supported by disciplined project execution, improved cost control, and progress across key regional and international markets. A solid liquidity position and a healthy backlog provide further visibility and flexibility as we advance into the next phase of growth.

Operationally, we reinforced our core engineering and infrastructure businesses while selectively expanding our footprint. Notable project awards across water, wastewater, and infrastructure underscored the strength of our technical capabilities and the trust placed in us by public and private sector clients. At the same time, we took decisive steps to enter the real estate development space, establishing a

dedicated platform to unlock value through owned developments, beginning in Dubai.

The progress achieved during the year did not come easily. It was delivered alongside ongoing transformation efforts aimed at strengthening governance, financial discipline, and organizational effectiveness. These efforts are now embedded in how we operate, enabling the Group to move forward with greater confidence and control.

As we move forward, our priorities are clear: disciplined execution, selective growth, and consistent value creation. Drake & Scull International is well positioned to build on the momentum achieved and to deliver sustainable, long-term returns for its shareholders.

**Muin El-Saleh**  
GROUP CHIEF  
EXECUTIVE OFFICER

# BOARD OF DIRECTORS



**H.H. Shaikh Theyab Bin Tahnoon Bin Mohammad Al - Nahyan**  
Chairman



**Eng. Abdulla Atatreh**  
Vice chairman



**Dr. Abdulrahman Mahmoud Al Afifi**  
Board Member



**Mr. Mustafa Khreiba**  
Managing Director



**Mr. Abdulrahman Mohammed Alali**  
Board Member



**Mr. Khaled Owaidat**  
Board Member



**Mrs. Mia Zecevic**  
Board Member

# EXECUTIVE MANAGEMENT



**Muin El-Saleh**  
Group Chief Executive Officer



**Khalid Sukhon**  
Group Chief Financial Officer



**Ahmed El Bayouk**  
Group General Counsel



**Kiran Jacob**  
Group Executive Director – People & Culture



**Khayyam Abdu**  
General Manager – DSI Contracting



**Mokhtar Haddad**  
Chief Executive Officer – Passavant



**Muhannad Shaker**  
Director – Drake & Scull Oil & Gas



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

As Drake & Scull International PJSC continues its transformation, Corporate Social Responsibility remains a core pillar of the Group's long-term strategy and governance framework. The Group's restructuring reflects not only financial and operational realignment, but also a renewed commitment to responsible engineering, disciplined governance, and sustainable value creation.

DSI's CSR and ESG framework supports sustainable recovery and future growth through strong governance practices, workforce protection and development, environmental stewardship, and positive community engagement-aligned with national sustainability priorities and international ESG principles.



### Health, Safety & Wellbeing

- Comprehensive Health, Safety, and Environment (HSE) systems focused on proactive risk management.
- Continuous technical and behavioural safety training across all operations.
- Group-wide safety awareness programs and wellness initiatives.
- Employee participation in national health initiatives, including the Dubai 30x30 Fitness Challenge.



### Workforce Development

- Structured learning and development pathways for technical and professional staff.
- Leadership development programs supporting future-ready management.
- Training, apprenticeship, and internship initiatives aligned with national talent development agendas.



### Environmental Sustainability

- Integration of environmental considerations across design, execution, and operations.
- Responsible energy, water, and materials management supported by measurable efficiency targets.
- Adoption of green building and engineering practices aligned with LEED standards.
- Deployment of advanced wastewater treatment and water recycling solutions through Passavant Energy & Environment.



### Ethical Governance

- Strengthened governance framework underpinning stakeholder trust.
- Enhanced Code of Conduct and ethical compliance policies.
- Robust anti-bribery, anti-corruption, and transparent procurement practices.
- Responsible supply-chain management and confidential whistleblowing mechanisms.



### Community Engagement

- Employee volunteering and partnerships with community and social organizations.
- Ongoing enhancements to workforce accommodation, welfare, and support services.
- Continued support for health awareness initiatives, including the annual Pink October campaign.
- Sustained engagement with charitable, educational, and social institutions.



# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors present their report and the consolidated financial statements for the year ended 31 December 2025.

## Principal Activities

Drake and Scull International PJSC is primarily engaged in carrying out contracting work within the construction industry which mainly includes infrastructure and real estate development work, electrical, plumbing, oil and gas, air conditioning, water & waste-water treatment works.

## Results

For the year ended 31 December 2025, the Group recorded revenue of AED 224 million (2024: AED 104 million) and net profit of AED 47 million (2024: net profit AED 3,759 million).

The Group equity improved to AED 195 million as at 31 December 2025 compared to equity of AED 152 million in 2024.

## Auditors

Recommendation to recruit external auditor for the year 2026 at the Annual General Meeting.

For and on Behalf of the Board of Directors

Chairman  
March 16, 2026  
Dubai, United Arab Emirates

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DRAKE AND SCULL INTERNATIONAL (P.J.S.C.)

Report on the Audit of the Consolidated Financial Statements

## Qualified Opinion

We have audited the consolidated financial statements of Drake and Scull (P.J.S.C.) (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, consolidated statement of other 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, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

## Basis for Qualified Opinion

### i. Bank Confirmations

We have requested but not received confirmations from several banks with which the Group holds bank balances with a gross carrying amount of AED 10,402 thousand as at December 31, 2025 and AED 12,683 thousand as at December 31, 2024 and guarantees and bonds of AED 143,255 thousand as

at December 31, 2025 and AED 453,330 thousand as at December 31, 2024. We were unable to satisfy ourselves by alternative means with regards to the completeness and accuracy of these bank balances, the accuracy of the related expected credit loss of AED 10,981 thousand, the accuracy and

completeness of guarantees and bonds, and the existence and completeness of any special arrangements or restrictions arising from the relationships with these banks, commitments held with these banks, and any additional obligations or

## ii. Discontinued Operations

As disclosed in Note 34 to the consolidated financial statements, the Group has operations in various geographical locations that have been classified as discontinued operations and the related assets and liabilities with a carrying amount of AED 46,703 thousand (2024: AED 46,975) and AED 82,898 thousand (2024: AED 233,242), respectively, have been classified as held-for-sale on the consolidated statement of financial position. We were unable to obtain sufficient appropriate audit evidence with regards to the existence, accuracy and completeness of these balances and the completeness of any

## iii. Legal Confirmations

We have requested but not received register of legal cases obtained from local courts in foreign jurisdictions where the Group operates. We were unable to satisfy ourselves by alternative means with regards to the completeness of provisions and contingent liabilities related to legal cases. Accordingly, we were unable to determine whether any adjustments were

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 3.3 to the consolidated financial statements, which indicates that, as at December 31, 2025, the Group's accumulated losses exceeded 50% of the share capital along with other factors, which gives rise to the existence of

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our

liabilities to these banks as at December 31, 2025 and 2024. Our opinion on the Group's consolidated financial statements as at and for the year ended December 31, 2024 was also modified in respect of this matter.

contingencies that may arise as a result of the liquidation of these operations due to lack of accounting records and lack of access to these locations. Consequently, we were unable to determine whether any adjustments were necessary to these balances and whether there were any unrecorded liabilities and undisclosed contingencies related to these discontinued operations. Our opinion on the Group's consolidated financial statements as at and for the year ended December 31, 2024 was also modified in respect of this matter.

necessary with regards to the provision for legal cases and to verify the completeness of contingent liabilities disclosed in Note 23 to the consolidated financial statements. Our opinion on the Group's consolidated financial statements as at and for the year ended December 31, 2024 was also modified in respect of this matter.

material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not further modified in respect of this matter.

opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue from contracts with customers</b> Refer to Note 25 to the consolidated financial statements. The Group recognises revenue from construction, infrastructure and water and wastewater treatment projects over time in accordance with IFRS 15 "Revenue from Contracts with Customers".</p>	<p><b>We performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>Obtained an understanding of the Group's revenue recognition policies, processes and controls over contract budgeting, forecasting and revenue recognition and assessed their conformity with IFRS 15 "Revenue from Contracts with Customers".</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>Revenue from the contracts is recognised over time in accordance with IFRS 15 using an input-based measure of progress (percentage of completion).</p> <p>During the year, the Group recognised consolidated revenue of AED 223,780 thousand from long-term construction contracts which is accounted for over time.</p> <p>Revenue has been identified as a key audit matter due to its significance to the consolidated financial statements, the inherent risk associated with revenue recognition and accuracy, and the involvement of estimates and judgment applied by management in the revenue recognition process.</p>	<ul style="list-style-type: none"> <li>Evaluated the design and implementation of key controls involved in the revenue recognition process.</li> <li>Inspected a sample of contracts to evaluate whether criteria for recognising revenue over time under IFRS 15 were met, and assessed whether the method of measuring progress was appropriate.</li> <li>Assessed management's determination of stage of completion by reviewing computations.</li> <li>Recalculated the percentage of completion for the selected contracts using the cost-to-cost method and agreed total estimated cost and costs incurred to supporting documentation on a sample basis.</li> <li>Evaluated the adequacy of the disclosures included in the consolidated financial statements.</li> </ul>

## Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Board of Directors' Report.

Our opinion on the consolidated financial statements does not cover the other information except for the financial information given in the Board of Directors' Report, and accordingly, we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information

and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We conclude that the other information is materially misstated as a result of the matters described in the Basis for Qualified Opinion section of our report.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-Law No. (32) of 2021 (as amended), 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, the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 year 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 Decree-Law No. (32) of 2021 (as amended), except for the matters described in the Basis for Qualified Opinion section of our report, we report that, for the year ended December 31, 2025:

- The Company has maintained proper books of account;
- We have obtained all the information we considered necessary for the purposes of our audit;
- 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 Decree-Law No. (32) of 2021 (as amended);
- The financial information included in the Board of Directors' report is consistent with the books of account of the Company;
- There were no investments in shares and stocks during the year ended December 31, 2025;
- Note 22 reflects material related party transactions and the terms under which they were conducted;
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended December 31, 2025, any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 (as amended) or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at December 31, 2025; and
- There were no social contributions made during the year ended December 31, 2025.

GRANT THORNTON UAE



Dr. Osama El Bakry  
Registration No. 935  
Dubai, United Arab Emirates  
March 16, 2026



# CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2025

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	Notes	2025 AED'000	2024 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	2,756	582
Development property	7	24,863	-
Right-of-use assets	8	7,968	6,433
Deferred tax assets	32	17,543	17,324
Trade receivables	11	22,875	-
Retentions receivable	11	13,119	7,386
		<b>89,124</b>	<b>31,725</b>
<b>Current assets</b>			
Trade and other receivables	11	178,681	108,481
Contract assets	25	35,497	14,718
Due from a related party	22	25,068	53,247
Financial assets at fair value through profit or loss	12	644	1,351
Cash and bank balances	13	235,092	390,529
		<b>474,982</b>	<b>568,326</b>
Assets held-for-sale	34	46,703	46,975
		<b>521,685</b>	<b>615,301</b>
<b>TOTAL ASSETS</b>		<b>610,809</b>	<b>647,026</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	2,886,697	2,886,697
Share discount		(1,358,069)	(1,356,204)
Treasury shares	15	(4,094)	(433)
Statutory reserve	16	-	479,454
Mandatory Convertible Sukuks	17	370,470	368,130
Foreign currency translation reserve		(23,538)	(23,378)
Accumulated losses		(1,676,028)	(2,079,873)
<b>Total equity attributable to equity holders of the Parent</b>		<b>195,438</b>	<b>274,393</b>
Non-controlling interest		-	(122,658)
<b>Total equity</b>		<b>195,438</b>	<b>151,735</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits	18	7,868	9,129
Lease liabilities	8	6,947	5,164
		<b>14,815</b>	<b>14,293</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2025

	Notes	2025 AED'000	2024 AED'000
<b>Current liabilities</b>			
Provisions	19	108,408	47,902
Lease liabilities	8	1,342	1,323
Bank borrowings	20	9,859	8,732
Trade and other payables	21	137,821	150,504
Contract liabilities	25	59,793	36,093
Income tax payable	32	435	3,202
		<b>317,658</b>	<b>247,756</b>
Liabilities directly associated with the assets held-for-sale	34	82,898	233,242
		<b>400,556</b>	<b>480,998</b>
<b>Total liabilities</b>		<b>415,371</b>	<b>495,291</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>610,809</b>	<b>647,026</b>

These consolidated financial statements were approved and authorised for issue by the Board of Directors on March 16, 2026 and were signed on their behalf by:



**Dr. Abdul Rahman  
Mahmoud Al Afifi**

Board Member



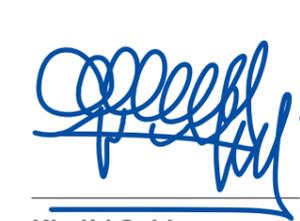
**Khaled Owaidat**

Board Member



**Muin El-Saleh**

Chief Executive Officer



**Khalid Sukhon**

Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 AED'000	2024 AED'000
<b>Continuing operations:</b>			
Revenue from contracts with customers	25	223,780	103,672
Cost of revenue	27	(207,015)	(98,394)
<b>GROSS PROFIT</b>		<b>16,765</b>	<b>5,278</b>
Provisions	28	(70,772)	(28,651)
General and administrative expenses	29	(46,861)	(39,750)
Allowance for expected credit losses	11&22	(37,624)	(15,971)
Impact of discounting on trade and retentions receivable		(5,360)	-
Restructuring costs		(4,746)	(41,915)
(Loss)/gain resulting from approved restructuring settlement plan	38	(2,340)	3,792,884
Other income	30	36,622	60,654
Finance income	31	13,615	12,598
Finance cost	31	(394)	(3,364)
<b>(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(101,095)</b>	<b>3,741,763</b>
Income tax expense	32	(1,255)	(709)
<b>(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(102,350)</b>	<b>3,741,054</b>
<b>Discontinued operations:</b>			
(Loss)/profit from discontinued operations		(1,283)	17,532
Gain resulting from winding up of partly owned subsidiary		150,682	-
<b>PROFIT FOR THE YEAR</b>		<b>47,049</b>	<b>3,758,586</b>
<b>Attributable to:</b>			
<b>Equity holders of the Parent:</b>		<b>(102,350)</b>	<b>3,741,054</b>
(Loss)/profit from continuing operations		26,741	13,727
Profit from discontinued operations		(75,609)	3,754,781
<b>Non-controlling interest:</b>		<b>122,658</b>	<b>3,805</b>
Profit from discontinued operations			
<b>Earnings per share:</b>			
Basic earnings per share (AED)	33	(0.027)	1.685
Diluted earnings per share (AED)	33	(0.017)	0.993

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 AED'000	2024 AED'000
<b>PROFIT FOR THE YEAR</b>	<b>47,049</b>	<b>3,758,586</b>
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of continuing foreign operations	(674)	1,081
Exchange differences on translation of discontinued foreign operations	514	(5)
Other comprehensive (loss)/income for the year	(160)	1,076
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>46,889</b>	<b>3,759,662</b>
<b>Attributable to:</b>		
Equity holders of the Parent	(75,769)	3,755,862
Non-controlling interest	122,658	3,800
	<b>46,889</b>	<b>3,759,662</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

Attributable to equity holders of parent

	Share Capital AED'000	Share Discount AED'000	Treasury Shares AED'000	Statutory Reserve AED'000
At January 1, 2024	1,070,988	3,026	-	125,760
Profit for the year	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income	-	-	-	-
Issuance of Mandatory Convertible Sukuks (Note 17)	-	-	-	-
Treasury shares (Note 15)	-	2,552	(433)	-
Transfer to statutory reserve (Note 16)	-	-	-	353,694
Issuance of share capital (Note 14)	1,815,709	(1,361,782)	-	-
At December 31, 2024	2,886,697	(1,356,204)	(433)	479,454
(Loss)/profit for the year	-	-	-	-
Other comprehensive loss	-	-	-	-
Total comprehensive (loss)/income	-	-	-	-
Issuance of Mandatory Convertible Sukuks (Note 17)	-	-	-	-
Absorption of accumulated losses (Note 16)	-	-	-	(479,454)
Treasury shares (Note 15)	-	(1,865)	(3,661)	-
At December 31, 2025	2,886,697	(1,358,069)	(4,094)	-

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Attributable to equity holders of parent

	Mandatory Convertible Sukuks AED'000	Foreign Currency Translation Reserve AED'000	Accumulated Losses AED'000	Total AED'000	Non-controlling Interest AED'000	Total equity AED'000
At January 1, 2024	-	(24,459)	(5,480,960)	(4,305,645)	(126,458)	(4,432,103)
Profit for the year	-	-	3,754,781	3,754,781	3,805	3,758,586
Other comprehensive income/(loss)	-	1,081	-	1,081	(5)	1,076
Total comprehensive income	-	1,081	3,754,781	3,755,862	3,800	3,759,662
Issuance of Mandatory Convertible Sukuks (Note 17)	368,130	-	-	368,130	-	368,130
Treasury shares (Note 15)	-	-	-	2,119	-	2,119
Transfer to statutory reserve (Note 16)	-	-	(353,694)	-	-	-
Issuance of share capital (Note 14)	-	-	-	453,927	-	453,927
At December 31, 2024	368,130	(23,378)	(2,079,873)	274,393	(122,658)	151,735
(Loss)/profit for the year	-	-	(75,609)	(75,609)	122,658	47,049
Other comprehensive loss	-	(160)	-	(160)	-	(160)
Total comprehensive (loss)/income	-	(160)	(75,609)	(75,769)	122,658	46,889
Issuance of Mandatory Convertible Sukuks (Note 17)	2,340	-	-	2,340	-	2,340
Absorption of accumulated losses (Note 16)	-	-	479,454	-	-	-
Treasury shares (Note 15)	-	-	-	(5,526)	-	(5,526)
At December 31, 2025	370,470	(23,538)	(1,676,028)	195,438	-	195,438

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 AED'000	2024 AED'000
<b>OPERATING ACTIVITIES</b>			
(Loss)/profit before tax from continuing operations		(101,095)	3,741,763
Profit before tax from discontinued operations		149,399	17,532
Profit before tax		48,304	3,759,295
<i>Adjustments for:</i>			
Gain resulting from winding up of partly owned subsidiary		(149,399)	-
Write-back of liabilities	30	(26,352)	(54,455)
Finance income	31	(13,615)	(12,598)
Writeback of provision for legal cases	30	(3,954)	-
Dividend income		(1,831)	-
Gain on sale of property and equipment		(28)	-
Provision for employees' end of service benefits	18	388	758
Finance cost	31	394	3,364
Depreciation of property and equipment	6	647	252
Change in fair value of financial assets at FVTPL	30	707	(365)
Depreciation of right-of-use assets	8	1,494	579
Impact resulting from approved restructuring settlement plan		2,340	(3,792,884)
Impact of discounting of trade receivables		5,360	-
Allowance for expected credit losses		35,426	397
Provisions	28	70,772	28,651
		(29,347)	(67,006)
<i>Changes in working capital:</i>			
Trade and other receivables		(133,568)	(24,842)
Due from a related party		(543)	14,509
Trade and other payables		27,900	(47,967)
<b>Cash used in operations</b>		<b>(135,558)</b>	<b>(125,306)</b>
Income tax paid		(2,422)	-
Payment of employees' end of service benefits	18	(2,182)	(1,579)
<b>Net cash flows used in operating activities</b>		<b>(140,162)</b>	<b>(126,885)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(2,456)	(277)
Purchase of development property		(24,863)	-
Proceeds from disposal of property and equipment		39	-
Proceeds/(placement) of fixed deposits		140,030	(180,030)
Dividend received		1,831	-
Interest income received		9,868	10,435
<b>Net cash flows from/(used in) investing activities</b>		<b>124,449</b>	<b>(169,872)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

	Notes	2025 AED'000	2024 AED'000
<b>FINANCING ACTIVITIES</b>			
Issuance of share capital		-	453,927
Repayment of bank borrowings		-	(404)
Acquisition of treasury shares, net		-	(433)
Payment of lease liabilities	8	(1,530)	(781)
Finance cost paid		(115)	(58)
<b>Net cash flows (used in)/from financing activities</b>		<b>(1,645)</b>	<b>452,251</b>
<b>Net change in cash and cash equivalents</b>		<b>(17,358)</b>	<b>155,494</b>
Net foreign exchange difference on translation of monetary items		(2,244)	557
Write-back of bank overdrafts		-	465,095
Cash and cash equivalents at the beginning of the year		171,555	(449,591)
<b>Cash and cash equivalents at the end of the year</b>	13	<b>151,953</b>	<b>171,555</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

## 1 Legal status and principal activities

Drake and Scull International P.J.S.C (the "Company" or the "Parent") was incorporated on November 16, 2008 and registered on January 21, 2009 as a Public Joint Stock Company. The Company is listed on the Dubai Financial Market. The registered address of the Company is P.O Box 65794, Dubai, United Arab Emirates. The Company together with its subsidiaries, as listed below, are referred to as the "Group". The Group is engaged in carrying out contracting work within

the construction industry which mainly includes infrastructure and real estate development work, electrical, plumbing, oil and gas, air conditioning, water & waste-water treatment works.

These consolidated financial statements as at December 31, 2025 and December 31, 2024 include the financial performance and position of the Company and its subsidiaries.

The details of the subsidiaries held by the Group as at year end are as follows:

Component Name	Principal Activity	Ownership (%)		Country of incorporation
		December 31, 2025	December 31, 2024	
Passavant Energy and Environment GmbH ("Passavant")*	Contracting for wastewater, water and sludge treatment plants	100%	100%	Federal Republic of Germany
Drake and Scull Cayman Island Limited	Investment in commercial enterprise and management	100%	100%	British Overseas Territory
Effective International Investment LLC	Investment in commercial, agricultural or industrial enterprises & management	100%	100%	United Arab Emirates
1996 Advanced Investments LLC	Investment in commercial, agricultural or industrial enterprises & management	100%	100%	United Arab Emirates
Emirates Utility Company LLC	Investment in commercial enterprise and management	100%	100%	United Arab Emirates
1881 Advanced Investments LLC	Investment in commercial, agricultural or industrial enterprises & management	100%	100%	United Arab Emirates
Drake and Scull Engineering LLC (DSE DXB)	Engineering, procurement and construction of Water and Power Infrastructure projects	100%	100%	United Arab Emirates

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Component Name	Principal Activity	Ownership (%)		Country of incorporation
		December 31, 2025	December 31, 2024	
Drake and Scull Engineering LLC (Abu Dhabi branch)	Engineering, procurement and construction of Water and Power Infrastructure projects	100%	100%	United Arab Emirates
Drake & Scull International LLC (Abu Dhabi)	Contracting work related to mechanical, electrical and sanitary engineering	100%	100%	United Arab Emirates
Drake and Scull for Contracting Oil and Gas Fields Facilities LLC	Oil & Gas Contracting	70%	70%	United Arab Emirates
Drake and Scull Real Estate Development L.L.C (a)	Real estate development	100%	-	United Arab Emirates
Drake and Scull Building Contracting L.L.C (b)	3D printing building construction contracting and building contracting	100%	-	United Arab Emirates
Passavant Engineering Limited- British Virgin Islands	Engineering, procurement and construction	100%	100%	Virgin Island (British)
Passavant Energy and Environment Contracting L.L.C (c)	Construction and demolition waste recycling, organic and garbage treatment, sewage and drainage contracting, water pipelines and stations contracting and recycling of waste electrical and electronic	100%	-	United Arab Emirates

The Company has a branch in Iraq under the name of "Drake and Scull International PJSC-Iraq Branch". The Group has investments in various other subsidiaries which are classified as discontinued operations (Note 34).

Arab Emirates (UAE) on January 16, 2025. The activity of the Company is real estate development. The address of Company's registered office is office 2002, Nasima Tower, Trade Centre 1, Dubai, UAE.

(a) Drake and Scull Real Estate Development L.L.C was incorporated as a Limited Liability Company under license number 1456884 issued by the Department of Economic Development, Government of Dubai, United

(b) Drake and Scull Building Contracting L.L.C was incorporated as a Limited Liability Company under license number 1478570 issued by the Department of

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Economic Development, Government of Dubai, United Arab Emirates (UAE) on May 5, 2025. The activities of the Company are 3D printing building construction contracting and building contracting. The address of Company's registered office is office 2002, Nasima Tower, Trade Centre 1, Dubai, UAE.

Department of Economic Development, Government of Dubai, United Arab Emirates (UAE) on May 20, 2025. The activities of the Company are Construction and demolition waste recycling, organic and garbage treatment, sewage and drainage contracting, water pipelines and stations contracting and recycling of waste electrical and electronic. The address of Company's registered office is office 2002, Nasima Tower, Trade Centre 1, Dubai, UAE.

(c) Passavant Energy and Environment Contracting L.L.C was incorporated as a Limited Liability Company under license number 1492839 issued by the

\* Passavant has following subsidiaries:

Component Name	Principal Activity	Ownership (%)		Country of incorporation
		December 31, 2025	December 31, 2024	
Passavant Energy and Environment India Private Limited	Engineering, procurement and construction	100%	100%	Republic of India
Balkanstek SRL former Passavant Energy & Environment SRL	Engineering, procurement and construction	100%	100%	Romania
Passavant Energy & Environment FZE	Engineering, procurement and construction	100%	100%	United Arab Emirates
Passavant Roediger Bulgaria EOOD	Engineering, procurement and construction	100%	100%	The Republic of Bulgaria
Passavant Engineering SRL	Engineering, procurement and construction	100%	100%	Romania
Passavant Engineering North Africa	Engineering, procurement and construction	100%	100%	The Republic of Tunisia
DSWE	Engineering, procurement and construction	100%	100%	Republic of India
Passavant Engineering Specialist Solutions GmbH	Supply of water treatment plants	100%	100%	Federal Republic of Germany

As at December 31, 2025 and December 31, 2024, Passavant has the following Joint Ventures and branches:

Joint Ventures:

- JV - Passavant Roediger & Sec Yapi Consortium - Turkey
- JV Passavant Energy & Environment GmbH, Equipment Sales and Service Company, Hinnawi Contracting Company - Palestine
- Acciona Agua Sau Passavant Roediger GmbH Ute (EUR) Joint Venture Egypt (EGP) - Egypt
- Consortium Passavant Energy and Environment GmbH and Arab Towers Contracting Company - Jordan
- The Consortium of Passavant Energy & Environmental GmbH and Masoud & Ali Partners Contracting - Palestine
- Consortium of Passavant Energy & Environmental GmbH & Hussein Atieh & Sons Co LLC - Jordan

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

- JV of Larsen & Toubro - Passavant Energy & Environment - India
- Consortium Passavant Energy and Environment GmbH & Ludwig Pfeiffer Hoch- und Tiefbau GmbH - Moldova
- Consortium 815129 STP, Tukuha Khola - Nepal

Branches:

- Passavant Energy & Environment Sucursala Bucuresti - Romania
- Passavant Energy & Environment - Kosovo
- Passavant Energy & Environment - Egypt
- Passavant Energy & Environment GmbH - Moldova
- Project office of Passavant Energy & Environment GmbH (Nathdwara & Allahabad) - India
- Passavant Energy & Environment GmbH - Palestine
- Passavant Energy & Environment - Turkey
- Passavant Energy & Environment GmbH - Jordan
- Passavant Energy & Environment - Algeria
- Passavant Energy & Environment GmbH - Bulgaria
- Passavant Engineering - Tunisia
- Passavant Energy & Environment Limited - Kingdom of Saudi Arabia

## 2 New or revised Standards or Interpretations activities

### 2.1 New Standards adopted as at January 1, 2025

Accounting pronouncement listed below, has become effective from January 1, 2025 and has therefore been adopted by the Group, but does not have any significant impact on the

Group's financial results or position.

- ◆ Lack of Exchangeability (Amendments to IAS 21)

### 2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective

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

The adoption of IFRS 18 'Presentation and Disclosure in Financial Statements', effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of these consolidated financial statements. The management is still in the process of identifying the possible impact of IFRS 18.

- ◆ IFRS 18 Presentation and Disclosure in Financial Statements
- ◆ Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- ◆ Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- ◆ Annual Improvements to IFRS Accounting Standards— Volume 11
- ◆ IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- ◆ Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

## 3 Statement of compliance and basis of preparation

### 3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption the Group operates on a going concern basis.

### 3.2 Basis of preparation

The Group's consolidated financial statements have been prepared on an accruals basis and under the historical cost

### 3.3 Going concern

As of December 31, 2025, the Group's accumulated losses exceeded 50% of the Company's share capital and the Group reported negative cashflows from its operating activities of AED 140,162 thousand (2024: AED 126,885 thousand). These events or conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business. Notwithstanding, the consolidated financial statements of the Group have been prepared on a going concern basis taking into consideration several factors as further disclosed below:

IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

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

Other new Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

The consolidated financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Decree-Law No. (32) of 2021 (as amended).

convention, except for financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value.

The Group's management and the Board of Directors have reassessed the Group's ability to continue as a going concern. The reassessment was based on the following factors:

- Availability of liquidity in the form of a sufficient bank balance to service its operating activities and debt; and
- Projected inflows from projects in pipeline expected to be realised during the year.

Furthermore, management and the Board of Directors are not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Based on the above, the consolidated financial statements have been prepared on a going concern basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and sub-subsidiaries as at December 31, 2025. 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

## 4 Material accounting policies

### 4.1 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:

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.

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.

Profit or loss and each component of OCI are attributed to the equity holders of the Company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

- ◆ 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. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 4.2 Fair value measurement

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 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.

The Group uses valuation techniques that are appropriate in

## 4.3 Foreign currency translation

### Functional and presentation currency

The Group's consolidated financial statements are presented in Arab Emirati Dirham ("AED"), which is also the Company's functional currency. All values are rounded to the nearest thousand (AED "000") except when otherwise indicated.

### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss, except for monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

## 4.4 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be

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.

The Group measures its financial assets at fair value through profit or loss, at fair value at each reporting date.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date).

### Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AED are translated into AED upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities of foreign operations have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into AED at the average rate over the reporting period. Exchange differences on the Group's net investment in a foreign operation are charged to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

capable of operating in the manner intended by management. Property and equipment are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Acquisition includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is not depreciated. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property and equipment. The following useful lives are applied:

- Buildings 5 to 10 years
- Machinery 2 to 5 years

## 4.5 Development and investment property

### Development property

Development property is carried at the lower of cost or net realisable value. The cost of development property includes the cost of land and other directly attributable costs, which are capitalised when activities necessary to bring the property to a condition ready for sale are in progress.

### Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is carried at historical cost less accumulated depreciation and impairment, if any.

Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of investment property. Investment property is depreciated over a period of 15 years.

## 4.6 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. The recoverable amount 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.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less

- Furniture, fixtures and equipment 2 to 5 years
- Motor vehicles 3 to 5 years

Capital work-in-progress is not depreciated.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Investment property is derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition.

In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as

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necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset,

An assessment is made at each reporting date to determine whether there is an indication that previously recognised

## 4.7 Leases

### The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

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.

### 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, if any, 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.

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows:

- Offices space 3 years
- Land 18 years
- Vehicles 3 years

The Group also assesses the right-of-use asset for impairment when such indicators exist.

### Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at

impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's 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 profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised, as applicable.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted

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using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

## 4.8 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment in associate is increased or decreased to recognise the Group's share of the profit or loss of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

Where the Group's share of losses in investment in associate equals or exceeds its equity accounted interest in the entities, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss due to its non-operating nature.

### Group as a lessor

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss due to its non-operating nature.

recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

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 results of associates" 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 the consolidated statement profit or loss.

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## 4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 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), or 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. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

- ◆ Financial assets at amortised cost;

- ◆ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- ◆ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- ◆ Financial assets at fair value through profit or loss

#### Financial assets at amortised cost

This is the category most relevant to the Group. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include contract assets, retention receivables, trade and other receivables, due from a related party and cash at bank.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. Dividends from financial assets at fair value through profit or loss investments are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

Other categories of financial assets are not applicable to the Group.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

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When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument

In applying this forward-looking approach, a distinction is made between:

- ◆ financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- ◆ financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- ◆ 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Refer to Note 5.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial liabilities

#### Initial recognition and measurement

The Group has classified its financial liabilities, at initial recognition, as bank borrowings, trade and other payables, contract liabilities and lease liabilities as appropriate.

All of the Group's financial liabilities are recognised initially at fair value net of directly attributable transaction costs. The Group's financial liabilities include bank borrowings, trade and other payables, contract liabilities, provisions and lease liabilities.

#### Subsequent measurement

Subsequently, bank borrowings, trade and other payables, contract liabilities, provisions and lease liabilities are measured at amortised cost using the effective interest method. All interest-related charges are included within finance costs.

#### 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 profit or loss.

### Offsetting of financial instruments

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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## 4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and term deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of

cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included under liabilities due to their financing nature to the Group.

## 4.11 Revenue from contracts with customers

Revenue arises mainly from, construction of water, wastewater and sludge treatment plants, and infrastructure development works, and mechanical, electrical and plumbing (MEP) works.

### Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contracts with customers specify that the Group is liable to pay penalty or for liquidated damages if certain conditions specified in the contract are not met for reasons not attributable to the customer. This penalty amount may vary for different contracts and/or customers. When the Group identifies the existence of variable consideration, it will estimate the amount of the consideration at contract inception by using the expected value approach and recognise a liability for the expected future losses.

### Contract modifications

Variation orders or modifications to original contracts are common to the Group considering the long-term contracting nature of business. The terms for variation orders are defined in each contract. Generally, variations are priced by reference to the per unit rates agreed in the contract and the revised quantities required for the completion of the contract. In accordance with IFRS 15, the Group will account for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified. Alternatively, the Group will account for a contract modification as a separate contract if the scope of contract increases due to addition of distinct goods or services and price of the contract increases by an amount that reflects the Group's standalone selling prices.

### Warranty obligations

The Group provides its customers warranty against defects arising from normal and/or expected usage and maintenance for a period of 1 year from the date of taking over certificates. Management assessed that 1-year warranty for defects are considered as an assurance type warranty as this warranty is necessary to ensure that the delivered products/services are as specified in the contract for a minimum period. There is no separate performance obligation for this warranty.

To determine whether to recognise revenue, the Group follows a 5-step process:

1 Identifying the contract with a customer

2 Identifying the performance obligations

3 Determining the transaction price

4 Allocating the transaction price to the performance obligations, and then

5 Recognising revenue when/as performance obligation(s) are satisfied

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

### Wastewater, water and sludge treatment services

Revenue from contracts for wastewater, water and sludge treatment services is recognised over time using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., delivery of services or warranties etc.). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

### MEP and infrastructure development works

Revenue from MEP and construction contracts, including mechanical, electrical and plumbing installations, utilities, infrastructure works, and related civil construction activities is recognised over time using an input method to measure progress towards complete satisfaction of the service. This method reflects the transfer of control to the customer as the Group's performance creates or enhances an asset that the customer controls, and the Group has an enforceable right to payment for work performed to date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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The extended warranty which is given by the Group for a period longer than required by the normal practice, is usually for the purpose of detecting errors or defects in the work performed and is necessary to provide assurance that the goods or services comply with the agreed upon specifications, and accordingly, such warranties are treated as assurance type warranty. Otherwise, and in rare cases, such warranty will be treated as a service type warranty and thus will be considered as a separate performance obligation.

Where warranty is considered as an assurance type warranty, the Group accrues for the cost of satisfying the warranty liability on the basis of historical experiences in accordance with the provisions of IAS 37.

## Contract balances

### Contract assets

A contract asset is initially recognised for revenue earned from services because the receipt of consideration is conditional on successful completion of the service. Upon completion of the service and acceptance by the customer,

## 4.12 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the goods or services, or as incurred. Expenditure

## 4.13 Equity and reserves

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital while a share discount reflects the amount for which shares are issued below par value. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share discount is recognized as a reduction of the share premium, or if insufficient premium exists, it is recognized as a separate component of equity. In cases where the issuance costs exceed the share premium, the excess is also treated as a reduction of equity.

Other components of equity include the following:

- ◆ Treasury shares – Own equity instruments that the market maker acquires on behalf of the Company. These are

## 4.14 Earnings per share

Basic earnings per share: Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weight average number of ordinary shares in issue during the year (excluding ordinary shares purchased by the Group and held as treasury shares).

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 in note 4.9 *Financial instruments*.

### 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 section in note 4.9 *Financial instruments*.

### 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).

for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

classified as treasury shares and are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium (see Note 15)

- ◆ Statutory reserve – comprises annual transfers from the Group's profit (see Note 16)
- ◆ Mandatory convertible Sukuks – represent equity, that will be converted into the Company's ordinary shares after a period of 5 years (see Note 17)
- ◆ Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of the financial statements of the Group's foreign entities into AED.
- ◆ Retained earnings/(accumulated losses) include all current and prior period retained profits or losses.

Diluted earnings per share: Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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## 4.15 Provisions

### General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 4.16 Contingent liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such

## 4.17 Employees' end of service benefits

The Group provides end of service benefits to its employees in accordance with the applicable laws. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period prescribed in respective jurisdictional laws. The

## 4.18 Disposal groups and non-current assets held-for-sale

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 and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

### Provision for legal cases

The Group recognizes a provision for legal cases when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation.

Provisions are determined based on management's best estimate of the probable outcome of the legal cases, considering legal counsel's advice and past experience. When time value of money is material, the estimates are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the legal obligations. The unwinding of the discount is recognized as a finance cost in the consolidated statement of profit or loss. Changes in the estimated outcome of the legal cases or in the discount rate are recognized in the consolidated statement of profit or loss in the period of the change.

### Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of project handover/post final certification, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

situations are disclosed as contingent liabilities unless the outflow of resources is remote.

expected costs of these benefits are accrued over the period of employment. The provision for employees' end of service benefits is reported as separate line item under non-current liabilities in the consolidated statement of financial position.

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 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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## 4.19 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held-for-sale. A discontinued operation represents a separate major line of the business. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation.

## 4.20 Taxes

Tax expense recognised in consolidated statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

### Current income tax

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

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

### Deferred tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available to be utilised, except in circumstances where IAS 12 does not permit.

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

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- ◆ When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- ◆ When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 5 Significant judgements and estimation uncertainty

When preparing the Group's consolidated financial statements, management makes a number of judgements,

### 5.1 Significant management judgements

The following are the significant judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

#### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

### 5.2 Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### Allowance for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to

experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 36.2.

#### Estimated total contract costs

The Group determines the measurement of estimated total contract cost based on assessment of future activity of the

estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses.

#### Determining the timing of satisfaction of contract revenue

For some of the Group's contracts with customers significant judgement is required to assess whether control of the related performance obligation(s) transfers to the customer over time or at a point in time in accordance with IFRS 15. Specifically, for contracts that involve developing a customer-specific asset with no alternative use to the Group, judgement is needed to determine whether the Group is entitled to payment for its performance throughout the contract period if the customer sought to cancel the contract.

In making this assessment the Group compares the amount it is entitled to collect based on the agreed payment schedule to the estimated level of costs at all stages in the contract.

adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. 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

contract. As the contract progresses, the Group reviews and, when necessary, revises the estimates of contract revenue and contract costs based on assessments of the outcome of future events. The estimates are revised as events occur and uncertainties are resolved. Any expected loss on a contract is recognised immediately.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 6 Property and equipment

	Building AED'000	Machinery AED'000	Furniture, fixtures and equipment AED'000	Motor vehicles AED'000	Total AED'000
<b>2025</b>					
<b>Cost</b>					
As at January 1,	172	7,436	6,079	1,020	14,707
Additions	-	-	661	1,821	2,482
Disposal	-	-	(278)	(65)	(343)
Currency translation differences	3	-	789	246	1,038
As at December 31,	175	7,436	7,251	3,022	17,884
<b>Accumulated depreciation</b>					
As at January 1,	114	7,436	6,030	545	14,125
Charge for the year	29	-	172	446	647
Disposals	-	-	(267)	(65)	(332)
Currency translation differences	2	-	551	135	688
As at December 31,	145	7,436	6,486	1,061	15,128
<b>Net carrying amount</b>					
as at December 31,	30	-	765	1,961	2,756

	Building AED'000	Machinery AED'000	Furniture, fixtures and equipment AED'000	Motor vehicles AED'000	Total AED'000
<b>2024</b>					
<b>Cost</b>					
As at January 1,	140	7,534	6,175	1,100	14,949
Additions	38	-	76	163	277
Currency translation differences	(6)	(98)	(172)	(243)	(519)
As at December 31,	172	7,436	6,079	1,020	14,707
<b>Accumulated depreciation</b>					
As at January 1,	79	7,534	6,050	515	14,178
Charge for the year	16	-	209	27	252
Disposals	19	(98)	(229)	3	(305)
As at December 31,	114	7,436	6,030	545	14,125
<b>Net carrying amount</b>					
as at December 31,	58	-	49	475	582

Depreciation charge for the year has been allocated to the consolidated statement of profit or loss as follows:

	2025 AED'000	2024 AED'000
General and administrative expenses (Note 29)	291	171
Cost of revenue (Note 27)	356	81
	<b>647</b>	<b>252</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 7 Development property

Development property amounted to AED 24,863 thousand as at December 31, 2025 (2024: AED Nil), comprising the cost of land located in Majan, Dubai and other development cost. The Group has planned to develop a commercial project on the land. The movement in the development property is as follows:

	2025 AED'000
Land	21,111
Development costs	3,752
At December 31,	24,863

## 8 Leases

The Group has lease contracts for land, office premises and motor vehicles used in its operations. Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2025 AED'000	2024 AED'000
As at January 1,	6,433	2,161
Additions*	2,864	4,976
Depreciation (Note 29)	(1,494)	(579)
Currency translation differences	165	(125)
As at December 31,	7,968	6,433

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2025 AED'000	2024 AED'000
As at January 1,	6,487	2,107
Additions*	2,864	4,976
Accretion of interest (Note 31)	279	142
Payments	(1,530)	(781)
Currency translation differences	189	43
As at December 31,	8,289	6,487

Disclosed in the consolidated statement of financial position at December 31 as follows:

	2025 AED'000	2024 AED'000
Non-current	6,947	5,164
Current	1,342	1,323
	8,289	6,487

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Maturity analysis and undiscounted future contractual cash flows of lease liabilities are disclosed in Note 36.3. The following are the amounts recognised in the consolidated statement of profit or loss with relation to leases:

	2025 AED'000	2024 AED'000
Depreciation of right-of-use assets (Note 29)	1,494	579
Interest on lease liabilities (Note 31)	279	142
Expense relating to short-term leases (Note 29)	452	1,809
	2,225	2,530

\*Represents impact resulting from reassessment of lease due to increase in lease term without change in the scope.

The Group does not have lease contracts that contain variable payments. The Group's lease contracts contain extension and termination options, which have not been included in lease liabilities. The Group had total cash outflows for leases of AED 1,530 thousand in 2025 (2024: AED 781 thousand). The Group also had non-cash additions to right-of-use assets and lease liabilities of AED 2,864 thousand in 2025 (2024: AED 4,976 thousand).

## 9 Investment in an associate

The Group has a 40% interest in Campco Properties LLC classified as investment in an associate and involved in the business of real estate lease and management services. The Group's interest in Campco Properties LLC is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate is set out below:

### Summarised statement of financial position

	2025 AED'000	2024 AED'000
Non-current assets	70,902	77,341
Current assets	345	327
Non-current liabilities	-	(5,018)
Current liabilities	(95,922)	(96,111)
Net assets	(24,675)	(23,461)
The Group's share in equity of the associate (40%)	-	-

### Summarised statement of profit or loss

	2025 AED'000	2024 AED'000
Revenue	5,625	2,769
Cost of revenue	(6,655)	(9,049)
Gross loss	(1,030)	(6,280)
General and administrative expenses	(184)	(1,218)
Other income	-	219
Loss for the year	(1,214)	(7,279)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

The Group has reduced the carrying amount of the investment in the associate to nil, and accordingly, has not accounted for any liability related to additional losses on the basis that it does not have any legal or constructive obligations towards such losses.

## 10 Investment property

Investment property represents the Group's fully depreciated labour camp building located in Dubai Investment Park (DIP), Dubai.

	2025 AED'000	2024 AED'000
Cost	8,548	8,548
Accumulated depreciation	(8,548)	(8,548)
<b>Net carrying amount as at December 31,</b>	<b>-</b>	<b>-</b>

The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value of the investment property as at December 31, 2025 was determined to be AED 9.5 million (December 31, 2024: AED 9.74 million).

The above valuation of the property is determined on the basis of income approach, which reflects the present value of future cash flows expected to be generated from the property. This approach involves capitalising the net maintainable income using market-based capitalisation rates. The key unobservable inputs include the estimated market rental rate and the capitalisation rates applied.

The fair value is based on a valuation performed by an accredited independent valuer. The valuation has been prepared in accordance with the RICS Valuation – Global Standards (the "Red Book"), issued by the Royal Institution of Chartered Surveyors ("RICS"), which incorporate the International Valuation Standards issued by the International Valuation Standards Council.

The property rental income earned by the Group from its investment property, which is leased under operating leases, and the direct operating expenses incurred are as follows:

	2025 AED'000	2024 AED'000
Rental income derived from investment properties (Note 30)	1,332	1,212
Rental expense	(308)	(308)

The lease contracts are non-cancellable after the commencement of the lease. Future minimum lease rentals are as follows:

	Minimum lease income due			
	within 1 year AED'000	1 - 5 years AED'000	More than 5 years AED'000	Total AED'000
December 31, 2025	456	-	-	456
December 31, 2024	1,332	456	-	1,788

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 11 Trade and other receivables

	2025 AED'000	2024 AED'000
<i>Financial assets at amortised cost:</i>		
Trade receivables, gross	473,438	447,903
Less: allowance for expected credit losses	(424,330)	(422,120)
Trade receivables, net	49,108	25,783
Balance held with a third-party licensed Market Maker (Note 15)	25,380	30,907
Accrued interest	5,910	2,163
Other receivables, gross	32,945	22,084
Less: allowance for expected credit losses on other receivables	(7,773)	-
	105,570	80,937
<i>Non-financial assets at amortised cost:</i>		
Prepayments	1,793	1,473
Advance to suppliers	24,964	8,237
Advance to sub-contractors	37,316	-
VAT receivable	45,032	25,220
	214,675	115,867
Less: non-current portion of trade receivable	(22,875)	-
Less: non-current portion of retentions receivable	(13,119)	(7,386)
Trade and other receivables	178,681	108,481

The movement in the allowance for expected credit losses on trade receivables during the year is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	422,120	435,040
Charge for the year	1,128	148
Write-offs	-	(13,979)
Currency translation differences	1,082	911
As at December 31,	424,330	422,120

The movement in the allowance for expected credit losses on other receivables during the year is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	-	-
Charge for the year	7,773	-
As at December 31,	7,773	-

Other receivables include a deposit amount of AED 15 million made to a real estate broker for the acquisition of a plot of land located in the city of Al Ain.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 12 Financial asset at fair value through profit or loss

	2025 AED'000	2024 AED'000
Investment in a real estate fund	644	1,351

The fair value of the fund is based on the net asset value provided by the fund manager. It represents the liquidation/redemption value assessed by the fund manager based on observable market data. During the year, the Group recognised a change in fair value loss of AED 707 thousand on the financial asset at fair value through profit or loss (2024: Gain of AED 365 thousand) (Note 30).

## 13 Cash and cash equivalents

	2025 AED'000	2024 AED'000
Bank balances	21,451	33,093
Fixed deposits*	227,616	372,409
Cash in hand	544	615
	249,611	406,117
Less: allowance for expected credit losses	(14,519)	(15,588)
<b>Bank balances and deposits</b>	<b>235,092</b>	<b>390,529</b>
Less: bank overdrafts (Note 20)	(7,247)	(6,420)
Less: fixed deposits with original maturity of more than three months	(40,000)	(180,030)
Less: deposits under lien*	(35,892)	(32,524)
<b>Cash and cash equivalents</b>	<b>151,953</b>	<b>171,555</b>

\*Fixed deposits include a deposit of AED 88,879 thousand as at December 31, 2025 (2024: AED 108,879 thousand) with a local incorporated financial investment and brokerage entity. These carry an interest ranging between 6% to 6.5% per annum (2024: 6% to 6.5% per annum). During the year, an interest income of AED 5,800 thousand (2024: AED 2,503 thousand) was recorded in the Consolidated statement of profit or loss.

The deposits also include deposits under lien against bank guarantees amounting to AED 35,892 thousand (2024: AED 32,524 thousand) that carry an average interest ranging between 2.25 % to 7.65% per annum (2024: 4.0% to 7.7% per annum).

The movement in the allowance for expected credit losses during the year is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	15,588	-
(Reversal)/charge for the year (Note 30)	(1,069)	15,588
As at December 31,	14,519	15,588

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 14 Share capital

	2025 AED'000	2024 AED'000
Authorized, issued and fully paid 2,886,697,023 shares of AED 1 each (2024: 2,886,697,023 shares of AED 1 each)	2,886,697	2,886,697

## 15 Treasury shares

This represents the acquisition cost of the Company's shares traded by the Market Maker. As at December 31, 2025, the Market Maker held 13,939,207 (December 31, 2024: 1,226,412) of the Company's own shares on behalf of the Company. A net cumulative loss on disposal of AED 1,865 thousand for the year ended December 31, 2025 (2024: Gain of AED 2,552 thousand) within share discount. As at December 31, 2025 and December 31, 2024 the Company also held a balance amounting to AED 25,380 thousand (2024: AED 30,907 thousand) with the Market Maker to be utilised for the acquisition of further treasury shares (Note 11).

## 16 Statutory reserve

In accordance with the UAE Federal Law by Decree No. 32 of 2021 (as amended), 10% of the net profit for year is required to be transferred to a statutory reserve. Such transfers may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. This reserve is non-distributable except in certain circumstances stipulated by the law. During the year, the Group absorbed an amount of AED 479,454 thousand from statutory reserve to accumulated losses under the approval from the shareholders obtained in its Annual General Meeting held on April 30, 2025.

## 17 Mandatory Convertible Sukuks

As at December 31, 2025, the Group has issued 74,094 Mandatory Convertible Sukuks ("MCSs") (2024: 73,626) to its qualified creditors each having carry value of AED 5,000 per MCS. MCSs are convertible into ordinary shares of the Company after a period of 5 years from the date of their issuance.

In accordance with the MCSs agreement, the overall converted shares shall be 35% of the overall issued capital of the Company post conversion. Consequently, any further issuance as a result of acceptance of late claims by the court expert would dilute the holding percentage of the existing MCSs holders.

Movement during the year is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	368,130	-
Issued during the year	2,340	368,130
As at December 31,	370,470	368,130

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 18 Employees' end of service benefits

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2025 AED'000	2024 AED'000
As at January 1,	9,129	12,045
Charge for the year	388	758
Transferred to trade payables and accruals*	-	(1,186)
Paid during the year	(2,182)	(1,579)
Currency translation differences	533	(909)
<b>As at December 31,</b>	<b>7,868</b>	<b>9,129</b>

\*In the year 2024, the Group reclassified provision for end of service benefits to trade payables and accruals being liabilities pertaining to individuals who are no longer engaged with the Group. This transaction has been eliminated in the 2024 consolidated statement of cash flows being a non- cash transaction.

## 19 Provisions

	2025 AED'000	2024 AED'000
Provision for legal cases	32,066	33,885
Provision for bond encashment	56,622	14,017
Provision for late claims	19,720	-
	<b>108,408</b>	<b>47,902</b>

The movement in the provisions during the year is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	47,902	1,545,181
Additional provisions made (Note 28)	70,772	28,651
Write-back of provision under approved restructuring plan	-	(1,246,824)
Conversion of provisions to MCSs	-	(138,536)
Reversal of provision for contingent liabilities of overseas operations	-	(36,000)
Transferred to other payables	(6,537)	(53,005)
Reversal of provisions	-	(51,565)
Paid during the year	(3,729)	-
<b>As at December 31,</b>	<b>108,408</b>	<b>47,902</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 20 Bank borrowings

	2025 AED'000	2024 AED'000
Bank overdrafts (Note 13)	7,247	6,420
Bond encashment	2,612	2,312
	<b>9,859</b>	<b>8,732</b>

Bank overdrafts carry interest rate ranging between 8.51% to 10.65% per annum (2024: 9% to 12% per annum). An overdraft facility amounting to Euro 4 million (2024: Euro 4 million) is secured against corporate guarantee from the Company.

## 21 Trade and other payables

	2025 AED'000	2024 AED'000
<i>Financial liabilities at amortised cost:</i>		
Trade payables*	72,282	65,195
Employee liabilities	30,942	69,004
Accrued expenses	28,847	10,554
	<b>132,071</b>	<b>144,753</b>
<i>Non-financial liabilities at amortised cost:</i>		
Withholding tax payable	5,750	5,751
	<b>137,821</b>	<b>150,504</b>

\*Includes an amount of AED 9,020 thousand as at December 31, 2025 (2024: AED 11,110 thousand) payable to small creditors under approved restructuring settlement plan.

## 22 Related party balances and transactions

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management in line with the approval of the Group's Board of Directors.

Balances with related parties included in the consolidated statement of financial position are as follows:

### Due from a related party

	2025 AED'000	2024 AED'000
Campco Properties LLC – Associate	77,017	76,474
Less: allowance for expected credit losses	(51,949)	(23,227)
	<b>25,068</b>	<b>53,247</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## Related party transactions

Transactions with a related party included in the consolidated statement of financial position is as follows:

	2025 AED'000	2024 AED'000
Campco Properties LLC - Associate Payment on behalf of associate	543	470

Transactions with related parties are entered into on mutually agreed terms and conditions.

## Compensation of key management personnel

	2025 AED'000	2024 AED'000
Short-term benefits	7,704	3,173
End of service benefits	251	120
Directors' fee (Note 29)	2,450	-
	10,405	3,293

## 23 Contingencies and commitments

	2025 AED'000	2024 AED'000
<i>Contingencies:</i>		
Letters of guarantee	266,380	281,182
Performance bonds	233,661	261,500
	500,041	542,682
<i>Commitments:</i>		
Letters of credit	-	4,653

## Legal cases - the Group as plaintiff

During the year 2018, the Group informed DFM that there were suspicious material financial violations by the previous management of the Group which are currently under investigation by the designated authorities in the UAE. Accordingly, the Company has filed civil and criminal cases against the previous management and others with respect of

these violations whereby criminal complaints were filed with the Abu Dhabi Public Funds Prosecutor's office.

These legal cases are ongoing, and the Company is continuously following up with their status with the objective to protect the rights of the shareholders of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## Legal cases - the Group as defendant

The Group is facing multiple civil cases from ex-employees mainly related to non-payment of their dues. Management assessed and concluded that in respect of the employee cases, the liabilities recorded by the Group in these consolidated financial statements are sufficient to cover such claims.

The Group is also facing several civil legal cases with suppliers and subcontractors for non-payment of their dues. On the basis that any such claims that may be approved by the expert appointed by the Court will be subject to the settlement criteria of 90% write-back and 10% settlement in cash or

Sukuk, management has concluded that, save as set out in these consolidated financial statement, no additional provisions are required to be recognised by the Group. Furthermore, the Group continues the settlement of legal cases with ex-employees and commercial creditors in accordance with the approved restructuring settlement plan.

Given the settlement of all major lenders and creditors in the year 2024, the management does not expect that any late claims will be material.

## Commitments

At December 31, 2025, the Group had commitments of AED 591,890 thousand (2024: AED Nil) relating to infrastructure development work in the Arabian Hills project.

## 24 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	2025 AED'000	2024 AED'000
<b>Financial assets at amortised cost:</b>		
<b>Non-current</b>		
Retentions receivable	13,119	7,386
Trade Receivable	22,875	-
	35,994	7,386
<b>Current</b>		
Trade and other receivables	64,240	73,551
Contract assets	35,497	14,718
Amount due from a related party	25,068	53,247
Bank balances	254,403	405,502
	379,208	547,018
<b>Financial asset at fair value through profit or loss</b>	644	1,351
	415,846	555,755
<b>Financial liabilities at amortised cost:</b>		
Trade and other payables	132,071	144,753
Lease liabilities	8,289	6,487
Bank borrowings	9,859	8,732
	150,219	159,972

Note 4.9 provides a description of each category of financial assets and financial liabilities and the related accounting policies. A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 36.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 25 Revenue from contract with customers

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

	2025 AED'000	2024 AED'000
<i>Type of revenue:</i>		
Wastewater, water and sludge treatment projects	194,548	101,839
Infrastructure development work/plumbing services	29,232	1,833
	223,780	103,672
<i>Geographical market:</i>		
Republic of India	99,015	47,091
Kingdom of Jordan	31,381	3,230
Republic of Tunisia	30,103	20,312
United Arab Emirates	29,232	1,833
Romania	18,019	28,999
Kingdom of Saudi Arabia	10,871	2,129
Others	5,159	78
	223,780	103,672

All of the Group's revenue is recognized over time.

Information about segment reporting is disclosed in Note 26 of these consolidated financial statements.

### Contract balances

	2025 AED'000	2024 AED'000
<i>Non-current</i>		
Retentions receivable (Note 11)	13,119	7,386
Trade receivables (Note 11)	22,875	-
<i>Current</i>		
Trade receivable, net (Note 11)	13,114	18,397
Contract assets, net (see below)	35,497	14,718
Contract liabilities (see below)	59,793	36,093

### Trade receivables

Trade receivables are non-interest bearing and are mostly on terms of 60 to 120 days from the date of billing. As at December 31, 2025, trade receivables with gross carrying value of AED 25.5 million were reduced to AED 22.9 million reflecting an impact of discounting as the amount is due after 365 days (2024: AED Nil). In 2025, AED 1,128 thousand was recognised as charge for expected credit losses on trade receivables (2024: AED 148 thousand) (Note 11). Contract assets relate to revenue earned from wastewater treatment and water sludge services contracts. As such, the balances of this account vary and depend on the number of ongoing contracts at the end of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 AED'000	2024 AED'000
Amount due from contracts with customers	209,883	188,022
Less: allowance for expected credit losses	(174,386)	(173,304)
	35,497	14,718

### Contract liabilities

	2025 AED'000	2024 AED'000
Due to customers for contract work	45,675	22,466
Short-term customer advances	14,118	13,627
	59,793	36,093

## 26 Segment reporting

Information regarding the Group's operating segments set out below is in accordance with IFRS 8 "Operating Segments". IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the "Executive management" who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance. Executive management assesses the performance of the operating segments based on revenue.

### Business segments

For management purposes, the Group is organised into business units based on their types of services and has three reportable business segments which are: (1) wastewater treatment and water sludge, (2) Mechanical Electrical and Plumbing (MEP) and Infrastructure development work, and (3) Corporate. The wastewater treatment and water sludge business involves the construction of plants for purification of contaminated water through various treatment processes and the management of the resulting solid byproducts (sludge) for safe disposal or reuse.

The MEP and construction segment carries out contracting work relating to the construction industry, such as mechanical, electrical, plumbing and sanitation work.

Corporate segment represents the corporate office of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Segment information for the year ended December 31 is as follows.

	For the year ended December 31, 2025			
	Wastewater treatment and water sludge AED'000	Infrastructure development work and MEP AED'000	Corporate AED'000	Total AED'000
<b>Revenue</b>				
External customers	194,548	29,232	-	223,780
<b>Income/(expense)</b>				
Sub-contracting cost	(61,227)	(21,237)	-	(82,464)
Material costs	(98,660)	-	-	(98,660)
Other direct costs	(22,036)	(3,855)	-	(25,891)
General and administrative expenses	(14,937)	(7,537)	(24,387)	(46,861)
Operating loss	(2,312)	(3,397)	(24,387)	(30,096)
Provisions	-	(11,280)	(59,492)	(70,772)
Allowance for expected credit losses	(975)	(36,649)	-	(37,624)
Impact of discounting of receivables	(2,705)	(2,655)	-	(5,360)
Restructuring costs	-	-	(4,746)	(4,746)
(Loss)/gain resulting from approved restructuring settlement plan	-	(385)	(1,955)	(2,340)
Other income	5,519	20,973	10,130	36,622
Finance income	823	6	12,786	13,615
Finance cost	(178)	(98)	(118)	(394)
<b>Segment (loss)/profit before tax</b>	<b>172</b>	<b>(33,485)</b>	<b>(67,782)</b>	<b>(101,095)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Segment information for the year ended December 31 is as follows.

	For the year ended December 31, 2024			
	Wastewater treatment and water sludge AED'000	Infrastructure development work and MEP AED'000	Corporate AED'000	Total AED'000
<b>Revenue</b>				
External customers	101,839	1,833	-	103,672
<b>Income/(expense)</b>				
Sub-contracting cost	(39,280)	(829)	-	(40,109)
Material costs	(42,523)	-	-	(42,523)
Other direct costs	(14,755)	(1,007)	-	(15,762)
General and administrative expenses	(13,217)	(21,375)	(5,158)	(39,750)
Operating loss	(7,936)	(21,378)	(5,158)	(34,472)
Provisions	(24,307)	(3,460)	(884)	(28,651)
Allowance for expected credit losses	(387)	(10,054)	(5,530)	(15,971)
Impact of discounting of receivables	-	-	-	-
Restructuring costs	-	-	(41,915)	(41,915)
(Loss)/gain resulting from approved restructuring settlement plan	-	528,817	3,264,067	3,792,884
Other income	334	31,170	29,150	60,654
Finance income	770	325	11,503	12,598
Finance cost	(1,841)	(152)	(1,371)	(3,364)
<b>Segment (loss)/profit before tax</b>	<b>(33,367)</b>	<b>525,268</b>	<b>3,249,862</b>	<b>3,741,763</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

	Wastewater treatment and water sludge AED'000	Infrastructure development work and MEP AED'000	Corporate AED'000	Corporate AED'000	Total AED'000
As at December 31, 2025					
Total assets	217,737	352,363	889,130	(895,124)	564,106
Total liabilities	205,090	270,021	207,580	(350,219)	332,473
As at December 31, 2024					
Total assets	163,902	335,799	952,495	(852,145)	600,051
Total liabilities	148,271	233,795	505,396	(625,413)	262,049

## Reconciliation of assets and liabilities:

	2025 AED'000	2024 AED'000
Segment assets	564,106	600,051
Assets held for sale	46,703	46,975
Total assets in the consolidated statement of financial position	610,809	647,026
Segment liabilities	332,473	262,049
Liabilities directly associated with assets held for sale	82,898	233,242
Total liabilities in the consolidated statement of financial position	415,371	495,291

## 27 Cost of revenue

	2025 AED'000	2024 AED'000
Material costs	98,660	42,523
Sub-contracting costs	82,464	40,109
Labour and staff cost	12,893	11,777
Depreciation of property and equipment (Note 6)	356	81
Other costs	12,642	3,904
	207,015	98,394

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 28 Provisions

	2025 AED'000	2024 AED'000
Provision for bond encashment (Note 19)	46,852	14,017
Provision for late claims (Note 19)	19,720	-
Provision for legal cases (Note 19)	4,200	14,634
	70,772	28,651

## 29 General and administrative expenses

	2025 AED'000	2024 AED'000
Salaries and other employee benefits	24,751	20,503
Legal and professional fees	9,960	9,312
Directors' fee (Note 22)	2,450	-
Business development	1,579	1,121
Depreciation of right-of-use assets (Note 8)	1,494	579
Office expenses	1,381	1,018
IT related expenses	775	556
Short-term leases	452	1,809
Business travel	307	487
Depreciation of property and equipment (Note 6)	291	171
Transportation	284	309
Bank charges	133	126
Others	3,004	3,759
	46,861	39,750

## 30 Other income

	2025 AED'000	2024 AED'000
Liabilities written-back*	26,352	18,455
Writeback of provision for legal cases	3,954	-
Dividend income	1,831	-
Rental income (Note 10)	1,332	1,212
Reversal of allowance for expected credit losses on bank balances	1,069	-
Reversal of provision for contingent liabilities of overseas operations	-	36,000
Recovery of receivables written off in prior periods	-	1,854
Change in fair value of financial assets at FVTPL (Note 12)	(707)	365
Others	2,791	2,768
	36,622	60,654

\*These liabilities have been written-back as the related dues have been settled with the respective parties and the Group does not expect any further outflow of economic resources in relation to these obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 31 Finance income and finance cost

	2025 AED'000	2024 AED'000
<b>Finance income:</b>		
Interest income on bank deposits	13,615	12,598
<b>Finance cost:</b>		
Interest expense on bank borrowings	115	3,222
Interest expense on lease liabilities (Note 8)	279	142
	394	3,364

## 32 Income tax

During the year, the Group submitted its corporate tax return for the year ended December 31, 2024. While computing the taxable income, the Group excluded gain of AED 3.7 billion resulting from write back of its liabilities under approved restructuring settlement plan. The management treatment to exclude such gain was based on private clarification sought from the Federal Tax Authority ("FTA") with regards to tax treatment of such gain. The Group had sought clarifications for three of its companies that were part of restructuring settlement plan. On July 2, 2025, the Management received a response for one of the three entities only.

In accordance with clarification received from the FTA, the management believes that the gain arising from the restructuring will not be subject to corporate tax as the certain conditions outlined in the clarification were met. The eligibility to exempt such gain was also contingent on the fair valuation of such liabilities at the beginning of the first taxable period, therefore the management engaged an independent valuer to

assess the fair value of the restructured liabilities. The report from the valuation expert indicated fair value of such liabilities to be Nil as at January 1, 2024. Given the satisfaction of conditions under Article 4(1) of Ministerial Decision No. 120 of 2023 and fair value of the liabilities, the management excluded such gain while computing the taxable income for the year ended December 31, 2024.

Furthermore, as of December 31, 2025 the Group has not received a response from FTA concerning the remaining two entities involved in the restructuring. However, in order to meet the corporate tax return filing timeline and given the similarity in the accounting treatment, the Group decided to benchmark the existing clarification received on July 2, 2025 to determine the taxable income for the remaining two entities. Based on the conclusion drawn on the FTA clarification, management excluded the gains in the respective tax returns of the remaining two entities, mirroring the approach taken for the entity for which clarification had been received.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

The major components of income tax expense or reversal for the years ended December 31, 2025 and 2024 are as follows:

	2025 AED'000	2024 AED'000
<b>Current income tax</b>		
Current income tax charge	(1,591)	(2,509)
Prior year income tax reversal	2,136	-
<b>Deferred tax</b>		
Relating to (reversal)/origination of temporary differences	(1,800)	1,800
<b>Income tax expense reported in profit or loss</b>	<b>(1,255)</b>	<b>(709)</b>

Reconciliation of tax expense and the accounting profit multiplied by UAE's domestic tax rate is as follows.

	2025 AED'000	2024 AED'000
Accounting profit before tax from continuing operations	(101,095)	3,741,763
Profit before tax from discontinued operations	149,399	17,532
<b>Accounting profit before income tax</b>	<b>48,304</b>	<b>3,759,295</b>
Less: income taxable at the rate of 0%	(375)	(1,125)
<b>Taxable accounting profit before income tax</b>	<b>47,929</b>	<b>3,758,170</b>
At the UAE's statutory tax rate of 9%	4,314	338,235
Non-taxable gain resulting from winding up/write back of liabilities under approved restructuring settlement plan	(13,561)	(341,360)
Effect of higher tax rate in foreign jurisdictions	409	87
Effect of non-taxable losses of loss-making entities within the Group	7,919	3,747
Reversal of prior year income and deferred tax	(336)	-
<b>At the effective tax rate of 2.6%/0.02%</b>	<b>(1,255)</b>	<b>(709)</b>

### Deferred tax

Deferred tax relates to the following:

	2025 AED'000	2024 AED'000
Carry forward losses*	17,543	15,524
Provisions	-	400
Expected credit losses	-	1,400
<b>Net deferred tax asset</b>	<b>17,543</b>	<b>17,324</b>

\*Relates to previous period losses of Passavant carried forward, which are available indefinitely to be offset against future taxable profit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

The movement in the deferred tax asset is as follows:

	2025 AED'000	2024 AED'000
As at January 1,	17,324	15,852
Provisions	(400)	
Allowance for expected credit losses	(1,400)	
Relating to origination of temporary differences	-	1,800
Foreign exchange differences	2,019	(328)
As at December 31,	17,543	17,324

## 33 Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent after adjusting for interest on the Mandatory Convertible Sukuks by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2025 AED'000	2024 AED'000
(Loss)/profit attributable to ordinary equity holders of the Parent:		
- Continuing operations (AED'000)	(102,350)	3,741,054
- Discontinued operations (AED'000)	26,741	13,727
<b>(Loss)/profit attributable to ordinary equity holders of the Parent for basic and diluted earnings (AED'000)</b>	<b>(75,609)</b>	<b>3,754,781</b>
Weighted average number of ordinary shares for basic EPS	2,875,075	2,228,390
Add: effect of dilution from MCSs	1,554,375	1,554,375
Total weighted average number of ordinary shares adjusted for the effect of dilution	4,429,450	3,782,765
<b>Earnings per share:</b>		
<b>Basic earnings per share (AED)</b>		
- From continuing operations	(0.036)	1.679
- From discontinued operations	0.009	0.006
<b>Earnings per share</b>	<b>(0.027)</b>	<b>1.685</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 AED'000	2024 AED'000
<b>Diluted earnings per share</b>		
- From continuing operations	(0.023)	0.989
- From discontinued operations	0.006	0.004
<b>Diluted earnings per share</b>	<b>(0.017)</b>	<b>0.993</b>

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

## 34 Discontinued operations

The Group has following entities/ventures classified as discontinued operations.

### Egypt

- Drake & Scull International for Contracting SAE (D&S Egypt)
- Oil and Gas Egypt
- Misr Sons Development S.A.E

### Kuwait

- Drake & Scull International for Electrical Contracting WLL (D&S Kuwait)

### People's Democratic Republic of Algeria

- DSC CCC JV (DSC Algeria)
- Drake & Scull Engineering - Algeria (DSE Algeria)

### Hashemite Kingdom of Jordan

- Drake & Scull Engineering LLC (D&S Jordan)
- Drake & Scull International (DSI Jordan)

### Thailand

- Drake & Scull International (Thailand) Company Limited (D&S Thailand)
- Drake & Scull International (Asia) Limited (DSI ASIA)

### Syrian Arab Republic

- Drake & Scull Syria Limited Liability Company - (D&S Syria)

### Kingdom of Saudi Arabia

- Drake & Scull International PJSC (Branch - DSWP KSA)
- DSWP - Saudi Arabia (DSWP KSA)
- Orient Corner Contracting Company
- International Center for Contracting

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## Qatar

- Drake and Scull Water & Power - (DSWP Qatar)

## State of Libya

- DS International FOR General Contracting

## United Arab Emirates

- Drake & Scull International Construction Company LLC
- DSI-HLS Joint Venture (AUH)
- HLS-DSE Joint Venture (DXB) – JOC
- HLS-DSE Joint Venture (DXB) – Habtoor

## DSC CCC JV (DSC Algeria) and Drake & Scull Engineering - Algeria (DSE Algeria)

On July 20, 2023, DSC CCC JV (DSC Algeria) Algeria, received a termination notice from its client in Algeria (Emiral) for its project Zone -1 (consisting of four residential high-rise buildings) and Zone 4 (consisting of fifteen villas) of the Multipurpose real property complex, located in the Town of Staoueli, Wilaya of Algiers. In addition, due to the termination of the main contract with Emiral, Drake & Scull Engineering Algeria as MEP sub-contractor of the project working under DSC CCC JV (DSC Algeria) umbrella, was not able to continue its operations in Algeria.

As the contract with Emiral is the only business in Algeria for DSC CCC JV (DSC Algeria), Algeria and Drake & Scull Engineering Algeria, both subsidiaries stopped their operations completely in Algeria and management does not have the intent to bid for new projects in the country. Based on the above facts, management decided to treat its operations in Algeria as discontinued operations.

## Drake & Scull International for Contracting SAE

Drake & Scull International for Contracting SAE ("DSIC") had one project in Egypt (Nile Corniche Project). Although the project was successfully completed and handed over in 2020, the main contractor liquidated DSIC's advance payment guarantee of USD 2,259,718 and performance guarantee of USD 12,895,500 on March 28, 2023, years after DSIC's successful works and project delivery. DSI PJSC is resorting to the dispute

resolution clauses in the subcontract agreement that will ultimately lead to taking the main contractor to arbitration as per the subcontract agreement terms and conditions. The management did not find favorable opportunities within this territory to keep the operation alive and profitable, and accordingly, management decided to treat its operations in Egypt as discontinued operations.

## Drake & Scull International Oman

During the year, the winding up process of Drake & Scull International LLC (Oman) was officially completed. The Group held 51% interest in the subsidiary. As a result of completion of winding up process, subsidiary's assets and liabilities were

derecognised and charged to profit or loss. This resulted in gain of AED 150,682 which has been recognised within profit from the discontinued operations in the consolidated statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

The gain resulting from liquidation of the entity was distributed as follows:

	2025 AED'000
Drake and Scull International P.J.S.C	28,024
Non-controlling interest	122,658
	150,682

## Financial information of discontinued operations:

The results of the discontinued operations are presented below:

	2025 AED'000	2024 AED'000
<b>Statement of comprehensive income</b>		
Other (expense)/income	(1,283)	62,659
General and administrative expenses	-	(45,127)
<b>(Loss)/profit from discontinued operations</b>	<b>(1,283)</b>	<b>17,532</b>

The major classes of assets and liabilities of the discontinued operations as at the reporting date are as follows:

	2025 AED'000	2024 AED'000
<b>Assets:</b>		
Property and equipment	30	30
Trade and other receivables	44,922	45,091
Cash and bank balances	1,751	1,854
	46,703	46,975

	2025 AED'000	2024 AED'000
<b>Liabilities:</b>		
Trade and other payables	82,898	138,000
Bank borrowings	-	95,242
	82,898	233,242

Cash and cash equivalent related to discontinued operations is as follows:

	2025 AED'000	2024 AED'000
Cash and bank balances	1,751	1,854
Less: bank overdrafts	-	(95,242)
Bank overdrafts related to discontinued operations, net of cash	1,751	(93,388)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 35 Fair value measurement

Management assessed that the fair values of cash and bank balances, trade and other receivables, trade and other payables, due from a related party as at December 31, 2025 and 2024 approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying amounts of borrowings as at December 31, 2025 and 2024 approximate

their fair values due to the fact that they bear variable interest rates that reflect current market interest rates and due to the short-term maturities.

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels as disclosed in the Group's accounting policies (Refer Note 4.2).

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis:

	2025 AED'000	2024 AED'000
<i>Level 2</i>		
Financial assets at fair value through profit or loss	644	1,351

There have been no transfers made between the valuation levels during the current year and the previous year.

## 36 Financial instruments risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarised in Note 24. The main types of risks are market risk, credit risk and liquidity risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management are responsible for developing and monitoring the Group's risk management

policies and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities.

### 36.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

and Euro. Exposures to currency exchange rates arise from the Group's overseas contracts which are primarily denominated in Euro (EUR) and Indian Rupee (INR).

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

#### Foreign currency risk

Most of the Group's transactions are carried out in AED, INR

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

The amounts shown are translated into AED at the closing rate:

	2025 AED'000	2024 AED'000
Financial assets	102,181	117,611
Financial liabilities	(157,173)	(132,636)
Net exposure	(54,992)	(15,025)

### Sensitivity to foreign currency risk

The following illustrates the sensitivity of profit and equity relating to the Group's financial assets and financial liabilities and the EUR/AED exchange rate and INR/AED exchange rate assuming 'all other things being equal'.

It assumes a +/- 5% change of the AED/Euro exchange rate for the year ended at December 31, 2025 (2024: 5%). The above percentage has been determined based on the average market

volatility in exchange rates. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. If the AED had strengthened against the EUR and INR by 5% (2024: 5%), then this would have had increased the result for the year by AED 2,750 thousand (2024: AED 751 thousand) and equity by AED 2,502 thousand (2024: AED 684 thousand). If the AED had weakened against the EUR and INR by 5% (2024: 5%), then this would have had a similar reverse impact.

### 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 exposure to the risk of changes

in market interest rates relates primarily to the Group's short-term debt obligations with variable interest rates.

### Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2024: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The

calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Impact on profit		Impact on equity	
	+1% AED'000	-1% AED'000	+1% AED'000	-1% AED'000
December 31, 2025	99	(99)	90	(90)
December 31, 2024	87	(87)	79	(79)

### 36.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash

equivalents, contract assets, trade and other receivables, retention receivables and due from a related party.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## Credit risk management

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at December

31, 2025 and 2024 as per the carrying amounts of the financial assets disclosed in Note 24.

## Trade receivables and contract assets

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. The Group's policy is to deal only with credit worthy counterparties. The credit terms range between 60 and 120 days. The credit terms for customers as negotiated with customers are subject to an internal approval process. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

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 Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Generally, trade receivables are provided if past due for more than one year and are not subject to enforcement activity.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The

On the above basis the expected credit loss for trade receivables and contract assets was determined as follows:

	Contract assets		Trade and other receivables			
	Current AED'000	Past due AED'000	Current AED'000	Past due up to 30 days AED'000	Past due more than 60 days AED'000	Total AED'000
<b>December 31, 2025</b>						
Gross carrying amount	35,497	174,386	37,976	4,049	431,413	473,438
Expected credit losses	-	(174,386)	-	-	(424,330)	(424,330)
Expected credit loss rate	-	100%	-	-	98.36%	-
Net carrying amount	35,497	-	37,976	4,049	7,083	49,108
<b>December 31, 2024</b>						
Gross carrying amount	14,718	173,304	20,336	6,664	420,903	447,903
Expected credit losses	-	(173,304)	-	(2,990)	(419,130)	(422,120)
Expected credit loss rate	-	100%	-	44.9%	99.6%	-
Net carrying amount	14,718	-	20,336	3,674	1,773	25,783

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## Bank balances

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of

bank deposits and are only with major reputable financial institutions.

## Due from a related party

Balances due from a related party mainly relate to a balance due from the associate in relation to the construction of a labour camp in Abu Dhabi funded by the Group. The Group expects the balance to be settled from the proceeds from the

disposal of the camp owned by the associate, and accordingly, has stated the balance net of the impact of the time value of money.

## 36.3 Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for bank borrowing as well as forecast cash inflows and outflows due in day-to-day business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions,

without incurring unacceptable losses or risking damage to the Group's reputation.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade and other receivables are all contractually due within six months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand AED'000	0-180 Days AED'000	181-360 days AED'000	Above 360 days AED'000	Total AED'000
<b>December 31, 2025</b>					
Bank borrowings	10,803	-	-	-	10,803
Lease liabilities	-	-	2,307	8,502	10,809
Trade and other payables	-	132,071	-	-	132,071
	10,803	132,071	2,307	8,502	153,683
<b>December 31, 2024</b>					
Bank borrowings	9,693	-	-	-	9,693
Lease liabilities	-	-	1,482	5,737	7,219
Trade and other payables	-	144,745	-	-	144,745
	9,693	144,745	1,482	5,737	161,657

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date. The credit terms require the Group to settle its liabilities within 90 days.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

## 37 Capital management policies and procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders to maintain the confidence of its investors, creditors and the market and to sustain future development of the business. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to

shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2025 and December 31, 2024. For the purpose of the Group's capital management, capital comprises share capital, share discount, treasury shares, statutory reserve, mandatory convertible Sukuks, foreign currency translation reserve and accumulated losses amounting to AED 195,438 thousand (2024: AED 151,735 thousand).

## 37 Restructuring

In the year 2024, the Group in accordance with the Dubai Court order and approved restructuring settlement plan wrote back its liabilities owed to all qualified financial lenders and trade creditors. Consequently, the implementation of the restructuring settlement plan as approved by the Dubai Court of appeal resulted in write-back of liabilities and conversion of liabilities to Mandatory Convertible Sukuks ("MCSs") in the amount of AED 3,792,884 thousand and AED 368,130 thousand,

respectively. In the year 2024, the Group also wrote back excess liabilities in the amount of AED 356 million that were directly related to the excess provisions and accrued interest. During the year ended December 31, 2025, the Group recorded an amount of AED 2,340 thousand on account of late claims filed and accepted by the court expert against which MCSs of AED 2,340 thousand were issued during the year.

## 37 Subsequent events

Subsequent to the reporting date, geopolitical tensions in the Middle East have continued to evolve, including ongoing regional conflicts and heightened political uncertainty. These developments have increased volatility in global and regional markets and may, over time, affect economic

conditions in the region. As at the date of approval of these consolidated financial statements, the Group continues to monitor developments in the region and will assess the impact, if any, on future periods.



GOVERNANCE  
REPORT  

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2025



# GOVERNANCE REPORT FOR 2025

## 1. Statement of procedures taken to complete the Corporate Governance System during 2025 and method of implementing thereof.

Drake & Scull International PJSC ("DSI") is committed to the highest level of Corporate Governance and has derived its values from a system that integrates ethics, corporate integrity, and market-lending compliant practices. Transparency, fairness, disclosure, and accountability are central to the working principles of the Company, Board of Directors, Senior Management, and Employees.

### Below are some of the corporate governance practices in 2025:

- The Board of Director and its committees are committed to the number of meetings required and to the assigned tasks and responsibilities.
- The Corporate Governance Manual, the Board of Directors' Charter and the Charters of its committees have been reviewed to ensure compliance with the Resolution No. (2/M) of 2024 concerning amendments to Resolution No. (3/M) of 2020 regarding the Corporate Governance Guide for Public Joint Stock Companies.
- The policy for transactions with related parties was formulated by the Audit Committee to ensure that all transactions are conducted in accordance with relevant regulations.
- The policy for contracting with external auditors was formulated to maintain the credibility and reliability of the company's financial statements, ensure the independence of the external auditor, and comply with the regulations governing the appointment of external auditor.
- Each board member declares his independence and the positions he holds within the boards of directors of other companies quarterly.
- The company adhered to all obligations regarding the disclosures of material information.

## 2. Statement of Ownership and transactions of Board of Directors (Board), their spouses and their children in the company securities during 2025, according to the following schedule:

Sr.	Name	Position	Owned Shares as on 31/12/2025	Total Sale	Total Purchase
1	H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Chairman	182,291	N/A	N/A
2	Eng. Abdulla Subhi Ahmed Atatreh	Vice-Chairman	N/A	N/A	N/A
3	Dr. Abdulrahman Mahmoud Abdulrahman Al Afifi	Board Member	N/A	N/A	N/A
4	Mr. Mustafa Ghazi Kheriba	Managing Director	N/A	N/A	N/A
5	Mr. Abdulrahman Mohammed Al Ali	Board Member	N/A	N/A	N/A
6	Ms. Mia Zecevic	Board Member	N/A	N/A	N/A
7	Mr. Khaled Owaidat	Board Member	24,036,596	5,250,00	430,319
<b>Members whose term has expired (resignation)</b>					
1	Mr. Ahmad M F A Al Kilani (resigned on 08/10/2025)	Board Member	N/A	N/A	N/A

## 3. Board of Directors Formation:

### A. Statement of the current Board formation (along with the names of both the resigned and appointed Board members) according to the following schedule:

Sr.	Name	Category (executive, non-executive, and independent)	The period spent as a Board member from the date of first election	Membership and positions at any other joint- stock companies	Positions in any other important regulatory, government or commercial positions.
1	H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Independent	1 Year, 5 Months	- Vice Chairman of the Board of Directors of Abu Dhabi National Insurance Company. - Chairman of the Board of Directors of Gulf Navigation Holding Company till 24/11/2025.	- Chairman of City Land Company, a diversified investment company. - Presidency of the Board of Trustees of Al Ain University.
2	Abdulla Atatreh	Independent	8 Years, 3 Months	N/A	N/A
3	Dr.Abdulrahman Mahmoud Abdulrahman Al Afifi	Independent	1 Year, 5 Months	- Member of the Board of Directors of Gulf Navigation Holding Company till 17/11/2025. - Member of the Board of Directors of BHM Capital.	- Executive Director of Trmkn Group. - Member of the Board of Trustees of Al Ain University.
4	Mustafa Ghazi Kheriba	Executive	1 Year, 5 Months	- Member of the Board of Directors of Mira bank. - Member of the Board of Directors of BHM Capital.	N/A
5	Abdulrahman Mohammed Al Ali	Independent	1 Year, 7 Months	N/A	N/A
6	Mia Zecevic	Independent	1 Year, 7 Months	N/A	N/A
7	Khaled Owaidat	Independent	1 Month	N/A	N/A
<b>Members whose term has expired (resignation)</b>					
1	Ahmad Al-Kilani	Independent	8 Years, 3 Months	CEO and Board member of Gulf Navigation Holding PJSC.	N/A

# BOARD OF DIRECTORS QUALIFICATIONS & EXPERIENCE



**H.H. Shaikh Theyab Bin Tahnoon  
Bin Mohammad Al - Nahyan**

Chairman

Sheikh Theyab bin Tahnoon bin Mohammed Al Nahyan has gained extensive and diverse experience during his tenure as the head of the private office for His Highness Sheikh Tahnoon bin Mohammed Al Nahyan.

He has developed strong and solid relationships with senior officials, bringing him close to the citizens to understand their situations and meet their requirements and needs. Sheikh Theyab bin Tahnoon has succeeded in various positions he has undertaken. He has worked in numerous leadership roles for major public and private national contributing companies, achieving accomplishments in various projects he supervised and executed appropriately and as required.

He occupied the position of Chairman of the Board of Directors of "Tmkn" Property, which is considered one of the leading real estate companies in the United Arab Emirates and the region. The company initiated and executed a series of significant real estate projects, including residential, commercial, and hotel developments, contributing to the urban development of the country.

Since 2018 till 2025, Sheikh Theyab bin Tahnoon has occupied the position of Chairman of the Board of Directors of Gulf Navigation Holding Company. The company has experienced rapid growth in recent years, providing substantial added value to shareholders and investors.

He also serves as the Vice Chairman of the Board of Directors of Abu Dhabi National Insurance Company, the most significant insurance company in the country, holding a significant market share due to customer trust in the company's performance and competitiveness.

Sheikh Theyab bin Tahnoon assumes the position of Chairman of the Board of Directors at Cityland, a company with diverse investments, particularly in the real estate and agriculture sectors. It is considered one of the leading companies that undertakes various projects contributing to the development of the country.

Recently, Sheikh Theyab bin Tahnoon assumed the Chairman of the Board of Trustees at Al Ain University, as the university continues its academic progress and strives to achieve higher rankings globally. The university aims to become a prominent academic institution in the UAE, Arab world, and internationally, enhancing higher education in the Emirates.

Sheikh Theyab bin Tahnoon has succeeded in numerous roles, leveraging his comprehensive strategy to achieve optimal performance and sustained success, resulting in significant accomplishments.

He earned a Bachelor's degree in Engineering in 2003 from the United Arab Emirates University.

# BOARD OF DIRECTORS QUALIFICATIONS & EXPERIENCE (CONTINUED)



**Eng. Abdulla  
Atatreh**

Vice Chairman

Eng. Abdulla Atatreh is an esteemed Emirati businessman with engineering background who brings to Drake & Scull International PJSC more than 22 Years of rich and diverse executive & supervisory experience covering the full spectrum of real estate developments, turnaround transactions, financial investments into the industrial, energy, insurance, education marine and contracting sectors. Mr. Atatreh is currently, Vice-Chairman of Core International Investment Group Holding PSC, the Vice-Chairman of Tabarak Investment.

He works closely with stakeholders in devising business strategies, implementing plans, sourcing and executing growth transactions, development of the team and liaising with regulators and creditors.

He holds bachelor's in civil engineering from the United Arab Emirates University and master's in business administration.

Mr. Atatreh has been on the board of directors of Drake & Scull International PJSC since 2017 and a member of the Nomination & Remuneration Committee.

## BOARD OF DIRECTORS QUALIFICATIONS & EXPERIENCE (CONTINUED)



**Dr. Abdul Rahman  
Mahmoud Al Afifi**

Board Member

Dr. Abdul Rahman Mahmoud Al Afifi gained extensive experience in the fields of management, guidance, strategic planning, and execution. He successfully built relationships across various fields and activities, progressing through multiple positions and roles over a span of 20 years. This journey led him to the position of the Director of the Private Office for His Highness Sheikh Tahnoon bin Mohammed Al Nahyan.

He achieved outstanding success by enhancing operational efficiency in the companies under his management, restructuring processes to serve business objectives and achieve revenue growth, diversifying investments to reduce risks, and successfully managing and implementing massive projects that have become a distinctive mark in urban development within the country.

Dr. Abdul Rahman Al Afifi has been serving as the Chief Executive Officer of Tmkn Property since 2007. Tmkn Property is considered one of the leading companies in the country and the region in the field of real estate development and investment. It has invested in and developed high-quality residential, hotel, and commercial real estate projects both within and outside the United Arab Emirates. He has also been a board member of Gulf Navigation Holding Company since 2018

till 2025, overseeing the strategic and organizational planning of the company. In this role, he ensures credit control, financial management, and assists in revenue development to achieve continuous growth for the company. Additionally, He also became a member of the Board of Trustees at Al Ain University in 2024.

Dr. Abdul Rahman Al Afifi possesses extensive years of experience and management skills, demonstrating the ability to make crucial decisions, find solutions to complex challenges, and achieve growth in the businesses under his management and supervision. He has succeeded in elevating the performance and budget of companies, establishing corporate policies, project management, analyzing and meeting needs, developing leadership capabilities, and strategic planning. Committed to performance and quality standards, he has consistently delivered optimal results in the companies and institutions where he has worked.

He obtained a Ph.D. in Project Management in 2019, a Master's degree in Business Administration from the United Arab Emirates University, and a Bachelor's degree in Architectural Engineering in 2011, from the same university.

## BOARD OF DIRECTORS QUALIFICATIONS & EXPERIENCE (CONTINUED)



**Mr. Mustafa  
Kheriba**

Managing Director

Mustafa Kheriba is a distinguished investment leader with more than two decades of experience across financial services, asset and wealth management, and strategic advisory. He has been named among the Top 50 MENA Fund Managers for two consecutive years.

He has held senior executive and board positions across the UAE, Egypt, Jordan, Bahrain, KSA, and the UK, including leadership roles at BHM Capital, SHUAA Capital, Mirabank, and various other leading institutions. Mr. Kheriba brings to the Board deep regional insight, strong governance acumen, and a disciplined investment perspective.



**Mr. Abdulrahman  
Mohammed Alali**

Board Member

Abdulrahman Al Ali is a senior business leader with broad cross-sector experience spanning aviation, logistics, trading, manufacturing, and financial services. Over the course of his career, he has led strategic commercial initiatives, supported international expansion, and cultivated long-standing relationships with multinational corporations, government entities, and institutional stakeholders.

He holds a senior leadership position within a leading global financial jurisdiction, contributing to an environment recognized for its regulatory strength, international connectivity, and role in facilitating cross-border business and investment.

## BOARD OF DIRECTORS QUALIFICATIONS & EXPERIENCE (CONTINUED)



**Mr. Khaled  
Owaidat**

Board Member

Khaled Owaidat is a senior executive with over 25 years of experience in investment management, corporate finance, and real estate development. He has held several leadership roles overseeing strategy, financial performance, and diversified investment portfolios.

He is currently the CEO of Lapis Properties LLC, leading the company's strategic and operational agenda. His

career includes nearly 17 years with Bonyan International Investment Group, where he advanced to General Manager after serving as Financial Controller and Chief Financial Officer. In parallel, he also served as General Manager of Orion Development. He also served as General Manager of Capital Hills, overseeing loan and portfolio management.

He holds a bachelor's degree in Banking and Finance and a Master's degree in International Business Management and Executive Leadership.



**Mrs. Mia  
Zecevic**

Board Member

Ms. Mia Zecevic is the owner and CEO of the Novastone Real Estate platform. She has more than 20 years of experience in the real estate markets sector in addition

to her experience working as a financial analyst for local and international financial markets in brokerage companies.

### B. Statement of the percentage of female representation in the Board for 2025 (In case of non- representation, please state that there is no representation).

In 2025, the Board of Directors included one female member, Ms. Mia Zecevic, who has served on the Board since her appointment on 14/05/2024. Accordingly, female representation on the Board stood at 14% for the year 2025.

### C. Statement of the reasons for the absence of any female candidate for the Board membership.

Not applicable.

### D. Statement of remuneration, allowances and fees received by the members of the Board of Directors:

#### 1- The total remunerations paid to Board Members for 2024.

The Board of Directors received a total amount of AED 2,450,000 during 2025 for 2024.

#### 2- The total remunerations of Board Members, which are proposed for 2025, and will be presented in the annual general assembly meeting for approval.

Any proposal from the Board of Directors will be presented during the annual general assembly meeting planned in April 2026 for deliberation and approval.

#### 3- Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for 2025 fiscal year, according to the following schedule:

No additional allowances, salaries, or fees were paid to any Board member during the year 2025.

#### 4- Details of the additional allowances, salaries or fees received by a Board member other than the allowances for attending to the committees and their reasons.

Mr. Mustafa, having been appointed as Managing Director effective 01/12/2025, received a salary amounting to AED 120,000 during the year 2025 in consideration of his responsibilities associated with this role.

### E. Number of the Board meetings held during 2025 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy.

Sr.	Date of meeting	Number of attendees	Number of attendees by proxy	Names of absent members
1	16/01/2025	6	-	Mr. Abdulrahman Al Ali
2	26/03/2025	7	-	-
3	12/05/2025	7	-	-
4	12/08/2025	7	-	-
5	1/10/2025	7	-	-
6	12/11/2025	6	-	-

**F. Number of the Board resolutions passed during the 2025 fiscal year, along with its meeting convention dates.**

The Board of Directors passed resolutions on 24/04/2025 and 24/11/2025 during the fiscal year ending on 31/12/2025.

**4. Board committees:**

**Audit Committee:**

**A. The Audit Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

Mr. Mustafa Khreiba, Chairman of the Audit Committee, acknowledges his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

**B. Names of the Audit Committee members and clarifying their competencies and tasks assigned to them.**

- Mr. Mustafa Khreiba (Chairman) till 24/11/2025
- Mr. Ahmad Al-Kilani (Member) till 8/10/2025
- Mrs. Mia Zecevic (Member)
- Mr. Khaled Owaidat (Member) from 24/11/2025
- Mr. Mustafa Saifuddin (Member) from 24/11/2025

**C. Number of meetings held by the Audit Committee during 2025 and their dates to discuss the matters related to financial statements and any other matters, and demonstrating the members' personal attendance times in the held meetings.**

Name	Title	1 <sup>st</sup> Meeting	2 <sup>nd</sup> Meeting	3 <sup>rd</sup> Meeting	4 <sup>th</sup> Meeting
		21/03/2025	9/05/2025	7/08/2025	10/11/2025
Mustafa Khreiba	Chairman	Attended	Attended	Attended	Attended
Ahmad Al-Kilani	Member	Attended	Attended	Attended	N/A
Mia Zecevic	Member	Did Not Attend	Attended	Attended	Attended

Mr. Ahmad Al-Kilani resigned from his membership of the Board of Directors and the Audit Committee on 8/10/2025.

Mr. Mustafa Khreiba resigned from his membership in the Audit Committee on 24/11/2025. A new Chair of the Committee will be appointed at its next meeting.

Mr. Khaled Owaidat was appointed as a member of the Audit Committee on 24/11/2025.

Mr. Mustafa Saifuddin was appointed as a member of the Audit Committee on 24/11/2025.

**D. Annual Audit Committee Report for the year 2025:**

The Internal Audit Committee of Drake & Scull International PJSC has prepared the annual report for the year 2025:

**1- Significant issues considered by the Committee in relation to the financial statements and how they were addressed:**

For year 2025, The Audit Committee found no significant matters or concerns related to DSI's Financial Statements other than what has already been disclosed in the financial statements.

**2- An explanation of how the committee assessed the independence and effectiveness of the external audit process and the approach followed in appointing or reappointing the external auditor and information on the length of the term of the current audit firm.**

To maintain an effective and independent external audit process, the Committee conducted the following oversight activities during 2025:

- Discussed and reviewed with the External Auditor and DSI's CFO the quarterly and annual financial statement for 2025.
- Discussed with the external auditor the clarity and completeness of the proposed disclosures and the extent of compliance with applicable legislation, Accounting Standards and other guidelines.
- Discussed with the external auditor the Capital Marker Authority (CMA) regulations concerning Internal Control over Financial Reporting (ICFR) and the associated implementation and reporting requirements.
- Discussed the external auditor Management Letter (ML) for the year.
- The Committee met with the external auditors four times during the year 2025 to ensure that they conducted the review and audit without any restrictions or impediments on the scope, access to records, and disagreements with management, and any significant audit qualifications or reservations relating to the financial statements.

**3- A statement explaining the Committee's recommendation regarding the appointment, reappointment or removal of the external auditor and the reasons why the Board did not accept that recommendation.**

The company has obtained quotes from a number of authorised audit firms to ensure competitiveness of the audit fees and for the AGM to consider the appointment of external auditors in line with the annual practice.

**4- An explanation of how the independence of the external auditor is ensured if it provides services other than the audit of the company's accounts.**

No other services were rendered by the external auditor to the company during 2025.

**5- Actions taken or will be taken by the Committee to address any shortcomings or weaknesses in the event of any failures in internal audit or risk management.**

The Committee periodically reviews the adequacy and effectiveness of internal controls, encompassing areas such as financial reporting, compliance, governance, and risk management. To enhance this process the committee

has appointed in February 2026 an external firm to provide a co-sourcing engagement covering internal audit, risk and compliance.

**6- Evidence that the Committee has reviewed all reports of medium and high risk issued by the internal audit to determine whether they arise from major failures or weaknesses in internal audit.**

During the 2025 financial year, the Company did not have an internal audit department, due to the ongoing transition out of its restructuring. Accordingly, no internal audit reviews or medium or high risk internal audit reports were issued during the year.

oversight. No major failures or material weaknesses were identified through these mechanisms.

The Audit Committee monitored the control environment through alternative governance measures in place during 2025, including management reporting, external audit observations, and risk management

As part of the Company's strengthened governance framework, the management will establish a formal internal audit function in 2026, and the Audit Committee will thereafter review all medium and high risk internal audit reports to assess whether any findings arise from significant control failures or systemic weaknesses.

**7- Comprehensive information about the corrective action plan in the event of material deficiencies in the areas of risk management and internal audit systems.**

During the 2025 financial year, the Company did not have an Internal Audit function due to its ongoing transition out of restructuring. Accordingly, no material deficiencies were identified through internal audit activities during the reporting period. Nevertheless, the Company has established a clear corrective action

framework to be applied should any material deficiencies arise in the areas of risk management or internal audit once the enhanced governance structure is fully operational. The management has also determined to establish a formal internal audit function in 2026.

**8- Evidence that the committee has reviewed all transactions concluded with related parties and the resulting observations or results and the extent of compliance with the laws in force in this regard.**

The Committee plays a crucial role in overseeing and safeguarding the Company's interests in Related Party Transactions (RPTs). As part of its oversight over RPTs, the Committee:

- Reviewed and endorsed the Related Party Transactions Policy.
- Ensures proper disclosure of RPTs in the Company's financial statements and filings, adhering to relevant accounting standards and regulatory requirements.
- Reviews the RPTs, to ensure that they are concluded at arm's length and monitors such transactions.

In 2025, there were no new RPTs, however there is one balance that was classified as an RPT, which was originated in prior years. This balance was properly disclosed in the financial statements.

**Nomination and Remuneration Committee:**

**A. The Nomination and Remuneration Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, his review of its work mechanism and ensuring its effectiveness.**

Dr. Abdulrahman Al Afifi, Chairman of the Nomination and Remuneration Committee acknowledges responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.

**B. Names of the Nomination and Remuneration Committee members and clarifying their competencies and tasks assigned to them.**

- Dr. Abdulrahman Al Afifi (Chairman of the Committee)
- Mr. Abdulla Atatreh (Member)
- Mr. Ahmad Al-Kilani (Member) till 8/10/2025
- Mr. Khaled Owaidat (Member) from from 24/11/2025

**Responsibilities of the Nomination and Remuneration Committee:**

- 1- Review the procedures for nomination to the membership of the Board of Directors.
- 2- Review the required needs of the suitable skills for Board membership and prepare a description of the abilities and qualifications required for Board membership.
- 3- Identify the company needs of competencies at the level of senior executive management and staff and the basis of selection.
- 4- Review the policy on granting rewards, benefits, incentives and salaries to the staff therein, on an annual basis.
- 5- Recommend remuneration to the Board of Directors
- 6- Any other topics determined by the Board of Directors.

**C. Statement of number of meetings held by the Committee during 2025, their dates, and statement of all Committee members' personal attendance of times.**

Name	Title	One meeting on 23/05/2025
Dr. Abdulrahman Al Afifi	Chairman of the Committee	Attended
Mr. Abdulla Atatreh	Member	Attended
Mr. Ahmad Al-Kilani	Member	Attended

Mr. Khaled Owaidat was appointed as a member of the Nomination and Remuneration Committee on 24/11/2025.

**The Supervision and Follow-up Committee of insiders' transactions:**

**A. Acknowledgment by the Committee Chairman or the authorized person of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

Pursuant to Article 33 of the Board of Directors' Decision of the Capital Market Authority (CMA) No. 03/2020, the Company may designate one of its internal departments to oversee, monitor, and ensure compliance with all insiders' transactions. In alignment with this requirement, the Board

Secretariat Unit has been formally assigned the responsibility for supervising and following up on all insider dealings within the Company, including maintaining relevant records, coordinating disclosures, and ensuring adherence to applicable regulatory obligations.

**B. Names of members of the Supervision and Follow-up Committee of insiders' transactions and clarifying their competencies and tasks assigned to them.**

The Company Secretary of the Board of Directors, Mrs. Dana Abu Al Ghanam, acknowledges responsibility for the follow-up system and supervision of the insiders'

transactions and to review the mechanism of the work and ensure its effectiveness.

**C. A summary of the committee's work report during 2025. (In case the committee was not formed, the reasons should be explained).**

The unit has updated the insiders' transactions register and periodically provided it to the market. Insiders have also signed declarations and non-disclosure agreements

confirming their access to internal information and commitment to comply with applicable regulations.

Statement of Board duties and powers exercised by Board members or the executive management members during 2025 based on the authorization from the Board, specifying the duration and validity of the authorization according to the following schedule:

Sr.	Name of the authorized person	Power of authorization	Duration of authorization
1	H.H. Sheikh Theyab Bin Tahnoon Bin Mohammad Al Nahyan	Chairman of the Board, representing the company and acting on its behalf on all financial, administrative, legal and operational matters.	From 29/08/2024 to 31/07/2027
2	Any two members of the Board of Directors acting jointly, provided that one of them is either Dr. Abdulrahman Al Afifi or Mr. Ahmad Kilani until the date of his resignation, after which Mr. Abdullah Atatrah was appointed in his place under the authorization.	Financial, administrative, and operational powers to represent Drake & Scull PJSC and its subsidiaries.	From 29/08/2024 to 31/07/2027
3	Mr. Muin Abdul Raouf El Saleh	The CEO of the company has been granted financial, administrative and operational powers to represent Drake & Scull International PJSC and its subsidiaries and to delegate that power as appropriate	From 03/09/2024 to 31/07/2027

Statement of the details of transactions made with the related parties (Stakeholders) during 2025, provided that it shall include the following:

Year Due From Related parties	2025 AED 000	2024 AED 000
Affiliates	23,790	53,247
Total	23,790	53,247

Year Due To Related parties	2025 AED 000	2024 AED 000
Joint Arrangements	-	-
Affiliates	-	-
Related to Assets Held as discontinued Operations	-	-
Total	-	-

## 5. Evaluating the performance of the Board of Directors:

Periodic evaluation of the Board of Directors, its committees, and executive management plays a vital role in maintaining sound and effective corporate governance. Such evaluations provide a structured means to assess leadership performance, accountability, and the consistency of management actions with the Company's strategic goals and regulatory obligations.

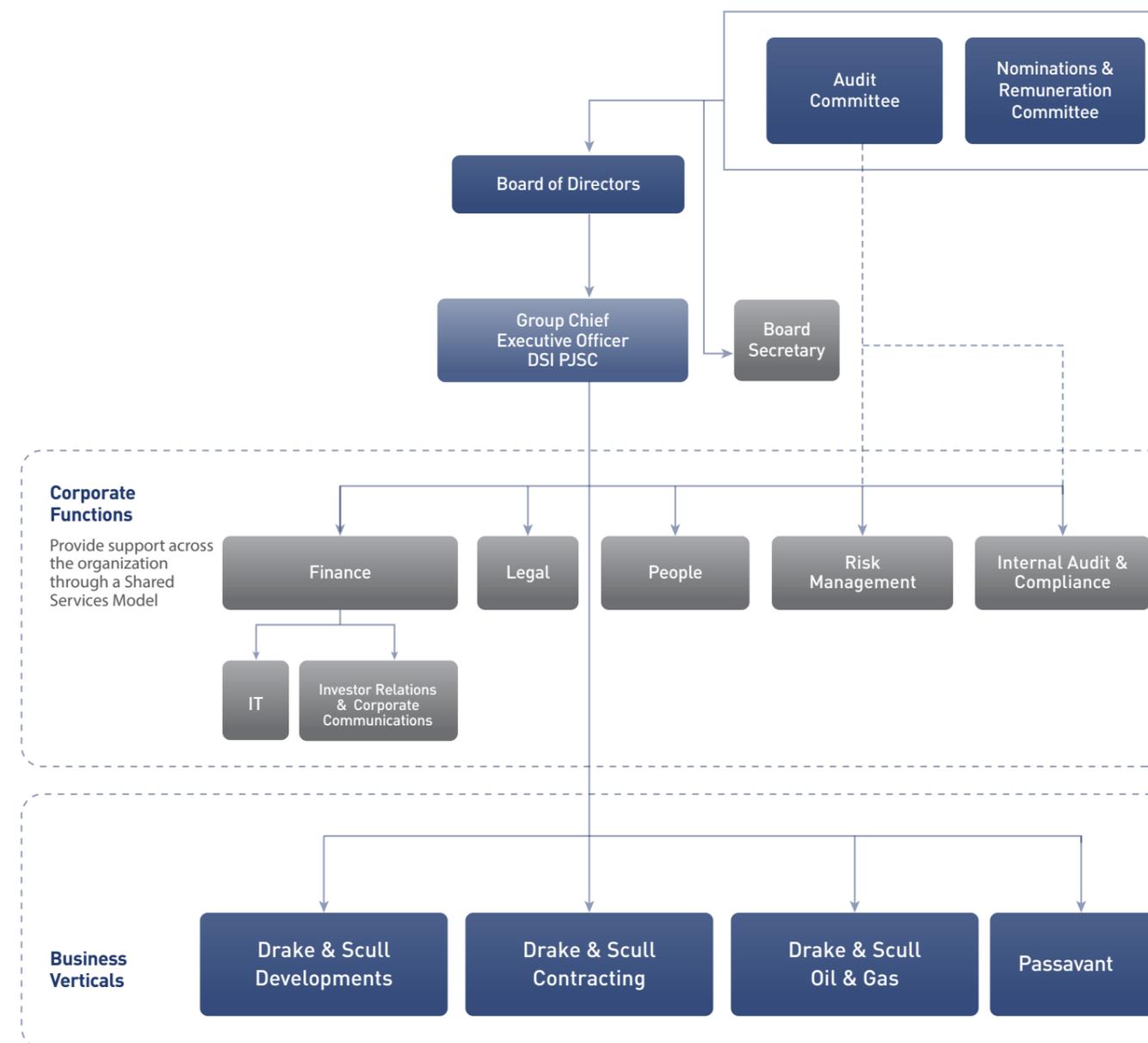
To promote continuous improvement and maintain high standards of governance, the Company conducts these evaluations periodically during the term of the current Board, with an independent external assessment carried out as deemed appropriate.

## 6. The complete Organizational Structure of the company is clarifying the CEO, the General Managers and the managers working in the company.

A detailed statement of the senior executives in the first and second grade according to the company organizational structure (according to 3-I), their jobs and dates of their appointment, along with a statement of the total salaries and bonuses paid to them, according to the following schedule:

Sr.	Position	Appointment date	Total salaries and allowances paid for 2025 (AED)	Total bonuses paid for 2025 (AED)	Any other cash / in-kind bonuses for 2025 or due in the future
1	Group Chief Executive Officer	02/09/2024	1,800,000	150,000	N/A
2	Group Managing Director	01/12/2025	120,000	N/A	N/A
3	Group CFO	20/05/2025	812,580	N/A	N/A
4	Group General Counsel	19/05/2025	704,838	N/A	N/A
5	CEO - Passavant	21/05/2012	924,000	N/A	N/A
6	CEO - DSE	15/02/2003	1,008,000	84,000	N/A
7	Group Executive Director – People & Culture	10/01/2025	483,290	N/A	N/A

## Drake & Scull International Organization Chart 2025



## 7. External Auditor:

### A. Submit an overview of the company auditor to shareholders.

Grant Thornton is globally recognized firm spanning over 150 countries with more than 73,000 professionals working in member firms. In the UAE, Grant Thornton has been supporting businesses over 55 years, with offices in 3 emirates and over 700 employees, making it one of the leading professional services firms in the country.

Grant Thornton professionals deliver tailored audit, advisory and tax related services to a wide range of clients including high-growth emerging companies, privately owned businesses and large enterprises across various industries.

### B. Statement of fees and costs for the audit or services provided by the external auditor, according to the following schedule:

Name of the audit office and partner auditor	Grant Thornton UAE Partner: Dr. Osama El-Bakry
Number of years he served as the company external auditor	2 Year
The number of years that the partner auditor spent auditing the company's accounts	2 Year
Total audit fees for 2025 in (AED)	900,000 + VAT
Fees and costs of other private services other than auditing the financial statements for 2025 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	N/A
Details and nature of other services (if any). If there are no other services, this matter shall be stated expressly.	N/A
Statement of other services that an external auditor other than the company accounts auditor provided during 2025 (if any). In the absence of another external auditor, this matter is explicitly stated.	N/A

### C. Statement clarifying the reservations that the company auditor included in the interim and annual financial statements for 2025 and in case of the absence of any reservations, this matter must be mentioned explicitly.



Bank  
Balances



Legal  
Status



Discontinued  
Operations



Emphasis of Matter  
(Going Concern Assessment)

## 8. Internal Control System:

### A. Acknowledgment by the Board of its responsibility for the Company internal control system, review of its work mechanism and ensure its effectiveness.

The Board of Directors acknowledges its responsibility for the implementation, review, and effectiveness of the Company's internal control system by maintaining a robust and effective control framework. The Board is committed to promoting best practices in risk management, ensuring the sound application of governance principles, and

verifying compliance by the Company and its employees with applicable laws, regulations, resolutions, and internal policies. It also oversees the review of financial information shared with senior management, investors, and stakeholders.

### B. Name of the Department Director, his qualifications and date of appointment.

The Company intends to fill this position in 2026.

### C. Name of Compliance Officer, his qualifications and date of appointment.

The Company intends to fill this position in 2026.

### D. How the Internal Control Department dealt with any major problems at the Company or those that were disclosed in the annual reports and accounts (in case of the absence of major problems, it must be mentioned that the Company did not face any problems).

Not applicable.

### E. Number of reports issued by the Internal Control Department to the Company's Board of Directors.

Not applicable.

## 9. Details of the violations committed during 2025, explaining their causes, how to address them and avoid their recurrence in the future.

According to our records, the company had no violations or penalties during the year 2025.

## 10. Statement of the cash and in-kind contributions made by the Company during 2025 in developing the local community and preserving the environment. (In case of the absence of contributions, it must be mentioned that the Company has not made any contributions.)

The Company did not make any cash or in-kind contributions during 2025. This subject will be taken into consideration during 2026.

## 11. General Information:

### A. Statement of the company share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2025.

Month	Highest price	Lowest price	Closing price
Jan-25	0.368	0.349	0.355
Feb-25	0.356	0.332	0.343
Mar-25	0.363	0.324	0.339
Apr-25	0.342	0.272	0.328
May-25	0.331	0.305	0.307
Jun-25	0.329	0.276	0.315
Jul-25	0.374	0.309	0.351
Aug-25	0.364	0.340	0.350
Sep-25	0.350	0.318	0.334
Oct-25	0.334	0.304	0.309
Nov-25	0.338	0.302	0.311
Dec-25	0.316	0.280	0.286

### B. Statement of the Company comparative performance with the general market index and sector index to which the Company belongs during 2025.

Month	Drake & Scull International PJSC	General Index DFM	Industrial index
Jan-25	0.355	5,180.37	3,363.58
Feb-25	0.343	5,317.63	3,545.71
Mar-25	0.339	5,096.24	3,503.39
Apr-25	0.328	5,307.15	3,602.31
May-25	0.307	5,480.51	3,826.31
Jun-25	0.315	5,705.76	3,918.41
Jul-25	0.351	6,159.15	4,187.68
Aug-25	0.350	6,063.61	4,272.00
Sep-25	0.334	5,839.64	4,275.68
Oct-25	0.309	6,059.43	4,411.26
Nov-25	0.311	5,836.89	4,304.81
Dec-25	0.286	6,047.09	4,404.89

### C. Statement of the shareholders ownership distribution as on 31/12/2025 (individuals, companies, governments) classified as follows: local, Gulf and foreign:

Shareholder classification	Shares Ownership							Total	%
	Individuals	Companies	Gov.	Banks	Institution	Market Maker			
Local	2,046,339,899	51,753,623	19,697	29,603,482	191,189	13,693,917	2,141,601,807	74.18%	
Gulf	125,343,911	68,194,096	-	322,951	-	-	193,860,958	6.72%	
Foreign	528,932,908	21,218,505	-	1,082,844	-	-	551,234,257	19.10%	
Total	2,700,616,718	141,166,224	19,697	31,009,277	191,189	13,693,917	2,886,697,022	100%	
Percentage	93.56%	4.89%	0%	1.07%	0.01%	0.47%	100%		

### D. Statement of shareholders owning 5% or more of the Company's capital as on 31/12/2025 according to the following schedule:

Not applicable.

### E. Statement of how shareholders are distributed according to the volume of property as on 31/12/2025 according to the following schedule:

Sr.	Share (s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the capital
1	Less than 50,000	16,501	48,144,715	1.66%
2	From 50,000 to less than 500,000	1,928	347,817,005	12.05%
3	From 500,000 to less than 5,000,000	948	1,298,924,313	45.00%
4	More than 5,000,000	101	1,191,810,989	41.29%

### F. Statement of measures taken regarding the controls of investor relationships and an indication of the following:

Name of the investor relationships officer.

- M Shaher Adnan Almzayek

Data of communication with the investor relationships (e-mail- phone- mobile- fax).

- Email: IR@drakescull.com

- Phone No.: +971 4 528 3444

- The link of investor relationships page is on the Company's website.

- <http://www.drakescull.com/internethome/irteam>

### G. Statement of the special decisions presented in the General assembly held during 2025 and the procedures taken in their regard.

- Special Resolution No. 1/2025 approving the amendment of the Company's Articles of Association in accordance with the amended Commercial Companies Law No. 32 of 2021 and the Corporate Governance Guide for Public Joint Stock Companies.

### H. Rapporteur of the Board meetings.

Mrs. Dana Abu Al Ghanam was appointed as the Company's Secretary on 24/01/2022. She holds a bachelor's degree in law and is a certified Board Secretary by the Hawkamah Institute. She plays a key role in promoting a strong governance culture within the Company and in ensuring compliance with applicable corporate governance requirements and regulations

### I. Detailed statement of major events and important disclosures that the Company encountered during 2025.

1. Notification from the Company on "Update on the Case against Mr. Khaldoun Rashid Tabari Mr. Saleh Moradweij"
2. Press release on "AED 1 Billion Arabian Hills project"
3. Press release on "AED 169 Passavant Project in India"
4. Press release on "AED 215 Passavant Project in Jordan"
5. Press release on "Entering Real estate development sector with the launch of its first commercial development project in Majan, Dubai"
6. Notification from the Company on "Update on the case against PricewaterhouseCoopers"

### J. Statement of Emiratization percentage in the Company at the end of 2023, 2024, 2025 (workers are excluded for companies working in the field of contracting).

- 2023: 2 employees (3.07%)
- 2024: 3 employees (7.31%)
- 2025: 3 employees (4.00%)

### K. Statement of transactions made by the Company with related parties during the year 2024, which are equal to 5% or more of the Company's capital.

Not applicable



# SUSTAINABILITY REPORT 2025



# ABOUT THIS REPORT

## Reporting Scope

We are pleased to share with you our Sustainability Report for the fiscal year 2025, reflecting the continued progress of Drake & Scull International PJSC (DSI) on its sustainability journey, which began in 2021, and our ongoing transition towards a brighter, more sustainable future.

For all forthcoming reports, it is anticipated that the release date will be within 90 days after the end of our fiscal year, which ends on March 31 or before our Annual General Meeting, whichever occurs first.

This report encompasses DSI's activities from January 1, 2025 to December 31, 2025, unless otherwise specified. Quantitative data for the previous two years (2024

and 2025) is included for most sections of the quantitative information, facilitating comparison and thorough assessment.

This report has been prepared in accordance with the GRI Standards: Core option.

Furthermore, and in line with best practices, the report content incorporates our alignment with the Sustainable Development Goals (SDGs) and Dubai Financial Market (DFM) ESG Disclosure Guidance. References to the GRI Standards and DFM ESG disclosures are integrated into each section.

## Reporting Boundary 2025

Headquartered in Dubai, DSI operates across multiple regions via its wholly-owned subsidiaries. In accordance with our consolidated financial statements, the below listed active subsidiaries and their branches fall within the scope of this report.

Major Subsidiaries	Principal Activities	Shareholding Percentage	Country
Drake & Scull Engineering LLC (Dubai)	Engineering, Procurement, and construction of waste and power infrastructure projects	100%	UAE
Drake & Scull International LLC (Abu Dhabi)	Contracting work related to mechanical, electrical and sanitary engineering	100%	UAE
Drake & Scull for Contracting Oil & Gas Fields Facilities LLC	Oil and Natural Gas pipelines construction contracting, oil and gas fields building contracting and onshore/offshore oil and gas field and facilities services	100%	UAE
Drake and Scull Real Estate Development LLC	Real estate development, including the planning, development, and delivery of integrated residential, commercial, and mixed-use projects.	100%	UAE
Passavant Energy & Environment and its Subsidiaries	Developing wastewater, water and sludge treatment plants	100%	Germany

## External Assurance

All financial data presented in this report and extracted from our audited financial statements, which has been independently audited by an international audit firms. Detailed information about our financial performance can be found in our 2025 Consolidated Financial Statements.

As for the remaining content of the Sustainability Report, it has been reviewed internally by our executive team. For future reports, data will be validated by our executive and sustainability team initially; however, in time we will move towards external independent assurance so as to give greater credibility to the report.

## Forward-Looking Statements

Forward-looking statements involve uncertainty given the many external factors that could impact the environment in which the company is operating. To that end, the company holds no obligation to publicly update

or revise its forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations.

## Feedback

Readers are invited to share their feedback and comments with us:

Name: M Shaher Adnan Almayek

Email: IR@drakescull.com

Phone: +971 4 5283444



# OUR CORE

## Our History

### Foundations

The Drake & Scull Company was born in 1964 from the union of two great engineering firms founded in Victorian England. Bernard Drake and Marshall Gorham formed Drake & Gorham in 1886, to support the electrification of Great Britain. By the early 1960s, the company had successfully established itself in the UK and overseas. Seeking to continue its expansion and with the ambition of becoming a multi-service contracting company, Drake & Gorham joined forces with Arthur Scull & Son, a plumbing, heating and ventilation specialist founded in 1881, and a company it had previously collaborated with on numerous projects.

### DSI Goes Public and Expands Its Reach

In 2008, the renamed Drake & Scull International (DSI) offered 55% of its shares in a highly successful Initial Public Offering (IPO) on the DFM. The IPO was oversubscribed 101 times and ranked among the top 20 IPOs globally in 2008 by investor demand, according to Ernst & Young.

The company expanded throughout the Middle East, North Africa, and South Asia (MENASA) region, opening offices in Kuwait, Oman, Qatar, Egypt, Jordan, Algeria, and India amongst

### Unrivaled Experience

To date, DSI has completed work on more than 700 projects around the world, many of which have become local landmarks, and has won a number of prestigious awards along the way. As a result, DSI holds unrivaled experience across multiple sectors, including aviation, rail, petrochemicals, power and water, district cooling,

The newly-formed company embarked on a global expansion drive, absorbing a number of other companies along the way, and by the end of the 1960s, Drake & Scull employed over 10,000 workers in the UK alone. It began work on major projects in territories around the world and in 1966 the company established its first operational base outside the UK, in Abu Dhabi, UAE, followed in 1977 by offices in the Kingdom of Saudi Arabia and Dubai, UAE. In the 1990s, the company shifted its headquarters permanently to the Middle East.

others. It consolidated its leading position within the Middle East construction space with the launch of a number of new verticals, including Drake & Scull Engineering, Drake & Scull Construction, Drake & Scull Rail & Infrastructure, Drake & Scull Oil & Gas, and Drake & Scull Development. DSI also expanded through the acquisitions of Germany-based Passavant Energy and Environment, which was established in the International Market.

renewable energy, data centres, as well as residential, commercial, hospitality, healthcare, government, and leisure real estate projects. Moving forward, DSI will continue to lead the market through its people, passion, innovation and the expertise acquired for more than 140 years.



### Local Experience

- Louvre (Abu Dhabi)
- Baynunah Tower (Abu Dhabi)
- Dubai Chamber of Commerce and Industry
- Jumeirah Beach Hotel (Dubai)
- Dubai Festival City
- Jumeirah Beach Residence District Cooling (Dubai)
- Presidential Palace (Abu Dhabi)
- Nad Al Sheba District Cooling (Dubai)
- The Royal Amwaj Resorts & Spa (Dubai)
- Movenpick Hotel & Oceana Residences (Dubai)
- Shangri-La Abu Dhabi Hotel



### Gulf Area & Mea

- King Abdullah University of Science & Technology (KAUST) (KSA)
- King Abdullah Petroleum Studies and Research Centre (KSA)
- Lamar Towers (KSA)
- Kuwait State Audit Bureau headquarters
- Sultan Qaboos Grand Mosque (Oman)
- The Four Seasons Hotel (Qatar)
- DohaLand (Qatar)
- College of Arts (Kuwait)
- EPC of Water Injection and Gas Supply Systems (Iraq)
- Zubair Oil Field Development (Iraq)
- Low Density Ammonium Nitrate Plant (Egypt)



### Global Reach

- Hong Kong Air Cargo Terminals Limited (HACTL) Super-terminal
- Castle Peak Power Station (Hong Kong)
- Dar es Salaam International Airport (Tanzania)
- The Promenade complex (Singapore)
- Ducat Place (Moscow)
- Shenzhen International Trade Center (China)
- Nitrogen Generation Plant (Germany)
- Dupont Nomex Expansion Project (Spain)
- Holiday Inn Hotel (Grenada)
- Queen Victoria Hospital (Barbados)



### Our Awards

**2018:** Drake & Scull Oil & Gas was conferred the ENI Safety award, under the Best Performer in the Construction Upstream category, for its exceptional QHSE commitment and track record.

**2017:** DSI's IT Department won Collaboration Project of the Year under Project Enterprise transformation in the End User category at the Network World Middle East Awards by CNME.

DSI won the Best CSR Campaign award at the 2017 Construction Business News Awards in Dubai, for its Because We Care HSE initiative, focusing on physical and mental health awareness.

**2016:** DSI's work on the KAPSARC project is declared National Winner (KSA) under the Sustainable Project of the Year category at the 2016 MEED Quality Awards.

(GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-10, GRI 102-16)

## DSI Today

Headquartered in Dubai, DSI is a regional market leader in world-class integrated design, engineering, and construction projects. DSI's main business streams include engineering (MEP), construction, RE Development, Oil & Gas, and water & wastewater. The Company operates across the GCC and the rest of the Middle East as well as Europe.

Today, DSI has 11 live projects in the MEP and Energy & Environment business streams. These business streams, along with the Oil and Gas unit, will form the strategic core focus of the company's plan moving forward.

### Mission, Vision and Corporate Values

DSI was founded on corporate values that have sustained the company on its global journey over more than a century.



#### Our Mission

Our aim is to safely deliver world-class projects providing integrated design and engineering in procurement, construction, and commissioning to achieve customer recognition and satisfaction by committing to the highest level of performance with integrity, creativity, and a passion for results.



#### Our Vision

By capitalizing on our heritage and brand values, we will invest in growing organically and inorganically to become a global market leader, providing engineering excellence to clients, while achieving optimum shareholder value through a commitment to best practices in corporate governance and transparency.



#### Our Values

#### PEOPLE

We recognise that our people are the heart of our organisation. We strive to provide an environment that attracts, motivates, and develops individuals. We encourage cooperative efforts at every level and across all activities within the company. We create and implement a succession/career-progression planning programme that articulates corporate expectations clearly, while charting a well-defined course for employee development.

#### PASSION

We believe that great success requires heart and dedication. We embrace and foster passion in every aspect of our business, from innovation and learning, to management and client satisfaction, to employee and skills development.

#### INNOVATION

We encourage innovation in order to cultivate originality and pursue new ideas and technologies, while introducing the right processes and models to put this to work safely, quickly, and efficiently, in order to improve the standards and diversity of our services continuously, all for the common benefit of our stakeholders.

#### INTEGRITY

We are committed to promoting and enforcing the highest standards of ethical behaviour, and require all of our employees, suppliers, and business partners to act in accordance with our ethical principles. All forms of bribery, corruption, misleading information and similar unethical behaviour and activities are not tolerated.

### Our Certifications

As a market leader in the construction sector, we are committed to achieving the highest standards of quality, health & safety, and environment (QHSE) outcomes across all of our projects. Our ISO certifications enable us to deliver on that promise. Below is a list of our current certifications for the following registered entities: Drake & Scull International (PJSC), Drake & Scull International LLC (Abu Dhabi), Drake & Scull Engineering LLC, Drake & Scull Oil and Gas and Passavant Energy and Environment.

To enable our organisation to provide a safe and healthy workplace by preventing work-related injury and ill health, as well as by proactively improving our OH&S performance.

#### ISO 14001: 2015 – Environmental Management Systems

To enhance our environmental performance and manage our environmental responsibilities in an efficient and impactful manner.

#### ISO 9001: 2015 – Quality Management Systems

To set the standards for quality and strong customer focus, and continually seek improvement, ensuring that our customers get consistent, good-quality products and services.

#### ISO 45001: 2018 – Occupational Health and Safety Management System



## Our Ownership Structure

Our current ownership structure, based on DSI's 2025 Corporate Governance Report, includes:

Shareholder classification	Shares Ownership							Total	%
	Individuals	Companies	Gov.	Banks	Institution	Market Maker			
Local	2,046,339,899	51,753,623	19,697	29,603,482	191,189	13,693,917	2,141,601,807	74.18%	
Gulf	125,343,911	68,194,096	-	322,951	-	-	193,860,958	6.72%	
Foreign	528,932,908	21,218,505	-	1,082,844	-	-	551,234,257	19.10%	
<b>Total</b>	<b>2,700,616,718</b>	<b>141,166,224</b>	<b>19,697</b>	<b>31,009,277</b>	<b>191,189</b>	<b>13,693,917</b>	<b>2,886,697,022</b>	<b>100%</b>	
Percentage	93.56%	4.89%	0%	1.07%	0.01%	0.47%	100%		

# Post-Restructuring Transformation and Strategic Outlook

## 1. Rebuilding Operational Momentum

Following the successful completion of its comprehensive financial restructuring in 2024, Drake & Scull International (DSI) has initiated a disciplined operational reset. This phase is dedicated to rebuilding technical capacity and committing to a governance-led framework designed for sustainable, long-term value creation. The restructuring has

significantly strengthened the Group's financial stability, enabling the restoration of normal operations and the successful resumption of share trading on the Dubai Financial Market (DFM). A strengthened equity base and enhanced liquidity now provide a robust foundation for DSI to execute its backlog and pursue strategic growth.

## 2. Strategic Repositioning and Vertical Integration

DSI has evolved its business model to align with global sustainability trends and emerging market opportunities. The Group is leveraging its heritage in specialized engineering

while selectively expanding into high-margin, complementary sectors that offer strong revenue visibility.

	<p><b>Engineering &amp; Contracting (MEP &amp; Civil):</b> Delivering specialized Mechanical, Electrical, Plumbing, and civil contracting solutions across large-scale infrastructure and development projects. Our capabilities span the full project lifecycle, from design and engineering through execution, to post-handover operations and maintenance.</p>
	<p><b>Real Estate Development:</b> Development and delivery of residential, commercial, and mixed-use projects across the full project lifecycle.</p>
	<p><b>Water &amp; Environmental Infrastructure:</b> Developing sustainable solutions, including wastewater treatment, desalination support, and waste-to-energy projects, through our Passavant Energy &amp; Environment platform.</p>
	<p><b>Energy Infrastructure:</b> Providing sophisticated Engineering, procurement and construction (EPC) services for the oil &amp; gas sector, focusing on pipelines, storage facilities, and related energy infrastructure.</p>

## 3. Forward Outlook: Disciplined Growth

Looking ahead, DSI's strategy is anchored in operational excellence and selective diversification. A cornerstone of this evolution is the Group's entry into real estate development through DSI Real Estate Development, where, by leveraging our vertically integrated platform, we are pursuing high-value development opportunities in the UAE aimed at creating integrated, sustainable communities

aligned with the country's long-term urban vision. In parallel, the Group is also focused on expanding and strengthening its core contracting division, rebuilding execution capacity and selectively pursuing projects across key infrastructure and engineering sectors to support sustainable growth and long-term value creation.

# OUR SUSTAINABILITY JOURNEY

## A Dynamic Approach to Sustainability

DSI has taken a dynamic approach to embedding sustainability in its business model and throughout its operations. We will be proactive in embracing sustainable practices and be at the forefront of innovation in our industry, especially where climate change is concerned. We believe that change is inevitable and that early movers will

be rewarded with a competitive edge while those that resist risk being left behind. It makes sound business sense to be ahead of the curve, making incremental changes rather than being forced later on into making a sudden, dramatic, and costly shift in business operations.

DSI's roadmap towards a more sustainable future will include:

	<p>Continuously enhancing ESG reporting and monitoring the company's carbon footprint across its entire value chain.</p>
	<p>Developing a sustainability strategy that will address DSI's strategic priorities in relation to People (shareholders, clients, employees, and society), Planet (climate change and biodiversity) and Prosperity (project portfolio will be progressively tilted towards green projects).</p>
	<p>While the company plans to revive its O&amp;G services and turnkey solutions, we will endeavour to balance this out with a greater focus on supporting the transition to renewable energy. More specifically, the company will progressively introduce scenario analysis to compute the sensitivity of its financials in different climate scenarios while also shifting its expertise over the medium- to longterm towards renewable energy.</p>

A primary pillar of DSI's sustainability strategy will be to embed sustainability principles in the governance model.

This will involve:

- Designating a 'sustainability champion' within DSI in the short-term with a view to eventually appointing a full-time senior sustainability officer.
- Forming a sustainability committee that reports directly to the board of directors.
- Ensuring that sustainability is on the agenda at each board meeting.
- Ensuring that the committee closely oversees the development of a sustainability strategy while monitoring progress on various sustainability goals and KPIs.
- Creating company-wide ESG/sustainability awareness around DSI's activities and business goals.
- Participating in global, private sector sustainability initiatives such as the UN Global Compact.
- Enhancing DSI's alignment with the SDGs and integrating the key material goals as part of the company's business model.
- Engaging with the communities in which we are active on climate-related matters.

# Our Alignment with the UN Agenda 2030

## The UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development (2030 Agenda) and its 17 Sustainable Development Goals (SDGs) were adopted by 193 members of the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure peace and prosperity for all people, leaving no one behind. All stakeholders, including global organisations, governments, businesses, civil society, and

academia, must play a critical role in achieving the SDGs, which are integrated and indivisible. The private sector can be a catalyst for the economic, social and environmental transformation called for in the 2030 Agenda by delivering economic prosperity, creating jobs, driving innovation and technological advances, providing investment, and participating in multi-stakeholder partnerships.

## Our Contribution to the Goals

Using the SDGs as a framework and with the guidance of SDG Compass, a tool developed by the Global Reporting Initiative (GRI), the UN Global Compact, and the World Business Council for Sustainable Development (WBCSD), we have determined which goals DSI has the potential to impact the most.

this report, only the most relevant goals were selected – those that are considered as priorities for the construction sector and for DSI's business strategy. Going forward, we will look to strengthen our commitment towards these goals by implementing KPIs and relevant targets to monitor progress. We will also assess and integrate other goals that DSI can potentially impact, but with a medium to lower significance.

Goals were assessed in terms of materiality, both to our company objectives and business operations. As part of



### GOAL 6 – Clean Water and Sanitation

**Ensure availability & sustainable management of water and sanitation for all.**

DSI contributes to achieving Goal 6 through Passavant Energy & Environment's expertise in developing water and wastewater treatment plants in Europe, the Middle East and Asia. Using Passavant's proprietary filtration technology, the plants recycle 100% of the treated water, which can then be discharged safely into the environment or used for municipal water systems as well as irrigation. Examples include a 60,000 m3 per day wastewater treatment plant in Gaza that serves around one million inhabitants living in a water-scarce region and a 300,000 m3 per day plant in Vietnam that makes river water safe enough to drink for a district of Ho Chi Min City.



### GOAL 9 – Industry, Innovation and Infrastructure

**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.**

DSI contributes to Goal 9 in a number of ways. Historically, the company has a long track record of building resilient infrastructure, most recently in the energy sector and water treatment plants. Passavant is an innovative company whose patented filtration technology is deployed in water treatment plants worldwide, some of which are also equipped with technology to convert biogas (a waste product) into clean energy. Through our expertise in designing and developing efficient MEP systems, DSI also ensures energy efficiency and sustainability in buildings. Moving forward, innovation and digitalisation will be a key focus of DSI's business strategy.



### GOAL 11 – Sustainable Cities and Communities

**Make cities and human settlements inclusive, safe, resilient and sustainable.**

DSI contributes to sustainable cities through the incorporation of its designs and patented technologies in buildings and infrastructure. MEP systems are optimised to create more sustainable buildings, using energy-saving technologies such as smart lighting and HVAC systems. Water, wastewater and waste treatment systems provide smart solutions to build more sustainable cities and more resilient communities. DSI has the technical knowhow to expand its renewable project portfolio and contribute to solar-power infrastructure.



### GOAL 13 – Climate Action

**Take urgent action to combat climate change & its impacts.**

Climate Action is a very important underlying goal for DSI and one that will be integral to the company's business model moving forward. SDG 13 is embedded in our strategic decision-making process and filters through to the way we conduct all our operations and engage with our stakeholders.

# What Matters the Most

Used a dual approach to evaluate and select the ESG topics that are most significant to the company:

## a) DSI's Business Model and the Construction Sector:

Based on peer benchmarking and an analysis of the construction and engineering sector, our process started by developing a clear understanding of the global trends and sustainability impacts related to our industry. The materiality map of the Sustainability Accounting Standards Board (SASB) allowed us to further incorporate material sustainability topics that are specific to our industry, using the SASB 'infrastructure-engineering & construction services' category.

In alignment with our strategic outlook, our post-restructuring priorities, and our operational processes, we then followed a ranking methodology to produce a list of priority topics that are material to DSI's business model and in-line with our industry's main impact on the environment, society, and the economy.

## b) DSI's Stakeholders:

Engagement with our stakeholders plays an important part in our materiality assessment and is a core element of our strategic priorities. As we are in the process of completing our restructuring plan, we based our inaugural Sustainability Report on internal engagements only while also assessing the Economic and ESG priorities of our external key stakeholders via existing communication channels.

In line with the recommendations of the AA1000 Stakeholder Engagement Standards framework, we applied the criteria of dependency, influence, and interest to identify our key stakeholder groups.

## Key Stakeholder Groups

Stakeholder Group	Existing Methods of Engagement
Customers	<ul style="list-style-type: none"> <li>Customer Satisfaction Surveys</li> <li>Website, Press Releases and Public Reports</li> <li>Marketing Material</li> <li>Online Customer Reviews</li> <li>Trade Fairs</li> </ul>
Government / Regulatory Authorities (CMA, DFM, FRC, Dubai Courts, FTA)	<ul style="list-style-type: none"> <li>Direct Engagement through emails and meetings</li> <li>Local Forums</li> <li>Regular Corporate Regulatory Disclosures</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee Satisfaction Surveys</li> <li>Performance Reviews and Exit Interviews</li> <li>Intranet</li> <li>Internal Announcements</li> <li>Company Events</li> </ul>
Community	<ul style="list-style-type: none"> <li>Local Initiatives and Volunteering Activities</li> </ul>
Suppliers / Subcontractors	<ul style="list-style-type: none"> <li>Supplier Code of Conduct</li> <li>Contractual Relations</li> <li>Assessment and Audits</li> </ul>

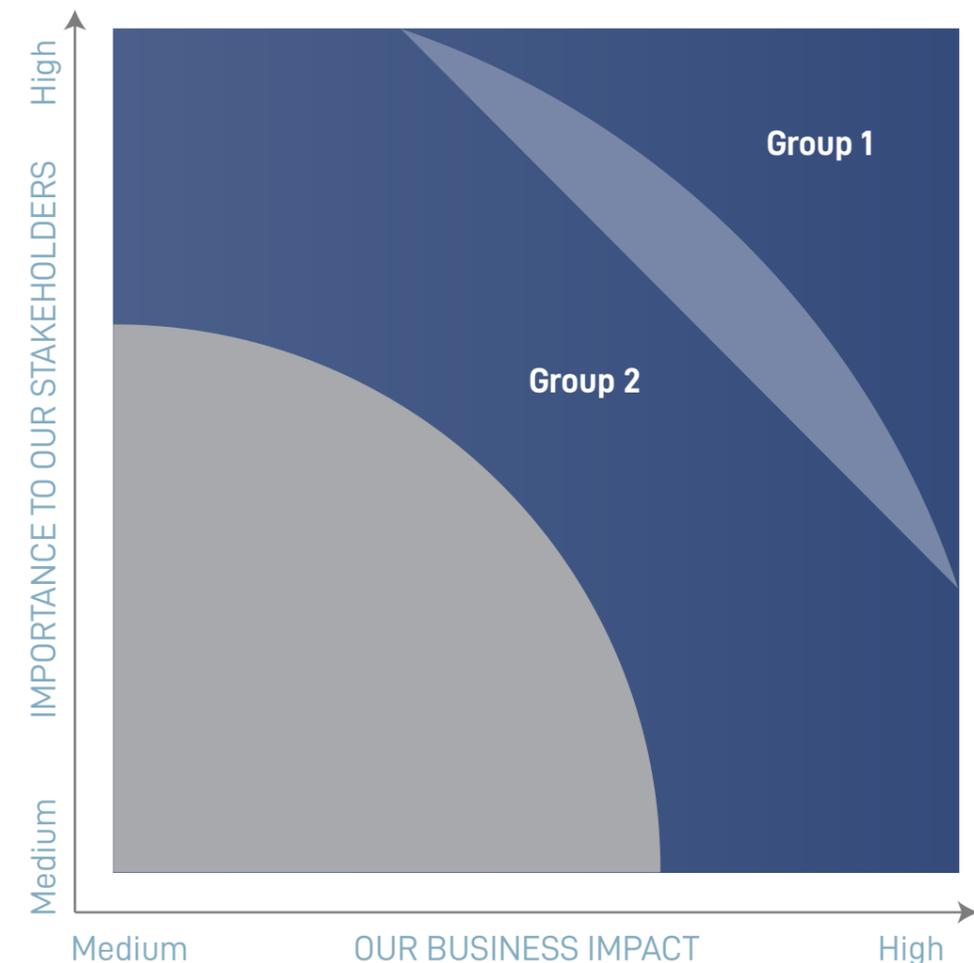
Stakeholder Group	Existing Methods of Engagement
BOD & Senior Executives	<ul style="list-style-type: none"> <li>Regular Meetings (in Person and Virtual), including BOD meetings and related committees</li> <li>Regular Executive Meetings</li> <li>Company Events</li> </ul>
Banks & Creditors	<ul style="list-style-type: none"> <li>Highly active communication through emails and meetings due to the current restructuring process</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Annual General Assembly</li> <li>Regular Meetings (in Person and Virtual)</li> <li>Regular Corporate Regulatory Disclosures</li> </ul>

The analysis of these engagement channels allowed us to better understand what matters most to our stakeholders and include those material topics as part of our assessment.

included along with the alignment with corresponding GRI and DFM disclosures.

Based on the duality approach, a final list of nine material topics was identified and categorised into two groups, presented in the materiality matrix. These constitute the basis of our report. The different key topics have been

Moving forward, and upon the successful completion of our restructuring plan, we intend to enhance our process and ensure that we directly engage with our stakeholders on specific sustainability topics.



Item	Key Material Topic	Corresponding GRI Disclosure	Corresponding DFM Disclosure
<b>GROUP 1: MOST IMPORTANT</b>			
1	Economic Prosperity	GRI 201 – Economic Performance	N/A
2	Occupational Health & Safety	GRI 403 – Occupational Health and Safety	S7: Injury Rate S8: Global Health & Safety
<b>GROUP 2: VERY IMPORTANT</b>			
3	Business Ethics and Responsible Behaviour	GRI 205 – Anti-Corruption	G1: Board Diversity G2: Board Independence G6: Ethics and Anti-Corruption
4	Environmental Impact	GRI 302 – Energy GRI 305 – Emissions GRI 306 – Effluents	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E6: Energy Mix E7: Water Usage E8: Environmental Operations E9: Environmental Oversight E10: Climate Risk Mitigation
5	Innovation and Digitalisation	N/A	N/A
6	Data Safety	N/A	G7: Data Privacy
7	Employee Wellbeing, Diversity, and Inclusion	GRI 401 – Employment GRI 405 – Diversity and Equal Opportunity	S2: Gender Pay Ratio S3: Employee Turnover S4: Gender Diversity S5: Temporary Worker Ratio S6: Non-Discrimination S11: Nationalisation
8	Quality Control	N/A	N/A
9	Procurement	GRI 204 – Procurement Practices	G5: Supplier Code of Conduct

# OUR ENVIRONMENTAL PRIORITIES

## Our Impact Today

### Our Environmental Focus

At DSI and our subsidiaries, we strive to be an environmentally responsible company and recognise the impact that our activities may have on the environment, people, and communities in which we operate, our customers, our supply chain and broader society. With that comes a responsibility to constantly monitor and assess our environmental impact and to adopt more sustainable solutions and processes wherever possible.

DSI is committed to embedding sustainable development and environmental protection as essential components of our operations and strategy moving forward. Our strategic outlook and business plan will ensure that financial growth

is not achieved at the expense of our responsibility towards the environment and society.

DSI is certified ISO 14001:2015, which ensures the organisation has a robust Environmental Management System in place to enhance environmental performance. The system incorporates measurement, monitoring and reporting of environmental impacts and regular audits to ensure compliance and continuous improvement.

Our new Group Sustainability Policy ensures that all of our stakeholders are included in our efforts to minimise our impact on the environment and nearby communities.

### In particular, we are committed to:

- Conserving materials and energy by minimising waste production while maximising re-use and recycling.
- Avoiding hazardous materials where more eco-friendly alternatives are available.
- Minimising the impact of Group activities on surrounding ecosystems.

To that end, we have developed relevant policies and implemented appropriate KPIs to help track and guide our progress. Reducing environmental incident occurrence and maintaining high rates of first-time inspection approvals are just two of the many KPIs we have introduced across

our projects. We have also started aligning our priorities with relevant SDGs and will start tracking our progress to better integrate sustainability into our everyday activities. Please refer to page 09 for more information on our alignment with the SDGs.

### The Key Focus Areas of our Environmental Management System:



### A Sustainable Workplace

To support our sustainability goals, we have introduced a number of initiatives and programmes in the workplace and are pleased to report significant progress on these:

#### 1. Paperless Environment

The initiative was launched in 2020 to automate the document archiving process to limit the need to print and cut back on paper waste. Processes introduced to achieve

this include reusing single-sided printed paper; using erasable boards; avoiding printing with banners or cover pages; and using electronic signatures.

As Arabian Hill project was awarded to DSI in 2025 following the organizational restructuring, a direct comparison of the current report with those of previous years is not considered appropriate. Therefore, the results and impacts

generated during this reporting period will instead be compared with the 2026 reports. A comparative analysis will be presented in the table below.

## Resulting Impact



The initiative has many benefits:

- (1) Reduce paper consumption at the workplace and hence decrease our environmental impact
- (2) Cost savings from a reduction in the purchasing of paper, printers, and ink
- (3) Creating awareness in the workplace and strengthening our environmental stewardship.

### 2. Energy Reduction Programme

We implemented a series of simple measures, like instructing office workers and camp residents to turn off electrical equipment when not in use; setting appliances such as computers, monitors, and copiers to sleep mode

when not in use; substituting regular incandescent light bulbs with LED lights; and setting room temperatures at 25 degrees Celsius.

## Our Carbon Footprint and Energy Management

### 1. Our Energy Re-Use System

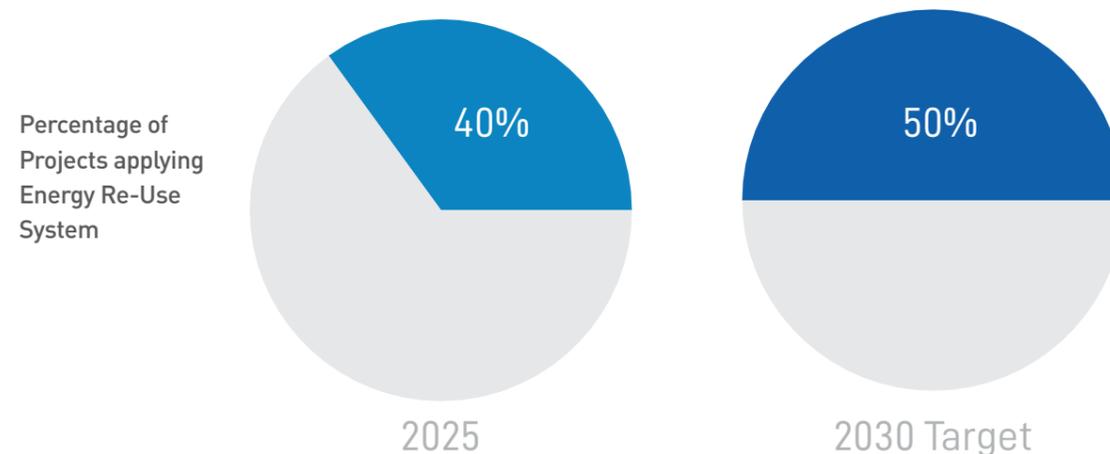
DSI contributes to a more sustainable and cleaner planet through its subsidiary, Passavant Energy & Environment (PE&E) which has developed groundbreaking technologies and processes in municipal wastewater, sludge, water and industrial wastewater treatment. In addition to the environmental benefits of Water Re-Use, Passavant's Energy Re-Use concept captures biogas produced as a by-product of the wastewater treatment process and recycles it into a biogas cogeneration (CHP) plant to produce electricity and heat (hot water or steam).

The electricity can be used to power the surrounding equipment or supplied to the national grid, maximising the efficiency of the wastewater treatment plant and producing green energy from the biogas. CHP maximises the fuel and converts it into electricity with 35% efficiency and into heat with 50% efficiency.

### Additional benefits include:

- No external heat supply needed
- Protection of natural resources by utilisation of the produced biogas
- Reduction of CO2 emissions
- Production of valuable, homogenous, nutrient-rich fertiliser
- Reduction of waste to landfill
- Rendering of waste gas harmless.

The share of Passavant's projects using the Energy Re-Use technology increased from 25% in 2019 to 40% in 2024 and 2025, together with a target of eventually reaching 50% by 2030.



### 2. GHG Emissions and Energy Consumption

Our 2021 Sustainability Report inaugurates our GHG emissions calculation, which is now an integral part of our reporting process and will be regularly monitored and managed. The GHG emissions calculation has been done in accordance with the GHG Protocol (Corporate Standard). The organizational boundary has been set in agreement with the 'control

approach', through which 100% of the GHG emissions from operations over which we have full control are accounted for.

While our inaugural process accounts solely for Scope 1 and Scope 2 emissions, we aim to gradually provide elements of our Scope 3 moving forward.

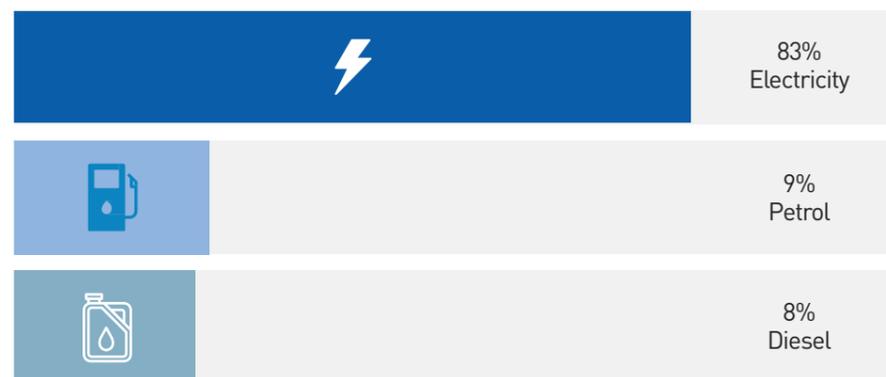
Total Energy Consumption (DSI and all subsidiaries, incl. PE&E)				
Energy Consumption (TJ)			2024	2025
Energy Consumption	Fuel Consumption	Petrol	0.24	2.100
		Diesel	0.001	1.780
Electric Consumption			0.762	18.431
Total Fuel Consumption			0.241	3.880
Total Electricity Consumption			0.762	18.431
Total Energy Consumption			1.003	22.311

Energy Intensity per Revenue (MJ/AED '000)		
	2024	2025
Direct Energy Intensity	2.32	17.34
Indirect Energy Intensity	7.35	82.36
Total Energy Intensity	9.67	99.70

GHG Emissions (DSI and all subsidiaries, incl. PE&E)		
GHG Emissions (MT CO <sub>2</sub> e)	2024	2025
Direct (Scope 1)	14.75	268.01
Indirect (Scope 2)	84.87	1060.08
Total	99.62	1328.09

GHG Emissions Intensity per Revenue (kg CO <sub>2</sub> e/AED '000)		
	2024	2025
Direct Emissions Intensity (Scope 1)	0.14	1.20
Indirect Emissions Intensity (Scope 2)	0.82	4.74
Total	0.96	5.94

### 2025 Energy Mix (DSI and all subsidiaries, incl. PE&E)



### Waste Management

Effective waste management forms an integral part of our Environmental Management System and is essential to our business operations. In alignment with ISO 14001 requirements, current legislation and company policies, we have developed the necessary procedures and policies to achieve efficient waste management across all our project sites.

The HSE management team is responsible for implementing our Waste Management Procedure and monitoring construction activities to ensure compliance. The procedure is applicable to all DSI employees and sub-contractors.

In accordance with best environmental operating practices, our waste management process follows a four-step approach:

- Reduction:** Waste generation shall be reduced primarily at source through suitable operating practices rather than managing at later stages.
- Reuse, Recycle and Recovery:** Where waste generation is unavoidable, attempts are made to reuse, recycle or recover as much of it as possible.
- Treatment:** Treatment shall only be considered after all reuse, recycle and recovery options have been exhausted.
- Disposal:** Disposal is a last resort and should be confined to designated and approved areas.

Prior to the disposal of any waste material, waste segregation shall be practiced in accordance with the type of waste and hazard classification.

All personnel shall be briefed on the contents of our Waste Management Procedure through HSE awareness meetings and site induction.

The table below shows the total amount of waste generated from our MEP & Passavant operations and the main types of waste produced at our sites. However, once the restructuring process is fully completed, we will ensure that proper KPIs and targets are in place and will strive to reduce our environmental impact.

Total Waste Generated (exc. Passavant, approx. in MT)		
Year	Non-Hazardous Weight (MT)	Hazardous Weight (MT)
2024	26.5	0
2025	21.3	0

Year	Paper/Cardboard (bins)	Aluminum (bins)	Used Filters and Oily Waste (bins)
2024	0.20	0.05	0.06
2025	3.00	2.00	0.00

### Water Usage

As an engineering and construction company that often operates in water-scarce regions of the world, we have a responsibility to limit water stress through effective and sustainable water management systems.

#### 1. Water Consumption

Responsible water consumption is a key part of this process. We strive to raise awareness among our staff of the importance of water conservation at our offices and on-site. We will look into integrating efficient water management as part of our environmental strategy through the introduction of KPIs and targets to ensure monitoring and reduction of water

usage. The new project has been awarded for DSI in 2025 following the organizational restructuring; a direct comparison of the current report with those of previous years is not considered appropriate. Therefore, the results and impacts generated during this reporting period will instead be compared with the 2026 reports.

Water Consumption (DSI and all subsidiaries, incl. PE&E)		
Year	2024	2025
Total Water Consumption (m <sup>3</sup> )	406	515
Water Consumption per Revenue (m <sup>3</sup> /AED million)	3.92	2.30

## 2. Water Re-Use Technologies

Today, water scarcity is a growing concern in many parts of the world, and the challenge is being exacerbated by climate change. Scarcity may be caused by physical shortages or by inadequate infrastructure. Through Passavant Energy & Environment's Water Re-Use technologies, we play a crucial role in finding solutions to water challenges in our countries experiencing scarcity or difficult access to water.

To minimise water consumption at an industrial site, for example, 100% reuse of the treated wastewater can be achieved by building a 'Zero Liquid Discharge' (ZLD) wastewater treatment plant where 40% of the treated

wastewater can be recycled back to the processing facilities for reuse and 60% of the treated wastewater is used for irrigation of green areas. The addition of a rainwater harvesting system boosts the capacity of the site to retain and absorb rainwater.

Advanced technologies, including Membranes and Tertiary Treatment, can also lead to substantial water reuse. Passavant has not only incorporated tertiary treatment systems in its solutions but also worked with technology providers to enhance and optimise performance.

### Benefits include:

- Zero Liquid Discharge as a solution for projects in countries with water scarcity.
- Wastewater reuse reduces water pollution discharges and protects water resources.
- Expensive seawater desalination can be avoided by re-introducing treated wastewater into the system.
- Wastewater can be treated and re-used for irrigation or sanitary facilities.
- Protecting water, a valuable resource.

## Passavant Case Studies

### a) Solving Gaza's Water Crisis

The population of Gaza in Palestine depends almost exclusively on groundwater reserves for drinking water supply that is under severe pressure due to a combination of overuse and falling precipitation levels due to climate change.

In earlier periods, almost 100,000 m<sup>3</sup> per day of untreated wastewater flowed into the ground or the sea, polluting the environment and the groundwater. Gaza was in urgent need of a new wastewater treatment plant to help address the twin problems of water scarcity and prevent pollution.

In April 2021, a new wastewater treatment plant in the town of Bureij began treating the wastewater produced by 11 communities with around one million inhabitants,

significantly improving resource protection and water supply. The 60,000 m<sup>3</sup> per day Bureij WWTP is also self-sufficient in energy thanks to a biogas plant and a solar power plant that were built on the site. In fact, the biogas and solar power plant produce more energy than the treatment plant requires, resulting in a surplus of 5,301 kWh/d, providing critical energy for the local population.

### Water Treatment Plant in Gaza

Passavant Energy & Environment was responsible for the process design, procurement and transport of process related electro-mechanical equipment, supervision of installation, commissioning and operation of the plant for 2 years.

### b) Providing Drinking Water for a City of 9 Million

The Thu Duc Water Supply Plant – Phase III, with a capacity to produce 300,000 m<sup>3</sup> per day of clean water, supports the huge demand for drinking water in Ho Chi Minh City, Vietnam's largest urban area with a population of 9 million.

Passavant Energy & Environment was contracted to provide turnkey design, construction, mechanical and electrical works including commissioning and trial operation of the water

treatment plant and also provided its patented Turbo-LME technology for the facility.

The plant treats water from the Dong Nai River and provides potable quality water to the people living in the district. Passavant also constructed a river water intake pumping station and pressure main pipes to supply feed water to the facility, which became operational in 2017. Commissioning of the plant was completed in December 2020.



## What's Next

Moving forward, environmental stewardship will be an integral part of the company's strategy and will be incorporated in everything we do post-restructuring. The focus areas will be:

- To further enhance our GHG computation to include Scope 3 emissions.
- Develop a clear environmental strategy and implementation plan with KPIs and targets to monitor progress

### The type of activities under consideration includes:

- Take further steps to optimise energy usage and initiate a step-by-step plan to reduce emissions.
- Further explore how we can develop innovative solutions to global challenges, in particular, water supply and energy reuse.
- Expand our renewable project portfolio, particularly solar-related projects, and use our engineering expertise to contribute to a more sustainable world.
- Optimise our waste management system and strive for increased circularity to fully minimise discharges and waste generated by our activities.
- Integrate effective and smarter designs to provide a more accurate and efficient assessment of the resources needed to reduce our impact on the environment.

# OUR PEOPLE

## Employee Wellbeing

As a market leader operating in a labor-intensive skills-based industry, we recognize human capital as the essence of our business. Managing the wellbeing of all of our employees is always at the forefront of our thinking and will be essential to ensuring the long-term success of the company as we look to emerge from restructuring as a

### Employment

Working conditions in the jurisdictions where we mainly operate can often be challenging for construction workers due to the physical nature of the work, combined with high average daily temperatures during much of the year. It is our duty to ensure we make life as comfortable as possible for workers by managing workloads, providing quality equipment, and monitoring hydration levels.

The nature of the construction sector means DSI often hires workers on a project basis. In 2025, 10% of our total workforce were hired on temporary contracts. We are committed to providing the same working conditions to all our employees, whether full-time, temporary, or part-time.

Our workforce has shrunk considerably since we scaled back our civil activities, disposed of important entities, and entered the restructuring phase in 2018. Nevertheless, during this period, we made a series of important new hires to ensure we fulfilled all of our obligations. In 2025, a total

stronger, more resilient business. Recruiting people with the right blend of experience and skills in an industry where competition for qualified workers is stiff, will also be key to driving growth. As DSI rebuilds will come with a robust framework for people management, that prioritises employee engagement, inclusion, training and development.

of 50 employees joined the company, of which 82% were between the ages of 30 and 50 years old.

We expect to carry out a recruitment drive to build a team capable of taking advantage of opportunities in the market and moving the company forward. We will implement a robust employment strategy with (1) the processes in place to hire and retain the best talent, (2) a competitive and attractive compensation scheme, and (3) continuous training and development opportunities for all our employees.

We will revive employee satisfaction procedures and put in place KPIs and targets to monitor progress. One important KPI will be the turnover rate. Today, a range of benefits and incentives are offered to both permanent and temporary employees, including, but not limited to, healthcare coverage, parental leave, retirement provision (for UAE nationals), EOSB (for expats).

Total Workforce by Entity			
Year	DSI	Passavant	TOTAL
2024	166	170	336
2025	85	183	268

Employment Type		
Contract Type	2024	2025
Permanent Contract	273 (male), 30 (female)	205 (male), 35 (female)
Temporary Contract	8 (male), 25 (female)	10 (male), 18 (female)

Workforce by Gender		
Workforce Type	2024	2025
Full-Time Female	30	35
Full-Time Male	300	218
Part-Time Female	2	7
Part-Time Male	4	8

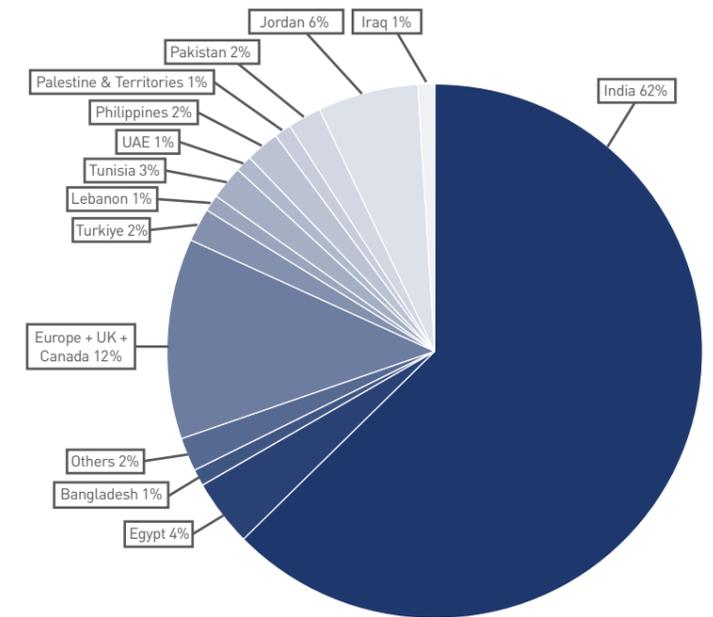
New Hires by Gender		
Gender	2024	2025
New Hires Female	12 (44% of total hires)	5 (10% of total hires)
New Hires Male	15 (56% of total hires)	45 (90% of total hires)

New Hires by Age Category						
Year	Below 30 years old		Between 30-50 years old		Over 50 years old	
	Total Number	Total Percentage	Total Number	Total Percentage	Total Number	Total Percentage
2024	6	22%	18	65%	3	11%
2025	4	8%	41	82%	5	10%

## Diversity and Inclusion

With activities spanning a wide geographical area, and with over 25 nationalities currently employed by the company, our workforce comprises a diverse mix of cultures. We believe that embracing and fostering an inclusive and harmonious working environment is key to successful business operations.

Workforce Overview - DSI UAE, DSOG & Passavant Subsidiaries in 2025



## 16 Nationalities

in our UAE and major subsidiaries



## 13 Nationalities

in Passavant Energy & Environment

Due to the nature of the construction sector, DSI's and its subsidiaries workforce is predominantly male, especially labourers, which constitute by far the largest category of employees. We strive to promote female representation across all workforce categories and encourage women to apply to all open positions.

Workforce by Gender		
Gender	2024	2025
Female	55 (16% of DSI workforce)	53 (20% of DSI workforce)
Male	281 (84% of DSI workforce)	215 (80% of DSI workforce)

## Governance Body

The Board of Directors and all committees reporting directly to it collectively include one female member, in compliance with the requirements of the CMA.

The Code of Business Conduct and Ethics represents the company's core values and ensures an inclusive, non-

discriminatory environment for all employees. Once the restructuring is complete, we will organise awareness sessions to promote greater female participation in the construction sector, especially amongst engineers, and introduce KPIs and targets to ensure we are monitoring progress and improving performance in this area.

## Emiratization

Currently, the company employs three Emiratis. A clear strategy is in place to expand the Emirati workforce in line with the requirements of the UAE Ministry of Human Resources & Emiratization (MOHRE).

Emirati Employees	
Year	No. of Emiratis
2024	3
2025	3

Emirati Employee by Level		
Year	Mid-Level	Senior-to-Executive Level
2024	2	1
2025	2	1

## Safety for All

Operating in the construction sector, DSI adheres to the highest standards of occupational health and safety. The Group is committed to eliminating workplace injury and illness to the greatest extent possible, while ensuring that employees, subcontractors, and suppliers can attend work each day with confidence in their safety.

Our risk management procedures ensure the right processes are in place to identify and manage work-related hazards and, in turn, minimise incidents, damage, and losses. A hierarchy of control approach is implemented for the elimination and reduction of all work-related inherent health and safety risks of on-site operations, which is critical to the success and reputation of any company.

Every task is completed in compliance with strict protocols enforced by the QHSE department, which is responsible for keeping up to date with regulations and applicable international ISO certifications. DSI is ISO 45001 certified. As part of our Integrated Management System Manual, and

in compliance with the requirements of our ISO certifications, we have developed the necessary QHSE procedures and processes to guide employees and instill a strong safety culture throughout the company.

The DSI Safety, Health & Environmental Policy provides the foundation that underpins all our on-site activities. We conduct regular audits and routine inspections to ensure compliance, and we constantly review and improve our procedures. We encourage employees to participate in the development, implementation and evaluation of the OH&S management system, taking all suggestions for improvement into consideration.

Mandatory induction and training sessions are routinely conducted for all employees, supervisors, visitors, and subcontractors on site. These ensure that employees can carry out their responsibilities effectively, efficiently and competently.

Different training course plans are offered:

- **Induction training:** Every person visiting or working on site must attend an induction training covering basic HSE rules.
- **Toolbox talks:** Delivered at least once per week throughout the project lifecycle.
- **Basic Training:** For personnel working permanently on site and 'in the field'.
- **Position Training:** Provided to personnel identified as needing to carry out special tasks.
- **Specialised Task Specific OSH Training:** Covering subject areas such as ESG risks and controls.
- **Refresher Training:** Identified by HSE/Training staff for all field personnel.

Recent training sessions have covered excavation safety procedures, lifting/rigging safety procedures, firefighting, and emergency response.

We will continue to comply with the latest standards and regulations while constantly seeking to strengthen our systems and procedures to ensure consistency and reliability across all project sites.

QHSE Data for all Employees (DSI and all subsidiaries, excl. PE&E)							
Year	Fatalities	Lost Time Injuries	Work Days Lost	Other Injuries	High Potential Incidents	Near Miss Incidents	Hours Worked
2024	0	0	0	0	0	0	170,224
2025	0	0	0	0	0	0	244,800

Rates have been calculated on 1,000,000 hours worked.

QHSE Data for all Employees (PE&E)							
Year	Fatalities	Loss of Incident >3 days	First Aid Cases	Med. Treatment Non-Accident	High Potential Incidents	Near Miss Incidents	Hours Worked
2024	0	0	0	0	0	0	483,513
2025	0	0	0	0	0	0	527,040

# A PROSPEROUS AND SMART FUTURE

## Economic Prosperity (GRI 201-1)

Sustainable development calls for the creation of economic prosperity in a way that does not compromise the ability of future generations to meet their own needs. Sustainability means doing away with short-term thinking and laying the foundations for a fairer and more inclusive global economy that delivers benefits for people and the planet. Only when economic growth takes place in harmony with responsible environmental stewardship can it be truly sustainable over the longer term and result in healthier societies.

The GRI's Economic Performance Standard (GRI 201) underlines how a company generates economic value both for itself as well as its various stakeholders. The company generates economic value through its revenues and distributes some of that value to stakeholders in the form of operating costs, employee wages & benefits, payments

to providers of capital, and payments to government and community investments. What's left over after distribution is the value retained by the company.

DSI plans to deliver sustainable growth by focusing on core sectors to generate consistent revenue streams while managing its ESG risks, allowing for sustainable prosperity and the creation of stakeholder value.

This approach is in line with the general shift in recent years towards a focus on creating long-term value for all stakeholders, and society at large, rather than purely generating short-term profit for shareholders. Moving forward, DSI intends to adopt this mindset and align itself more closely with the interests of all stakeholders for the wider benefit of the economy.

## Our Commitment to Quality (GRI 102-9, GRI 102-11, GRI 204-1, G5)

### Quality Management System

Quality management is a top priority at DSI where we strive to always deliver over and above our client's expectations. Consistent execution of projects to the highest standards of quality is crucial to safeguarding our reputation in the market and maintaining the trust of our clients. This will be a particular priority as we emerge from the restructuring process and re-enter the market to bid for new contracts. We believe the long-term wellbeing of the company depends not only on meeting our contractual obligations but also on the implied needs of our clients. To this end, a dedicated team of engineers, managers, and inspectors oversees and monitors quality assurance and control of all activities.

It is vital to maintain frequent communication with clients, which can be done through a number of channels.

The company's QHSE Policy Statement ensures the commitment of all subsidiaries and employees to the highest quality standards. More specifically, we are committed to:

- Design, develop, build and maintain projects of the highest standards of quality for our clients
- Train, develop and equip all staff with the tools and skills needed to perform to the highest level
- Continually improve processes and systems to deliver optimum results

Conducting regular customer satisfaction surveys, for example, enables us to obtain valuable feedback which is shared with the Quality team and all relevant internal departments. This important practice ensures we continuously assess our performance, can improve our service when needed, and execute projects more efficiently and effectively.

Delivering consistent performance depends on having the right blend of quality assurance policies, processes, and procedures in place. DSI is ISO 9001:2015 certified, which sets out the company's criteria for a Quality Management System that details the processes and procedures required for delivering the best customer service.

DSI's Integrated Management System Manual outlines the company's quality control processes and ensures their consistent application throughout the organisation. Strict criteria and methods governing effective operation and control of these procedures are included in the manual. An example of this is the mandatory Inspection Test Plan (ITP),

which is conducted after each and every main task in order to maintain quality control across all ongoing projects. Procedures to achieve planned outcomes and make continual improvements are also included. The resources required to implement and maintain the effectiveness of the IMS and enhance customer satisfaction are:

- People: DSI Management is responsible for ensuring that the workforce is competent, well-trained, and skilled enough to perform their tasks.
- Infrastructure: Management is also responsible for providing the following infrastructure to achieve quality:
  - ◆ Buildings, workspaces and associated assets
  - ◆ Tools, process equipment, hardware and information systems (software) and Enterprise Resource Planning (ERP)
  - ◆ Support services such as transportation and communication channels

Documented procedures ensure that all departments and project sites are regularly audited and that the requirements of the IMS manual are being met and re-established through IMS audits by independent and trained auditors.

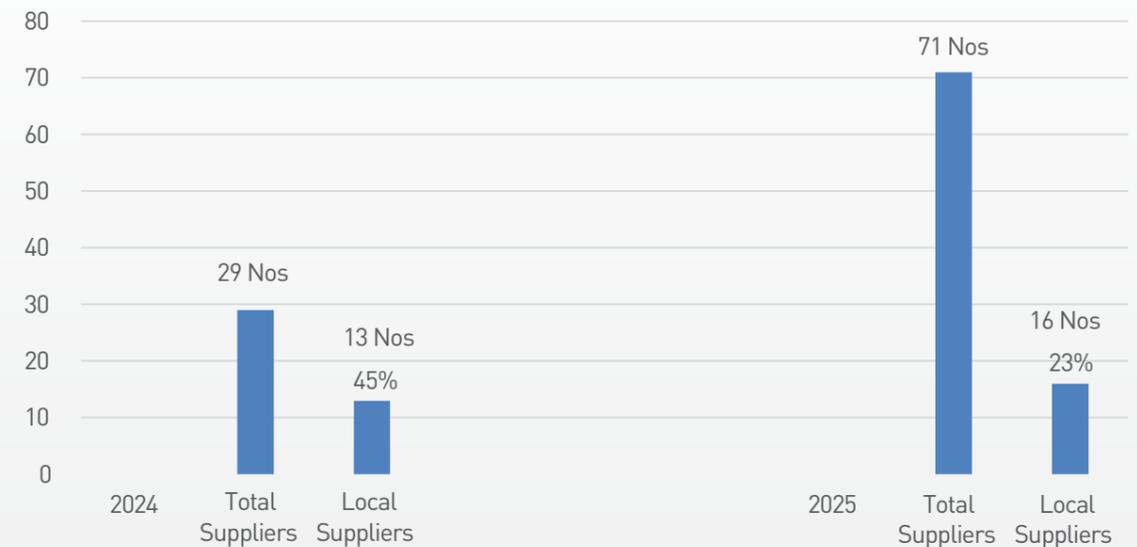
### Procurement Practices

DSI strives to build strong, long-term partnerships with all its suppliers. As a responsible and sustainable company, we prioritize partnerships with local suppliers wherever possible, allowing us to support local economic development, resilience, and value creation. In 2025, 23% of our suppliers were locally based on the Project locations. Our supplier management system follows best practices and contains relevant processes and procedures to ensure transparent and effective procurement. We consider cost, technical expertise, quality, and safety performance as the main criteria for selecting local suppliers.

Responsible procurement practices dictate that all major suppliers must sign the Supplier's Code of Conduct, committing them to adhere by DSI's code of conduct and HSE standards. Induction and training are delivered to ensure alignment from the beginning.

Finally, we conduct frequent assessments and audits to monitor and evaluate the performance of suppliers. The Supplier/Subcontractors selection & Evaluation procedure guides the selection, evaluation, approval and monitoring of suppliers and subcontractors at DSI and all its subsidiaries.

### Suppliers Data



Percentage of Procurement Budget Spent on Local Suppliers



## Innovation & Digitalisation <sup>(G7)</sup>

The world is in the midst of a technological revolution that is having a profound effect on every aspect of life and work. Innovation and digitalisation are at the heart of this rapid change. DSI is exploring ways to harness digital technologies to transform our business, particularly around the gathering and processing of data to enhance business operations and improve customer service. We are also considering how new technologies could enable the company to build on its existing expertise and diversify into new sectors in the future.

The IT department plays a key role in equipping the company with the technology to meet current as well as future challenges and opportunities. We have allocated a budget to upgrade IT systems post- restructuring, starting with a fully integrated Enterprise Resource Planning (ERP) system to manage business processes and ensure coordination between departments. We have partnered with an industry intelligence platform to support decision-making by ensuring we are always up-to-date

Other innovations and initiatives by the IT department include:

- Physical data storage areas are monitored with CCTV cameras connected via cell phones to the relevant department.
- Facial recognition technology manages access to office buildings and monitors the attendance of employees.
- IT systems are key to the company's initiative to go paperless [please refer to page 13]

The IT department is exploring how Integrated Management software can enhance their ERP to better integrate business processes in real-time and across offices, project sites and regions.

with the latest developments in the market. We are upgrading our intranet, which supports communication with and between employees across all geographies, to integrate more advanced tools and to include all the company's policies and procedures.

Security of both physical and digital assets is a top priority for DSI, and the company has robust IT systems and data protection policies in place to manage this. We will renew our ISO 27001 (Information Security Management) certification in 2027. In the meantime, our internal audit system ensures that relevant policies and procedures are in place and enforced consistently. Processes ensure on-site protection of all files and documents with back-up systems to prevent data loss. This includes shadow copying (back-up of all data after working hours), back-up on both on-site servers and on the cloud, in addition to disaster recovery in a separate location. A sonic firewall monitors and filters incoming and outgoing online data traffic.

# ETHICAL RESPONSIBILITY

## Our Corporate Governance

Corporate governance is a shared stakeholder responsibility. It is a system by which companies are effectively controlled and one that is responsible for embedding accountability and transparency across the organization.

The principal role of shareholders in the corporate governance process is to elect the company's directors and auditors. The Board of Directors is then responsible for applying governance and for directing management to carry out its duties.

A sustainable business must have a robust corporate governance system that assures that accountability and transparency are integral to the corporate culture. The board must ensure that the company is engaging with all stakeholders and that key stakeholder value creation is at the heart of the company's purpose.

DSI is committed to the highest standards of corporate governance, which integrates ethics, corporate integrity, and best practices. Transparency, fairness, disclosure, and accountability are values that are central to the ethos of

the company, Board of Directors, senior management, and employees.

The corporate governance framework follows the guidelines set by the Capital Market Authority (CMA), DFM, and the Commercial Companies Law No 2 of 2015 and its amendments related to commercial companies. In addition, DSI is committed to implementing the decision of the Chairman of the Capital Market Authority (CMA) No. (3/RM) of 2020.

In tandem with the restructuring plan, we have prioritized the development of a robust corporate governance structure. The current board is comprised of seven experienced, independent individuals, who are qualified to lead the company through its final process of restructuring and onwards to revive its core business segments.

At present, two committees report to the board: the Audit Committee and the Nomination & Remuneration Committee. With the company's shares now being traded again on the DFM, we will also establish a committee to monitor insider transactions.

The table below lists the number of board and committee meetings held and the level of attendance.

Corporate Governance Body – Number of Meetings 2025 and Attendance

Corporate Governance Body	Number of Meetings	Level of Attendance by Committee / Board Members
Board of Directors	6	5 meetings 100% 1 meeting 86%
Audit Committee	4	3 meetings 100% 1 meeting 67%
Nomination & Remuneration Committee	1	1 meeting 100%

More details about DSI's corporate governance structure are available in the company's 2025 Corporate Governance Report.

# Risk Management, Internal Control & Ethics and Compliance

DSI is committed to the highest standards of business ethics, professionalism, and corporate integrity and to acting in strict compliance with applicable laws at all times. Transparency, fairness, disclosure, and accountability are central to the ethos of the company.

Our Code of Business Conduct and Ethics includes policies and procedures governing ethical conduct that apply to all employees. Such policies and practices cover "Conflict of Interest", "Acceptance of Gifts and Entertainment", and "Corporate Opportunities", among other important topics. The Code applies to all employees, including officers and directors of DSI, as well as all subsidiaries, divisions, and businesses wholly or substantially owned or controlled by DSI, including, but not limited to, joint ventures.

Enforcing the Code of Business Conduct and Ethics is something the company takes extremely seriously considering the accusations of financial impropriety against the previous management, which are currently being investigated by the designated UAE authorities. The company

## Ethics and Compliance

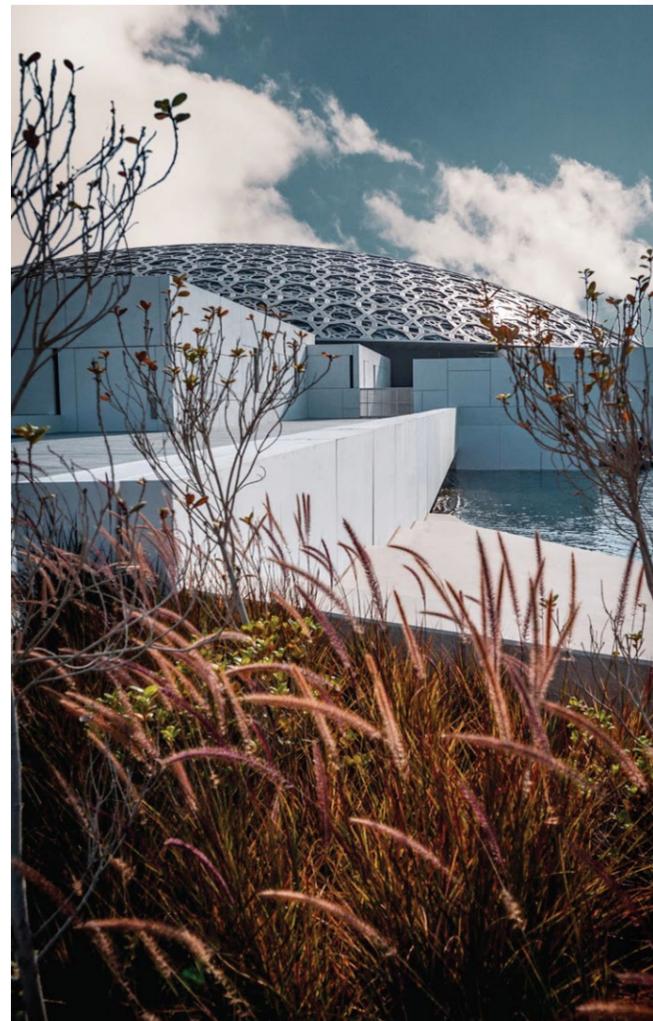
New global challenges and macro trends impacting the construction and engineering sector have given rise to new risks and opportunities. Moving forward, DSI will equip itself with strong Risk Management to grow the Framework of the business while managing challenges and mitigating risks in a structured and controlled manner.

Amid the ongoing restructuring process, the Board of Directors acknowledges its responsibility to re-establish an effective and robust Internal Control System to ensure efficient and effective risk management. The Board anticipates strengthening the team with recruits as soon as possible upon completion of the restructuring. The Board is committed to deploying the best risk management practices and internal control mechanisms to achieve the company's objectives. The Risk Management Framework will address risk management both at the project and enterprise levels and will include procedures for business continuity management.

is engaged in civil and criminal cases against the ex-major shareholder, former CEO and vice-chairman, and others.

The current Board of Directors and senior management acknowledge their responsibility to instill ethics, accountability, and compliance at the core of the company and to re-establish a culture of honesty and trust. To that end, DSI will ensure that all current and future employees, including the CEO and senior management, are carefully interviewed and undergo detailed background checks before being hired. Upon joining, they will also be required to sign the Code of Business Conduct and Ethics to ensure they fully understand their responsibilities and commitment. We intend to update all policies and procedures related to business ethics and compliance.

DSI will maintain an open-door policy and encourage employees to report suspected violations of the Code. The company has put in place a hotline and an email address for any person who wants to report anonymously and in strict confidence.



# APPENDIX

## Sustainability Data Sheet

### HR DATA

DSI PJSC and Subsidiaries, excl. PE&E

#### Diversity & Inclusion

Governance Body by Gender		
Gender	2024	2025
Female	14%	14%
Male	86%	86%

Governance Body by Age			
Year	Below 30 years old	Between 30-50 years old	Over 50 years old
2024	0%	86%	14%
2025	0%	86%	14%

Total Workforce by Job Category and Gender								
Year	Labor		Entry Level		Mid Level		Senior to Executive	
	Male	Female	Male	Female	Male	Female	Male	Female
2024	100%	0%	100%	0%	85%	15%	100%	0%
2025	100%	0%	80%	20%	100%	0%	100%	0%

Total Workforce by Job Category and Age												
Year	Labor			Entry Level			Mid Level			Senior to Executive		
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2024	2%	76%	22%	71%	23%	6%	0%	62%	38%	0%	50%	50%
2025	10%	70%	20%	7%	82%	11%	0%	71%	29%	0%	43%	57%

Total Employees that Left by Gender				
	Female (#)	Female (%)	Male (#)	Male (%)
2024	1	1%	122	99%
2025	1	11%	8	89%

Workforce Turnover Rate	
Year	Rate (%)
2024	74%
2025	11%

Passavant Workforce by Contract type and Gender				
Year	Permanent Contract		Temporary Contract	
	Female	Male	Female	Male
2024	24	113	25	8
2025	26	132	18	7

# GRI & DFM CONTENT INDEX

GRI Standards				
Material Topics				
GRI Disclosure	Content	DFM Disclosure	Reference Page	Notes
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102-2	Activities, brands, products, and services		96	
102-3	Location of headquarters		96	
102-4	Location of operations		96	
102-5	Ownership and legal form		101	
102-6	Markets served		102	
102-7	Scale of the organization		116	
102-8	Information on employees and other workers	S4: Gender Diversity S5: Temporary Worker Ratio	116, 117, 127	
102-9	Supply Chain		121	
102-10	Significant changes to the organization and its supply chain		102	
102-11	Precautionary Principle or approach		122, 123	
102-12	External initiatives		-	DSI currently is not part of any external initiatives
102-13	Membership of associations		-	DSI currently does not hold any memberships

Strategy				
102-14	About This Report	3	96	
Ethics & Integrity				
102-16	Describe your organization's values, principles, standards and norms of behavior	6, 19, 26	100	
Governance				
102-18	Governance structure	G1: Board Diversity G2: Board Independence	123	
102-20	Executive-level responsibility for economic, environmental, and social topics	E8, E9: Environmental Oversight	123	
Stakeholder Engagement				
102-40	List of stakeholder groups		106, 107	
102-41	Collective bargaining agreements	G4: Collective Bargaining	-	Not applicable for companies operating in UAE
102-42	Identifying and selecting stakeholders		106, 107	
102-43	Approach to stakeholder engagement		106, 107	
102-44	Key topics and concerns raised		108	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		96	
102-46	Defining report content and topic boundaries	G8: Sustainability Reporting G9: Disclosure Practices	96	
102-47	List of material topics		108	
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102-52	Reporting cycle		96	
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GRI 204 – Topic Specific				
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205-3	Confirmed incidents of corruption and actions taken	G1: Board Diversity G2: Board Independence G6: Ethics and Anti-Corruption	123, 124	
GRI 403: Occupational Health & Safety 2018				
403-1	Occupational health and safety management system	S8: Global Health & Safety	119	
403-2	Hazard identification, risk assessment, and incident investigation		119	
403-5	Worker training on occupational health and safety		119	
GRI 403 Topic Specific				
403-9	Work-related injuries	S7: Injury Rate	119	
GRI 405 Topic Specific				
405-1	Diversity of governance bodies and employees	S2: Gender Pay Ratio S4: Gender Diversity S6: Non-Discrimination S11: Nationalisation	125	

Additional DFM Disclosures			
DFM Disclosure	Content	Reference Page	Notes
<b>Environmental</b>			
E10	<b>Climate Risk Mitigation</b> Total amount invested, annually, in climate-related infrastructure, resilience, and product development	–	We will be including this metric in our Environmental Strategy upon successful completion of our restructuring plan
<b>Social</b>			
S1	<b>CEO Pay Ratio</b> Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation  Does your company report this metric in regulatory filings?	–  Yes	The CEO's salary along with that of the executive team is currently disclosed in our Corporate Governance Report
S9	<b>Child &amp; Forced Labor</b> Does your company follow a child and/or forced labor policy?  If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	–  –	We are in full support of combating child and/or forced labor
S9	<b>Human Rights</b> Does your company follow a human rights policy?  If yes, does your human rights policy also cover suppliers and vendors?	Yes  –	Our Code of Business Conduct and Ethics includes Human Rights clauses
S12	<b>Community Investment</b> Amount invested in the community, as a percentage of company revenues	Workplace	Due to the restructuring process, all community investments have been paused and will be reinstated once the process has been successfully completed
<b>Governance</b>			
G3	<b>Incentivized Pay</b> Are executives formally incentivized to perform on sustainability?	–	This will be considered as part of our Sustainability Strategy
G7	<b>Data Privacy</b> Does your company follow a Data Privacy policy?  Has your company taken steps to comply with GDPR rules?	123	



## CONCLUSION

This report reflects a year of focused progress and renewed direction for Drake & Scull. The advancements achieved demonstrate our commitment to strengthening our foundations, enhancing operational performance, and delivering sustainable value. Guided by a clear strategic vision and a legacy of engineering excellence, we remain dedicated to building a resilient future. Our journey continues with confidence-driven by discipline, innovation, and a steadfast commitment to long-term growth and stakeholder trust.



***Drake & Scull***



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